



April 30, 2010

Ms. Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
P. O. Box 16630
Austin, TX 78761-6630

Dear Ms. Zgabay-Zgarba,

INTRALOT, as you are aware, has been very successful at providing Lotteries in the United States, and the world for that matter, with state-of-the-art, secure and profitable, systems, equipment and related services while saving Lottery agencies and their beneficiaries millions of dollars annually. We have successfully obtained online and instant ticket contract awards with eleven Lotteries. In all cases we have saved each Lottery millions of dollars over the incumbent's previous prices and in no case has any of these U.S. Lotteries sacrificed technology, security or sales.

In all of these cases these win-win partnerships occurred because the procurement process was conducted with a fair and level playing field absent of conflicts or manipulation. This is extremely important because, as you know, vendors spend hundreds of thousands of dollars preparing RFP responses just for a chance to be considered.

The perception of impropriety and conflicts of interest that has occurred with this procurement is an unfortunate situation not of INTRALOT's making. However, it has unfortunately created a difficult situation for the Lottery because it may limit competition and the savings that Lotteries are seeing as a result of such competition.

We were encouraged by Texas Lottery's investigation of this situation and of the disclosure of a number of documents relating to the issue. Our just completed extensive review of the documents, however, revealed issues relating to several potential inconsistencies that we believe give rise to causing a potential patent unfairness of the pending online RFP process.

INTRALOT now faces the alternative of either spending hundreds of thousands of dollars to resume our work on a bid response or declining the potential opportunity to bid, which would result in limited or no competition for the Lottery in its efforts to obtain the maximum benefits for the State and its stakeholders. At this point, we believe that it is in the best interest of the Lottery, the State of Texas, its citizens as well as INTRALOT for us to participate in the bidding process because we are confident that our rights granted as a bidder can be protected under Texas law.



INTRALOT is therefore respectfully requesting that the Lottery issue a minimum thirty-day extension of the RFP due date for preparation and response to this RFP.

Your prompt attention to this request will be greatly appreciated.

Regards,

A handwritten signature in black ink, appearing to read "John C. Pittman". The signature is fluid and cursive.

John Pittman
Vice President, Marketing
INTRALOT, Inc.

Mary Ann Williamson
Chairman

David J. Schenck
Commissioner

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

May 4, 2010

Mr. John Pittman
Vice President, Marketing
INTRALOT, Inc.
11360 Technology Circle
Duluth, Georgia 30097

Via Facsimile (770.295.2590) and Regular Mail

Re: INTRALOT's Request for Extension of the Deadline for Filing Proposals in Response to the Texas Lottery Commission's Request for Proposals for Lottery Operations and Services [RFP No. 362-10-0001]

Dear Mr. Pittman:

This letter is in response to your letter of April 30, 2010, to Angela Zgabay-Zgarba, in which you requested a minimum thirty-day extension of the deadline for filing responses to the Lottery's Request for Proposals (RFP) for Lottery Operations and Services.

I recognize that filing a responsive proposal to the Texas Lottery's RFP is an extremely large undertaking. The RFP schedule allows for an extended period of time between the release of the RFP and the due date for proposals for that very reason. Similarly, the agency scheduled question-and-answer sessions and one-on-one workshops to allow the agency to assist interested proposers in preparing thorough and comprehensive HUB Subcontracting Plans (HSPs). Other potential proposers have already availed themselves of these opportunities. I also recognize that only a limited number of companies worldwide possess the experience and resources necessary to provide all the goods and services requested in the RFP and that participation in the RFP process by all qualified vendors serves the interests of the Texas Lottery and the State of Texas. To that end, I am confident the agency has gone to great lengths to facilitate such participation.

In this instance, your letter fails to provide an explanation as to why a thirty-day extension of the deadline for proposals is necessary. Your letter states that the "perception of impropriety and conflicts of interest" may limit competition in this procurement. While you do not specifically refer to the contract that was discovered to exist between GTECH and Gartner, I assume that this is the particular matter to which you are referring. As you know, the agency responded to this issue by embarking on its own vigorous and thorough investigation of the facts and full disclosure of those facts to all concerned parties. To my knowledge, INTRALOT has not identified any missing or inconsistent information that shows evidence of any actual conflict of

Mr. John Pittman
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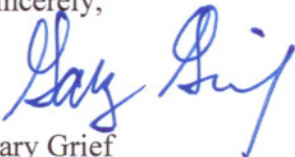
interest in the Gartner-GTECH contractual relationship that might have influenced or biased the RFP. In fact, INTRALOT's stated desire to file a proposal supports that position.

Though your letter fails to provide an explanation as to why the previously granted thirty-day extension of the deadline for proposals is not adequate, I am assuming that your representation that INTRALOT cannot have a proposal ready by the current deadline was made in good faith. The inability of a major competitor in the lottery industry to meet the deadline for filing a proposal, regardless of the reason, affects the competitiveness of that procurement. I will, therefore, grant your request for a thirty-day extension of the deadline for filing proposals to the RFP. Obviously this will require other changes be made to the schedule. Please see the attached revised schedule of events. In accordance with the RFP terms, INTRALOT and any other potential proposers will be given opportunities to receive assistance from agency staff in preparing a responsive proposal specifically with regard to the HSP.

Copies of your letter and this response are being sent to the other companies that sent representatives to one of the mandatory pre-proposal conferences (in accordance with RFP section 2.3) and will be posted on the Texas Lottery website, along with a separate letter being sent to the other companies. You will be copied on this separate letter being sent to the other companies.

As I have stated previously, the Texas Lottery is committed to a fair and transparent lottery operator procurement process, one that fully meets the high standards for integrity that we've set for ourselves and that the public rightly expects of the agency. I trust that with the additional time provided to all participants, the agency will receive proposals that are thorough, creative and competitive.

Sincerely,



Gary Grief
Executive Director

Attachment



**REQUEST FOR PROPOSALS
FOR
LOTTERY OPERATIONS AND SERVICES
RFP # 362-10-0001**

AMENDMENT NO. 35

Pursuant to Section 2.17 of the Request for Proposals for Lottery Operations and Services, the Texas Lottery Commission amends Section 1.6 of the RFP to read as follows:

1.6 SCHEDULE OF EVENTS

The following time periods are set forth for informational and planning purposes only. The Texas Lottery reserves the right to change any of the time periods and will post all changes on the Electronic State Business Daily, <http://esbd.cpa.state.tx.us/> and the Texas Lottery website, <http://www.txlottery.org/> (Click on About Us, Doing Business with TLC, Procurement).

DATE	EVENT
January 4, 2010 (4:00 p.m., CENTRAL TIME)	Issuance of RFP
January 20, 2010 (9:00 a.m., CENTRAL TIME)	Pre-Proposal Conference at Texas Lottery Headquarters (Mandatory)*
February 2, 2010 (9:00 a.m., CENTRAL TIME)	Pre-Proposal Conference at Texas Lottery Headquarters (Mandatory)*
February 9, 2010 (4:00 p.m., CENTRAL TIME) (Late Questions will not be answered)	First Round Written Questions Due
February 26, 2010	Responses to Written Questions Issued
March 22, 2010 (4:00 p.m., CENTRAL TIME) (Late Questions will not be answered)	Second Round Written Questions Due
April 12, 2010	Responses to Written Questions Issued
February 22-March 5, 2010 (as may be revised by the Texas Lottery)	Mandatory HSP Workshops
March 29 – June 15, 2010	Additional HSP Workshops (if necessary)
June 29, 2010 (4:00 p.m., CENTRAL TIME) (Late Proposals will not be considered)	Deadline for Cost Proposal and Proposer's Commitment

June 30, 2010 (4:00 p.m., CENTRAL TIME) (Late Proposals will not be considered)	Deadline for Technical Proposal, Bid Bond/Proposal Surety, and Protest/Litigation Bond
August 9 - 20, 2010 (as may be revised by the Texas Lottery)	Oral Presentations (to be conducted at Texas Lottery's sole discretion)
August 23 – September 3, 2010 (as may be revised by the Texas Lottery)	Site Visits (to be conducted at Texas Lottery's sole discretion)
on or before September 23, 2010 (or as soon as possible thereafter)	Announcement of Apparent Successful Proposer

*Proposers must attend one of the two (2) mandatory pre-proposal conferences – Refer to Section 2.3.