



AMENDMENT NO. 2
to the
CONTRACT FOR INSTANT TICKET MANUFACTURING AND SERVICES
between the
TEXAS LOTTERY COMMISSION
and
SCIENTIFIC GAMES INTERNATIONAL, INC.

WHEREAS, the Texas Lottery Commission (the "Commission" or "Texas Lottery") and Scientific Games International, Inc. ("the Contractor") (collectively, "the Parties") entered into a contract for Instant Ticket Manufacturing and Services with an effective date of September 1, 2012, as amended by Amendment No. 1 effective December 11, 2012 (collectively, the "Contract");

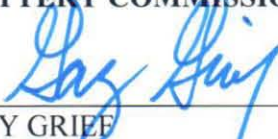
WHEREAS, pursuant to Section IV of the Contract, the parties may by mutual agreement modify the scope, personnel and prices set forth in the Contract; and

WHEREAS, the parties now wish to amend the Contract as more specifically set forth below.


NOW, THEREFORE, pursuant to Section IV of the Contract, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Contract as follows:

1. Attachment A to this Amendment No. 2 supersedes and replaces Contractor's Revised Sealed Cost Proposal in Amendment No. 1, and shall apply during the Contract term and any renewal period. Attachment A is incorporated by reference and expressly made a part of this Amendment No. 2 and the Contract.
2. Except as amended hereby, all of the terms of the Contract remain in full force and effect. All capitalized terms not specifically defined herein shall have the meaning assigned to such terms in the Contract.
3. This Amendment shall be effective upon execution by both parties.

TEXAS LOTTERY COMMISSION

By: 
GARY GRIEF
EXECUTIVE DIRECTOR
11/20/14
(Date)

SCIENTIFIC GAMES INTERNATIONAL, INC.

By: 
(Signature)
James C. Kennedy
(Printed Name)
President and CEO
(Title)
17 October 2014
(Date)

**Attachment A to Amendment No. 2
Revised Sealed Cost Proposal**

Table 1 - 10 Point Virgin/Recyclable-Coated Two Sides

Term: 09/01/2012 - 8/31/2018

Ticket Size	<u>A</u> 2.4" x 4"		<u>B</u> 4" x 4"			<u>C</u> 6" x 4"		<u>D</u> 8" x 4"				
	Pack Size	250	150	250	150	125	150	125	125	75	50	25
20,000										\$685.00	\$687.00	\$689.00
120,000												
240,000												
360,000												
480,000												
600,000												
720,000												
840,000												
960,000												
1,000,000	\$38.47	\$38.92	\$39.88	\$40.37	\$40.68	\$47.65	\$47.98	\$54.64	\$54.91	\$54.10	\$56.38	
2,000,000	\$22.05	\$22.50	\$26.19	\$26.68	\$26.99	\$29.99	\$30.31	\$35.25	\$35.52	\$37.25	\$38.57	
3,000,000	\$16.71	\$17.16	\$20.84	\$21.33	\$21.64	\$24.78	\$25.10	\$29.60	\$29.87	\$31.60	\$32.91	
4,000,000	\$13.84	\$14.29	\$17.89	\$18.38	\$18.69	\$22.23	\$22.55	\$26.71	\$26.98	\$27.94	\$30.03	
5,000,000	\$12.35	\$12.80	\$16.23	\$16.72	\$17.03	\$20.15	\$20.47	\$24.88	\$25.09	\$26.89	\$28.20	
6,000,000	\$11.19	\$11.64	\$15.18	\$15.67	\$15.98	\$19.56	\$19.88	\$23.58	\$23.85	\$25.59	\$26.91	
7,000,000	\$10.40	\$10.85	\$14.36	\$14.85	\$15.16	\$18.67	\$19.00	\$22.86	\$23.13	\$24.87	\$26.18	
8,000,000	\$9.85	\$10.30	\$13.90	\$14.39	\$14.50	\$17.69	\$18.01	\$22.43	\$22.70	\$24.44	\$25.75	
9,000,000	\$9.36	\$9.81	\$13.42	\$13.91	\$14.00	\$17.50	\$17.82	\$21.82	\$21.90	\$23.83	\$25.14	
10,000,000	\$9.12	\$9.57	\$13.02	\$13.51	\$13.46	\$16.96	\$17.28	\$21.57	\$21.61	\$23.58	\$24.89	
12,000,000	\$8.60	\$9.05	\$12.56	\$13.05	\$12.97	\$16.57	\$16.90	\$21.19	\$21.29	\$23.20	\$24.51	
15,000,000	\$7.99	\$8.40	\$11.89	\$12.38	\$12.35	\$15.87	\$15.79	\$20.09	\$20.79	\$22.53	\$23.84	
20,000,000	\$7.51	\$7.90	\$11.29	\$11.79	\$11.68	\$15.21	\$15.16	\$19.44	\$20.10	\$21.83	\$23.14	
30,000,000	\$6.86	\$7.31	\$10.84	\$11.33	\$11.64	\$14.80	\$15.12	\$19.11	\$19.70	\$21.44	\$22.75	
50,000,000	\$6.60	\$7.05	\$10.62	\$11.11	\$11.42	\$14.47	\$14.80	\$19.09	\$19.36	\$21.09	\$22.40	
75,000,000	\$6.46	\$6.90	\$10.47	\$10.95	\$11.26	\$14.34	\$14.66	\$18.96	\$19.23	\$20.95	\$22.25	
100,000,000	\$6.39	\$6.83	\$10.39	\$10.88	\$11.18	\$14.28	\$14.59	\$18.89	\$19.16	\$20.87	\$22.17	

**Attachment A to Amendment No. 2
Revised Sealed Cost Proposal**

Ticket Size	<u>E</u> 10" x 4"		<u>F</u> 12" x 4"				<u>G</u> 6" x 8"	
	Pack Size	50	25	75	50	25	20	20
1,000,000	\$61.21	\$62.51	\$64.76	\$66.36	\$67.53	\$69.50	\$75.25	\$87.80
2,000,000	\$41.71	\$43.01	\$45.00	\$46.60	\$47.76	\$48.55	\$54.66	\$67.19
3,000,000	\$36.15	\$37.45	\$39.48	\$41.08	\$42.24	\$44.22	\$48.91	\$61.45
4,000,000	\$33.46	\$34.77	\$36.80	\$38.42	\$39.58	\$41.56	\$46.06	\$58.64
5,000,000	\$31.36	\$32.67	\$34.39	\$36.01	\$37.18	\$39.16	\$43.50	\$56.07
6,000,000	\$30.10	\$31.40	\$33.32	\$34.94	\$36.10	\$38.08	\$42.38	\$54.95
7,000,000	\$29.42	\$30.72	\$32.65	\$34.26	\$35.43	\$37.41	\$41.67	\$54.24
8,000,000	\$28.65	\$29.96	\$31.58	\$33.20	\$34.36	\$36.34	\$40.50	\$53.07
9,000,000	\$28.07	\$29.37	\$30.97	\$32.59	\$33.75	\$35.73	\$39.87	\$52.44
10,000,000	\$27.82	\$29.12	\$30.75	\$32.37	\$33.54	\$35.51	\$39.66	\$52.22
12,000,000	\$27.48	\$28.78	\$30.40	\$32.03	\$33.20	\$35.17	\$39.36	\$51.92
15,000,000	\$26.75	\$28.05	\$29.60	\$31.22	\$32.38	\$34.36	\$38.47	\$51.01
20,000,000	\$26.02	\$27.32	\$28.83	\$30.46	\$31.62	\$33.59	\$37.62	\$50.15
30,000,000	\$25.63	\$26.93	\$28.47	\$30.10	\$31.26	\$33.24	\$37.27	\$49.80
50,000,000	\$25.27	\$26.57	\$28.10	\$29.74	\$30.90	\$32.87	\$36.90	\$49.42
75,000,000	\$25.13	\$26.42	\$27.96	\$29.59	\$30.74	\$32.70	\$36.71	\$49.17
100,000,000	\$25.06	\$26.34	\$27.90	\$29.52	\$30.67	\$32.63	\$36.62	\$49.05

NOTE: INTERMEDIATE QUANTITIES WILL BE DETERMINED BY INTERPOLATION

**Attachment A to Amendment No. 2
Revised Sealed Cost Proposal**

NOTE: INTERMEDIATE QUANTITIES WILL BE DETERMINED BY INTERPOLATION

In addition, Proposers shall show the cost breakdown of the following items that are included in the base costs.

- | | | |
|---|----------------------|----------------|
| 1. 4 color processing |Per square inch | <u>\$0.004</u> |
| 2. expanded imaging |Per square inch | <u>\$0.000</u> |
| 3. additional spot colors |Per square inch | <u>\$0.02</u> |
| 4. Includes 4x4 card insertion in each pack |Price Per Pack | <u>\$0.25</u> |

SPECIFIED OPTIONS

Prospective Proposers are **required** to submit specifications and pricing for the following options. Each Proposer should indicate the additional cost per thousand (1,000) for the options listed below.

Specified Options to be negotiated to establish a common price:

- | | | |
|---|--------------------------------|---------------|
| 1. Cost per thousand tickets for fluorescent inks (other than required by fluorescent benday) |Per color per square inch | <u>\$0.10</u> |
| 2. Cost per thousand tickets for metallic inks (standard metallic ink) |Per color per square inch | <u>\$0.12</u> |
| 3. Cost per thousand tickets for dual color game data imaging |Per square inch | <u>\$0.30</u> |
| 4. Cost per thousand tickets for full ultraviolet coating in display area |Per square inch | <u>\$0.08</u> |

Other Specified Options:

- 1. Cost per thousand tickets for any reduction for colors less than ten (10).
.....**Price decrease per color** \$-0.05 per 1,000 tickets
- 2. Cost per thousand tickets for multiple scenes or continuous scene games
..... \$0.20 per 1,000 tickets
- 3. Cost per thousand tickets for color pulsing – color changes within a press run.
..... \$0.50 per 1,000 tickets per each color pulsed
- 4. Cost per thousand tickets for marking process other than full opaque security coating covering.
.....**Per square inch Graphic ClearMark** \$0.20
.....**Per square inch SureMark** \$0.16
.....**Per square inch ClearMark** \$0.12
.....**Per square inch ColorMark** \$0.06
- 5. Cost for cylinder or plate change before or during production
..... \$1,500.00 per each
- 6. Cost per thousand tickets difference for multiple games across the web
..... no reduction
- 7. Price per square inch for foil ticket stock
..... \$0.40 per square inch of total ticket area per 1,000 tickets
- 8. Price per square inch for holographic ticket stock
..... \$1.58 per square inch of total ticket area per 1,000 tickets

Test Games

Hourly rate for software programming test games
..... \$200.00 per hour

Bar Coded Coupons

Each coupon must have a unique bar code that meets the validation specifications as outlined in this RFP.

Direct Mail Bar Coded Coupons

Self-Mailer:

Cost to produce bar coded direct mail pieces of multiple finished and folded sizes (8 1/2" x 14" flat and below), on various paper types (110# card stock and below) with 4-color process printing on

both sides, full bleeds ink coverage and various perforations for coupons (up to 4 coupons attached to self-mailer). An example of size, finish and paper is 100# uncoated or coated on an 8 1/2" x 11" sheet with two or three folds. The mailer will be a self-mailer. Perforations would allow for four (4) or fewer unique, bar-coded coupons. The printing, handling and application of the mailing addresses shall be the responsibility of the Successful Proposer.

1. Cost per thousand for 250,000 self-mailer pieces w/coupons	<u>\$275.00</u>
2. Cost per thousand for 500,000 self-mailer pieces w/coupons	<u>\$197.00</u>
3. Cost per thousand for 1 million self-mailer pieces w/coupons	<u>\$150.00</u>
4. Cost per thousand for 1.5 million self-mailer pieces w/coupons	<u>\$135.00</u>
5. Cost per thousand for 2 million self-mailer pieces w/coupons	<u>\$126.00</u>

Electronic Coupons

Cost to develop bar-coded, web-based coupons that interact with the validation equipment used by the Texas Lottery. Limited time vouchers and single-use, unique coupons are necessary. Both types of coupons will have bar codes, and must be able to be presented on both the Internet via a web page or through email messages. Where applicable, costs should include any fees for programming for distribution/dissemination of e-coupons via the Texas Lottery website or email to provide unique bar codes for each contact or visitor.

Cost to create and distribute multi-use, limited-time offer e-coupons (single bar code per offer, not unique bar codes per recipient)	<u>\$75,000.00</u>
1. Cost per thousand for unique, single-use e-coupons for 100,000	<u>\$850.00</u>
2. Cost per thousand for unique, single-use e-coupons for 250,000	<u>\$400.00</u>
3. Cost per thousand for unique, single-use e-coupons for 500,000	<u>\$250.00</u>
4. Cost per thousand for unique, single-use e-coupons for 1,000,000	<u>\$220.00</u>
5. Cost per thousand for unique, single-use e-coupons for 2,000,000	

Hand Out Coupons – Cost to produce bar coded coupon insert as noted below:

- Size: Approximately 8.5" x 3.5", bleed design
- Paper: (25 x 38) 105#, 7pt. Orion Satin Matte
- Colors: A: 4c process front, unprinted back
 B: 4c process front, 1c back
 C: 4c process front, 4c back
- Imaging: Image bar code on front in black ink
- Finishing: Padded & glued in pads of 125. (Pad on 8.5in. edge)
- Freight is extra per actual freight invoice.

QUANTITY PIECES	PRICE PER 1,000 INDIVIDUAL COUPONS		
	OPTION A	OPTION B	OPTION C
5,000 coupons = 40 pads of 125	\$1,685.20	\$1,716.40	\$1,840.00
10,000 coupons = 80 pads of 125	\$859.00	\$1,476.40	\$935.00
20,000 coupons = 160 pads of 125	\$452.70	\$462.30	\$490.00
30,000 coupons = 240 pads of 125	\$377.93	\$324.80	\$350.00
50,000 coupons = 400 pads of 125	\$211.20	\$215.84	\$235.00
100,000 coupons = 800 pads of 125	\$132.38	\$137.04	\$137.84
125,000 coupons = 1,000 pads of 125	\$118.24	\$123.01	\$123.36
250,000 coupons = 2,000 pads of 125	\$89.94	\$93.74	\$93.96
500,000 coupons = 4,000 pads of 125	\$66.84	\$68.34	\$70.90
1,000,000 coupons = 8,000 pads of 125	\$52.60	\$53.38	\$54.72

Branded, Proprietary and Licensed Games

The Texas Lottery may use branded, proprietary and licensed games as part of its game portfolio. The Successful Proposer shall be required to provide, in writing, to the Texas Lottery the fee for each new game within thirty (30) days of acquiring that brand, license or proprietary process. In accordance with the executed working papers, the Texas Lottery may require prize fulfillment services for licensed property games and/or other games manufactured by the Successful Proposer.

Exclusive Pricing rates should be categorized in a table(s) based on product strength/recognition and priced accordingly. Proposers shall provide separate tables for games that utilize licensing fees and games that utilize merchandise allocations. Licensed property games whether utilizing the licensing fee or merchandise model shall include print costs and any necessary fulfillment services. Proposers should provide any volume discounts.

Please provide pricing tables for Branded, Proprietary and Licensed games.

Scientific Games Proprietary Play Action Games:

Exciting Play Actions that offer consumers added entertainment value:

Multiple Games™

Lucky Dice™/Lucky Card Cash™/Golden Spin™

Big Bingo™

Go To™

Linked Play™

Match&Win™

..... 0.25% of game retail ticket value

Promotional Second Chance Drawings

A. The following fees will apply to Mail-In Second Chance Drawings:

1. Branded/Licensed Property Games

Cost to set up, monitor and support the system for a single Branded/Licensed Property game, and any associated second chance drawings in the Branded/Licensed Property game that utilizes the merchandise model. The number of second chance drawings is determined by the Texas Lottery.

.... **No charge – included in the price of the licensed game**

2. Non-Branded/Licensed Property Games

Cost to set up, monitor and support the system for a single Non- Branded/Licensed Property game, or a Branded/Licensed Property game that does not utilize the merchandise model.

i. Cost to set up, monitor and support the 1st drawing for a game.

..... \$30,000.00

ii. Cost to set up, monitor and support subsequent drawing(s) for the same game.

..... \$25,000.00

B. The following fees will apply to Internet Entry Second Chance Drawings:

i. For branded or Licensed Property Games produced by the Successful Proposer where the Texas Lottery pays the Successful Proposer directly as promotional second-chance drawing merchandise prizes are claimed (also known as the merchandise model), the Successful Proposer waives all costs to set up, monitor and support the draw system and all drawing costs.

ii. For promotional second-chance drawing services for all other instant games (including, but not limited to, games that do not use the merchandise model, games produced by other Texas Lottery vendors, etc.), the Texas Lottery agrees to pay the Successful Proposer \$25,000.00 for drawings with aggregate prizes up to \$500,000.00 and \$50,000.00 for drawings with aggregate prizes greater than \$500,000.00 per game to set up, monitor and support the draw system (including all costs for the first promotional second-chance drawing in the game), plus an additional \$15,000.00 for the remaining drawings in the game for drawings with aggregate prizes up to \$500,000.00 and \$25,000.00 for the remaining drawings in the game for drawings with aggregate prizes greater than \$500,000.00.

INVITED OPTIONS

Proposers are **not required** to submit specifications and pricing for Invited Options. Each Proposer should indicate the additional cost per thousand (1,000) tickets, if any, for any options, including those listed below. Pricing should be noted as cost per square inch, if appropriate.

1. Cost per thousand for die-cut tickets.

\$0.34 per square inch of total ticket area per 1,000 tickets

2. Cost per pack, if any, for additional inserts in each pack of tickets.

(inserts to be furnished by Texas Lottery)

..... \$0.25 per pack

3. Cost per thousand for pouch tickets.

(any change to specifications requires re-quote)

Circle Metallized Pouch

- Ticket Specifications:
 - Size: 2.75" x 24" (open) and folded to 2.75" x 8"
 - Substrate:
 - Printing: ; four colors on front/one color on back (Megacolor)
 - Overprint: 4CP (Megacolor)
 - Security: Clear construction
 - Six games on the ticket, please see attached sample as reference
- Pouch Specifications
 - Material:

Tex. Gov't Code
\$552.139/\$552.101
\$466.022

(Back) Clear Polyester 48 gauge laminated to clear polyethylene 1.5mm

- Final Pouch Size: (Approx) 3.75" x 8"
- Finishing
- 25 pouches per book
- Strapped together with a paper band
- Shrink-wrapped by 25 pouches
- Cartons of 1,000 pouches
- One POS card per pouch

5 million pouches add \$540.00 per 1,000 pouches

4. Cost per thousand for holograms on tickets.

..... Not applicable

5. Cost per thousand for continuous four color process covering entire ticket.

Scientific Games "MegaColor"

..... \$1.85 per 1,000 tickets

6. Cost per thousand for four-color printed on ticket back.

\$0.16 per square inch of total ticket area per 1,000 tickets

7. Cost per thousand for perforated stub, with either horizontal or vertical perforations and with or without imaging.

Without Imaging \$0.08 per square inch of total ticket area per 1,000 tickets

With Imaging \$0.16 per square inch of total ticket area per 1,000 tickets

8. Cost per thousand for scored tickets.

\$0.34 per square inch of total ticket area per 1,000 tickets

9. Cost per thousand for scented tickets.

\$0.50 per square inch of total ticket area per 1,000 tickets

10. Cost per thousand for break-open tickets with perforated window.

..... Not applicable

In addition, each Proposer should indicate the additional cost, if any, for the options listed below:

Merchandise fulfillment for non-licensed property games

..... Shipping cost will be billed at Cost plus 10% handling fee.

OFFERED OPTIONS

Proposers should respond to this section on sheets attached hereto the price for Proposer-offered optional items. Proposers are free to describe offered options and the terms and pricing under which they are offered. Proposers are not required to submit any Offered Options under section 8.34 of this RFP.

Spot Matte UV Coating

Spot placement of UV coating on display areas

\$0.08 per square inch of total ticket area per 1,000 tickets

Spot Gloss UV Coating

Spot placement of UV coating on display areas

\$0.08 per square inch of total ticket area per 1,000 tickets

Additional Back Display Colors

Base ticket price includes 10 total colors, including fluorescent benday

\$0.04 per square inch of total ticket area per 1,000 tickets

Premium Metallic Ink

Per color

...\$0.16 per square inch of total ticket area per 1,000 tickets

Additional Hit of Primer

Per color

\$0.06 per square inch of total ticket area per 1,000 tickets

Additional 4" x 4" Point of Sales Pieces

The base ticket price includes one 4" x 4" POS insert per pack plus an additional 500 POS pieces per game.

..... Additional POS pieces \$330.00 per 1,000 pieces

Simulated Foil

Specialized inks that create the appearance of foil substrate

. \$0.25 per square inch of total ticket area per 1,000 tickets

Color Shift Ink

Ink containing light interference flakes appear to shift color with slight changes in viewing angle

. \$0.80 per square inch of total ticket area per 1,000 tickets

Glow in the Dark Ink

Specialized ink with glowing effect

. \$0.65 per square inch of total ticket area per 1,000 tickets

Pearlescent Coating

Classic pearl-white iridescence

\$0.09 per square inch of total ticket area per 1,000 tickets

MicroMotion

Confidentiality Claimed
\$552.110

Scratch My Back

Ink containing light interference flakes appear to shift
Latex on the back of tickets to facilitate additional game play

\$1.70 per square inch of total ticket area per 1,000 tickets

Three Color Imaging of Play Symbols

3c (black + 2 additional colors) imaging

\$0.60 per square inch of total ticket area per 1,000 tickets

Four Color Imaging of Play Symbols

4c (black + 3 additional colors) imaging

\$0.80 per square inch of total ticket area per 1,000 tickets

FailSafe®

Secure keyless validation of instant tickets provides player protection

..... \$1.89 per 1,000 tickets

Patterned Ultra Shine™

Translucent tinted coating

\$0.14 per square inch of total ticket area per 1,000 tickets

SoftTouch™ Coating

Clear coating that adds a softer, velvety feel to tickets

. \$0.09 per square inch of total ticket area per 1,000 tickets

Advanced/Specialized Imaging

Lines of special symbols which may utilize multiple colors that are easier to see and more pleasing to the eye

. \$0.05 per square inch of total ticket area per 1,000 tickets

Graphic Benday

Extra print units place artwork under the scratch-off coating

. \$0.16 per square inch of total ticket area per 1,000 tickets

Variable Messaging on Ticket Back

Allows for delivery of important information about lottery proceeds, websites, player's clubs, winning prizes, or revenue generating promotions

..... \$0.65 per 1,000 tickets plus \$4,000.00 flat charge

Synchronized Scene Games

Multiple sequential tickets printed with different artwork and different play styles from ticket to ticket

..... \$1.60 per 1,000 tickets

KDSii

Patented instant ticket programming process that secures the relationship between the pack number and it's value (Note, this product is not available for licensing to other vendors)

..... Included in base price

Spotlight AMP

New concept which allows for instant game top prize winners to win additional prizes

\$45,000.00 per spin event required prize insurance at additional charge

Retailer Games

Incentive programs that give store managers and clerks incentives for increasing lottery sales

same specifications and prices as C2S base ticket matrix

Understand Dual Language Feature

Full instructions in Spanish underneath the full English instructions aid in game play understanding

..... \$0.50 per 1,000 tickets

3-D Games

Offers players three dimensional artwork when viewed with customizable 3-D glasses

Price based on minimum order quantity of 25,000 3-D glasses.

\$0.09 per square inch of total ticket area per 1,000 tickets
plus \$.50 per each 3-D glasses unit

Expedited Games Facility Charge

Confidentiality Claimed
\$552.110

Programming of Unusual Games or Post-Executed Changes

..... \$200.00 per hour

Art and proofing changes for post-executed changes to art
as specified in approved Working Papers

..... \$200.00 per hour

Gigantix™ Ticket - Unique size and play nature of the game allows for legal language, lottery support, advertising and special coupons

GIGANTIX TICKET SIZE	ORDER QUANTITY	PACK SIZE	PRICE PER 1,000 TICKETS
10 x 8	500,000	15	\$138.26
10 x 8	1,000,000	15	\$115.47
10 x 8	5,000,000	15	\$98.59
10 x 8	10,000,000	15	\$96.26
12 x 8	500,000	15	\$157.63
12 x 8	1,000,000	15	\$134.47
12 x 8	5,000,000	15	\$117.32
12 x 8	10,000,000	15	\$114.91

10" x 8" and 12" x 8" ticket sizes available.

Bulk Purchase Lottery Tickets/Lottery Playing Cards

A full, usable deck of playing cards that are real scratch-off instant win Lottery tickets.
Price based on 20,000 decks and 500 specialized dispensers.
Order quantity changes require re-quote.

..... \$170.600.00

Properties Plus™

The full Properties Plus Program can be implemented with no out of pocket costs for the Lottery by funding the program from prize structures. We recommend a funding level of 1% of prizes. If the Lottery funds at that level, they will get the entire program as described in Section 8.34.

..... 1% value of prizes in prize structure

Annual Catalog of Game Designs

Confidentiality Claimed
\$552.110

Ticket Destruction Services

Tex. Gov't Code
§552.139/§552.101
§466.022



..... \$180.00 per skid

Graphic Pulse

Allows for alternate display (press-printed) images during the press run of an instant game

Per each press stop as required by production

..... \$2,500.00 per press stop

Per each plate/cylinder changed as required by production

..... \$1,500.00 per plate/cylinder

Gift Card Holders

Die-cutting to required to produce Gift Card Holder

Other options required by production, if any, at additional charge

\$0.34 per square inch of total ticket area per 1,000 tickets

Bottleneckers

Die-cutting to required to produce Bottlenecker

Other options required by production, if any, at additional charge

\$0.34 per square inch of total ticket area per 1,000 tickets

Electronic Instant Ticket



Confidentiality Claimed
§552.110

Optimal Payout Analyses

Working with an outside economist, Scientific Games examines the “sweet spot” at which a lottery optimizes its payout within a price point, while also realizing optimal net profits. While the idea of optimal payout has been explored in a variety of ways over the years, this specific method of analysis has been conducted at Scientific Games for several years for a number of jurisdictions.

..... **\$38,033.00 per project**

Product Propensities for Lottery Players (MRI Syndicated data)

Using the breadth of information obtained through our custom omnibus and tied to other syndicated data, Scientific Games can produce a report for the Lottery showing purchases made by lottery players in other consumer categories. Drilling down to certain DMA’s within the state of Texas, we can provide insight on the most popular brands purchased by lottery players which will help the Lottery in any type of cross-promotion initiative.

..... **\$6,161.00 per project**

Proactive Product Plan (with forecast modeling)

While Scientific Games will certainly participate in game planning sessions if awarded a contract with the Texas Lottery, sometimes the need arises for a Lottery to request a more comprehensive look at their product line and where it is headed. Scientific Games offers this type of analysis as an offered option.

The deliverable is a product plan that uses a model based on game type and performance and projects sales, order quantities, cannibalization, etc.

..... **\$109,255.00 per project**

Optional Research – Sales Index Analysis

Insight that provides information into which games would perform well in the Texas market.

..... **\$5,405.00 per project**

Optional Research – Attribute Analysis

Research that allows a lottery to combine the best possible attributes into each game design which will assist in maximizing sales and net revenue.

..... \$3,816.00 per project

Optional Research – Prize Structure Analysis

Examines the odds of winning certain prize categories and compares it to the most successful lotteries' prize structures.

..... \$4,379.00 per project

Optional Research – State-of-the-Industry Analysis

Inter-jurisdictional analysis of the top 16 US lotteries (as measured by weekly per capita instant sales).

..... \$17,185.00 per project

Optional Research – Market/Player Analysis

In-depth look at both instant and online games and sales in the marketplace, including product trends, geographic distribution of sales, players and general retailer distribution.

..... \$30,004.00 per project

Optional Research – Retailer Optimization

Research that examines the mix of retailers by trade style and find the best fit for the market.

..... \$30,804.00 per project

Optional Research – Advertising and Promotion Analysis

Research that investigates which promotions appealed to which specific groups.

..... \$19,253.00 per project

Optional Research – Licensed Property Post-Launch Analysis

Analyzes sales and winners' files and look for differences between those segments that played the licensed property game versus those typically playing other lottery games

..... \$28,525.00 per project

Marketing Research Project Rates

At the Lottery's request, Scientific Games' research department can design, procure, analyze or consult on any research projects the Lottery wishes to undertake. Our research team is skilled in techniques across all facets of research and has relationships with many global suppliers.

..... \$100.00/hr for research project rate

SalesMaker Retailer Makeover 360

A team from Scientific Games will visit each retailer selected to receive a lottery makeover and install materials designed to fully transform their retail space into a re-vitalized Texas Lottery retail destination. The Retailer Makeover 360 also includes SalesForce and SalesBuilder Training Seminars. There is a minimum commitment of 20 Retailers.

..... **\$25,000.00 per location**

SalesMaker Lite

Confidentiality Claimed
\$552.110

SalesForce

Confidentiality Claimed
\$552.110

SalesCoach

Confidentiality Claimed
\$552.110

SalesBuilder Seminar

Confidentiality Claimed
\$552.110

STANDARD TERMS AND CONDITIONS

Delivery Tolerance

The Lottery will be billed only for the exact quantity of conforming tickets actually delivered within the delivery tolerance at the price for the ordered quantity involved.

Interpolation

Prices quoted are such that linear interpolation between cost levels applies should the Lottery wish to purchase a quantity of tickets other than those actually listed.

Royalties for Game Theme Trademarks, Copyrights, Licensed Properties, etc.

Our pricing does not include royalties to be paid for the use of intellectual property rights for game themes or designs not required to print our standard tickets. These property rights include our portfolio of licensed or patented game themes and play styles, such as MONOPOLY®, HARLEY-DAVIDSON®, HOLD 'EM POKER® or BETTY BOOP®. In the event we or our affiliates are an authorized licensing representative for such rights and the Lottery desires to use them, such rights will be provided in a separate licensing agreement at additional cost. In all other cases, where such rights are requested for a given game, the Lottery shall be responsible for acquiring the right to use them. In the alternative, if requested by the Lottery, we will attempt to acquire such rights upon such terms and conditions as may be acceptable to the Lottery.

Standard Items

Our standard inks, materials, and procedures, which meet all specified requirements of the RFP, will be used in producing the tickets under this proposal. If any special items or steps are desired beyond these standard items, we will endeavor to provide them, and will quote the additional charge for them, if any, beforehand, for the Lottery's consideration.

Inter-Relationship of Options

Most of the options presented here may be selected independently of one another. However, some of the options are inter-related because of equipment limitations or technical reasons. For example, the total number of coatings which consist of the front display colors, back display colors, lily pad coat, seal coats, release coats, latex coat and overprints is limited by the total number of printing stations on the printing press in use at a given time.

Dates

We strongly advise against placing of dates of any kind onto instant lottery game tickets. Note that dating tickets converts instant game tickets into a "perishable" commodity. If ticket delivery is delayed due to force majeure, a condition of such dating is that the Lottery agrees to assume the risk of such force majeure and to accept such delayed tickets (regardless of the dating thereon).

Taxes

The price quoted is based on the assumption that no sales or use tax, no gambling-related tax, or no customs, duties, or importation taxes will be levied on the goods and services involved herein, and if they are, our price should be considered to be increased to the extent of such taxes.

NASPL Best Practice Pricing Methodology

Scientific Games subscribes and supports the following NASPL RFP Best Practice Pricing Methodology for Deliverables and Services Not Originally Defined (NASPL Guide to the Standard Request For Proposal (RFP) Template, Section 3.23.2):

“Changes and enhancements that exceed RFP and contractually specified requirements (and which are not otherwise accommodated for in this RFP or by the pricing method in the RFP) will have the terms and price negotiated and approved by both parties, or be subject to a separate agreement. These include, but are not limited to, categorically different service obligations, and new technology enhancements.”