

RESPONSE TO THE



RFP# 362-12-0001, INSTANT TICKET
MANUFACTURING AND SERVICE

TECHNICAL PROPOSAL

SUBMITTED BY

Pollard
Banknote

JANUARY 2012



LETTER OF TRANSMITTAL

January 25, 2012

Ms. Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
611 East 6th Street
Austin, TX 78701
Tel: (512) 344-5000

Fax: (512) 344-5444

Email: Angela.Zgarba@lottery.state.tx.us

RE: Request for Proposals for Instant Ticket Manufacturing and Services,
No. 362-12-0001

Dear Angela,

We understand how difficult it is for lotteries today to increase sales considering the tough economy we're in and the perception among some lotteries that their markets are mature. We believe strongly, however, that the market for instant lottery tickets is not mature. There are still many opportunities to expand our player base and increase lottery sales of instant tickets. But sales growth will require us to be creative and bring the best products and best ideas to suit the Texas market. At Pollard Banknote, we pride ourselves on the creative, innovative ideas we can bring to lotteries and we welcome the opportunity to do this in Texas.

Based on our confidence that we can bring ideas to generate revenue and excitement for the Lottery, we are thrilled with the RFP structure which the Texas Lottery Commission has defined. You have created a model where success can be rewarded; with success being defined by the ideas, and ticket recommendations that the suppliers can bring to the Lottery, and the revenue ultimately generated by those games. Quite simply, if we develop great revenue-generating games for the Lottery—and we are confident we will—we know we can count on getting more orders from the Lottery.

Pollard Banknote has been in the instant ticket business for over 25 years, serving over 60 clients. The success that we have had has been based on our ability to form partnerships with our clients where we focus on the mutual goal of driving Lottery revenue. We emphasize innovation to bring new ideas, methods, and product to this market. We ensure that we dedicate the right team of people to the program, we know our clients' market, and we make recommendations that work. As a result, our primary clients grow fast.

It is not by chance that Pollard Banknote customers have experienced some of these successes:



- **New Jersey Lottery**—Since Pollard Banknote assumed primary printing duties for the New Jersey Lottery in 1996, instant sales have grown by 302%—from \$339.7 million in FY 1996 to over \$1.3 billion in FY 2011. The Lottery also improved its per capita instant sales ranking from 22nd place to a record 5th place during this same period.
- **Maryland Lottery**—In the first year that Pollard Banknote was named the Lottery's primary printer, the Lottery was the fastest-growing non-start-up lottery in the U.S
- **Michigan Lottery**—Since 1996, Pollard Banknote has been the Michigan Lottery's primary instant ticket supplier. During this time, we've work closely with the Lottery to build their business, and grow revenues from \$472.3 million in FY 1996 to \$754.4 million in 2011.
- **Ontario Lottery and Gaming Corporation**—Since becoming OLG's primary instant ticket printer, instant sales have increased from \$587.9 million in FY 2006 to \$908.8 million in FY 2011, a 55% increase—the fastest growth among non-start-up lotteries in North America over this time period.

We look forward to bringing this type of fast growth to the Texas Lottery and are pleased to respond to the Texas Lottery Commission's RFP for instant ticket manufacturing and services. Our proposal is a complete solution to your instant ticket needs, and we look forward to a renewed relationship with the Lottery for the term of this contract...and well beyond.

In accordance with **1.12 Proposal Tenure**, this Proposal remains valid for 180 (one-hundred eighty) days from the opening date.

Don Sawatzky, Executive Vice President, Sales & Marketing, can answer any questions pertaining to our Proposal. His contact information is as follows:

Telephone: (204) 474-2323, extension 210

Fax: (204) 453-1375

E-mail: dsawatzky@pbl.ca

Pollard Banknote accepts and agrees to all terms and conditions set forth in the RFP, including those in Part 3. As Co-Chief Executive Officer, I have the authority to enter Pollard Banknote Limited into a binding contract with the Texas Lottery Commission.

Sincerely,

POLLARD BANKNOTE LIMITED

Per Doug Pollard
Co-Chief Executive Officer

□□□

**Pollard
Banknote**



Response to the Texas Lottery's Request for Proposals for Instant Ticket Manufacturing and Services



SUBMITTED BY

Pollard Banknote Limited
1499 Buffalo Place
Winnipeg, Manitoba
Canada
R3T 1L7

CONTACT

Don Sawatzky
Executive Vice President, Sales & Marketing
Tel: 204-474-2323
Fax: 204-453-1375
E-mail: dsawatzky@pbl.ca

JANUARY 2012



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2.9 EXECUTIVE SUMMARY

EXPERIENCED

Pollard Banknote first started printing instant tickets and providing related marketing and other services for NASPL lotteries in 1985. We have been manufacturing instant tickets and providing related services as specified in the Texas RFP for over 25 years now, serving over 50 lotteries worldwide and we have emerged and are positioned as the leading expert and innovator in the instant ticket category.

The Texas Lottery wishes to access the best tickets and ideas, and we will deliver on these wishes. Over the years, Pollard Banknote has earned a reputation for bringing new ideas to the industry that become top revenue performers and the standard to which the next generation of product is compared to.

Pollard Banknote will take the time to understand the Texas market and apply the combination of our experience with our better tickets, account team, and innovative spirit—and sales growth will follow.

DRIVING REVENUES



*Response to the Texas Lottery's Request for Proposals for
Instant Ticket Manufacturing and Services*





"TEAM TEXAS"

But more than anything else, it is the people that will make up the heart of our partnership. **Doug Pollard, Co-Chief Executive Officer** plays an integral role in leading the Pollard Banknote team with insight and "vision" to the industry on a whole. A regularly featured speaker at NASPL and WLA events covering topics ranging from "bricks & mortar" retail development to the adaptation of emerging technologies and social media as drivers of instant ticket revenues – Doug will be the Executive Sponsor of "Team Texas."

Don Sawatzky, Executive Vice President, Sales & Marketing, the Executive Leader of "Team Texas" will apply his quarter-century of experience with instant tickets and guide **Brad Thompson, Director, Sales & Marketing/"Team Texas" Account Manager** who will take the lead in representing Pollard Banknote to the Texas Lottery. The entire "Team Texas" roster is presented in our response to Section 4.2 herein.

In addition to Doug, Don, and Brad's 55 years of combined experience, our dedicated account team, support team, and executive leadership combine to bring 229 years of relevant industry knowledge. In total "Team Texas" brings together 47 of the best people to ensure all the Lottery's concerns regarding prize structure design, game design, graphic design, secure game generation, production, quality, security, product management, information technology, industry analysis, and accounting are not only met, but exceeded at each touch point we have with the Lottery.

CAPACITY, QUALITY, CAPABILITY



HUB SUBCONTRACTING PLAN (HSP)

Pollard Banknote is aware of the important role the Texas Lottery plays in stimulating the local economy, especially minority and women-owned businesses.

We have in place some long-standing partnerships with Texas-based HUBs that we intend to renew under the contract arising from this RFP process.

PARTNERING FOR SUCCESS

We look forward to bringing fast growth, new ideas and focused efforts to the Texas Lottery. Our proposal is a complete solution to your instant ticket needs.

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Confidentiality Claimed
PIA §552.110



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PART 1 GENERAL INFORMATION

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

1.7 PROPOSALS SUBJECT TO TEXAS PUBLIC INFORMATION ACT

For the Evaluation Committee's consideration, Pollard Banknote has provided a chart beginning over the following pages which itemizes the various areas of our bid proposal containing confidential information, which we submit for protection from disclosure under Texas Code Title 5 Subtitle A Section 522.110 of the *Public Information Act*:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

In further support of our claim of confidentiality of these claims, we believe each section we declare confidential easily meets one or more tests of Restatement of the Law, Second Torts (1939), §757, and/or Restatement of the Law, Third (2006), Unfair Competition, §39.

The specific statutory rationale for each claim is offered in the table.

DESCRIPTION, RFP SECTION, PAGE NUMBER(S)	RATIONALE
<p>Description Texas and Other Lottery Experience (includes Client List)</p> <p>RFP Section 4.1.1-Paragraph B</p> <p>Page Number(s) 37-43; includes unnumbered inserts</p>	<p>These disclosures regarding Pollard Banknote's planned capital expenditures and client strategies and profiles reveal sensitive strategic and financial information, the disclosure of which would injure Pollard Banknote and/or its clients in the marketplace.</p>
<p>Description Subcontractors Narrative</p> <p>RFP Section 5.6.1 Notification of Subcontractors</p> <p>Page Number(s) 99-101</p>	<p>This purchasing-related narrative constitutes a Pollard Banknote trade secret used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard</p>



DESCRIPTION, RFP SECTION, PAGE NUMBER(S)	RATIONALE
	Banknote in the marketplace.
<p>Description Discussion of Lottery's Objective</p> <p>RFP Section 6.2 Texas Lottery Objective</p> <p>Page Number(s) 109-112</p>	<p>These market-specific strategies reveal sensitive strategic information, the disclosure of which would injure Pollard Banknote in the marketplace.</p>
<p>Description Discussion of Revenue Generation</p> <p>RFP Section 6.3 Goals and Expectations</p> <p>Page Number(s) 113-117</p>	<p>These market-specific strategies reveal sensitive strategic information, the disclosure of which would injure Pollard Banknote in the marketplace.</p>
<p>Description Software Table</p> <p>RFP Section 7.5 Graphic Capabilities and Data Transfer</p> <p>Page Number(s) 127</p>	<p>These production-related disclosures and methods constitute Pollard Banknote trade secrets and used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.</p>
<p>Description Game Manufacturing Overview</p> <p>RFP Section 8.1 Overview of Game Manufacturing Methods</p> <p>Page Number(s) 131-196</p>	<p>These production-related disclosures and methods constitute Pollard Banknote trade secrets and used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.</p>
<p>Description Second Chance Drawings</p> <p>RFP Section 8.32.2 Second Chance Drawings</p> <p>Page Number(s)</p>	<p>This Second Chance Drawings methodology constitutes a Pollard Banknote trade secret used to further a business advantage over competitors who do not know or use it, and the disclosure of which would</p>



DESCRIPTION, RFP SECTION, PAGE NUMBER(S)	RATIONALE
248-255	injure Pollard Banknote in the marketplace.
<p>Description Marketing Support for Break-Opens</p> <p>RFP Section 8.34 Offered Options</p> <p>Page Number(s) 304-306</p>	<p>These market-specific strategies reveal sensitive strategic information, the disclosure of which would injure Pollard Banknote in the marketplace.</p>
<p>Description Sample Disaster Recovery Plan</p> <p>RFP Section n/a (Appendix B)</p> <p>Page Number(s) n/a (appendix)</p>	<p>This sample Disaster Recovery Plan reveals sensitive information about production and operations and constitute Pollard Banknote trade secrets used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.</p>
<p>Description Quality Control Methodologies Narrative</p> <p>RFP Section n/a (Appendix C)</p> <p>Page Number(s) n/a (appendix)</p>	<p>This Quality Control narrative reveals sensitive information about production and operations and constitute Pollard Banknote trade secrets used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.</p>

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PART 2 PROPOSAL PROCESS

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

Please note that, for ease of presentation, **2.8 Letter of Transmittal** and **2.9 Executive Summary** appear before **1 General Information** in our Response, rather than in **2 Proposal Process**.

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PART 3 CONTRACTUAL TERMS AND CONDITIONS

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

3.3 CONTRACT ELEMENTS

3.3.2 HSP

HSP information is attached in **5. Hub Subcontracting Plan**.

3.12 SUBCONTRACTING

To ensure ticket security and quality, we typically subcontract only insofar as necessary. Whenever it is possible, is economically feasible, and quality standards and our existing contracts permit, we endeavor to use Texas-certified Historically Underutilized Businesses as subcontractors, always subject to the prior express written approval of the Texas Lottery. We outline our HSP plan in **5. Hub Subcontracting Plan**.

3.13 LOTTERY APPROVAL OF STAFFING

Pollard Banknote undertakes thorough investigations of all prospective employees as outlined in **8.12 Employee Security** and **8.15 Plant and System Security**, and elsewhere throughout our Response. We are confident that we propose a team that meets and exceeds the Lottery's and all Texas and federal legislative and ethical requirements.

3.15 COMPLIANCE

Pollard Banknote has in place policies which exceed the requirements of federal, state, and local laws in this regard.

3.23 WARRANTIES

Pollard Banknote warrants and agrees to all subsections.

3.40 DISCLOSURE OF LITIGATION

There were no threatened or pending material civil or criminal litigations or indictments involving Pollard Banknote as of the time of writing.

3.49 HIRING OF LOBBYIST, CONSULTANT, AND/OR ADVISOR

Pollard Banknote does not currently hire, nor has it hired over the preceding three (3) years prior to this RFP's release, any lobbyist, consultant, or advisor to represent its issues to the State of Texas.



3.50 NOTICES

As indicated on the cover sheet and in **4.4 Contact Person**, notices are to be sent to:

Don Sawatzky
Executive Vice President, Sales & Marketing
Pollard Banknote Limited
1499 Buffalo Place
Winnipeg, MB R3T 1L7
Canada

Tel.: (204) 474-2323, extension 210

Fax: (204) 453-1375

E-mail: dsawatzky@pbl.ca

3.56 CERTIFICATIONS

3.56.1

We have read Texas Government Code Section 466.155 and adjacent sections of the Code applying to the licensing of sales agents and have attached a completed Background Information Certification Form (Attachment D-1) for all relevant persons.

3.56.2

We certify that Pollard Banknote is not ineligible to receive payments arising from a Contract resulting from this RFP. No one person has an ownership stake of 25% or greater in Pollard Banknote.

3.56.3

We certify that Pollard Banknote has never been convicted of nor assessed any penalty under Section 39.459, Utilities Code, Hurricane Katrina, or under any other disaster, and therefore is not ineligible to receive payments arising from a Contract resulting from this RFP.

3.56.4

We certify that Pollard Banknote has not, has not attempted to, and has no intention in the future of offering financial or other incentives to public servants in connection with the Proposal. We further certify that Pollard Banknote has not, has not attempted to, and has no intention in the future of violating US, Texas, or Canadian antitrust/anti-collusion legislation, nor have we had or do we intend to have communication with competitors in connection with this Proposal.

3.56.5

We certify that Pollard Banknote does not have in its employ any person who currently is, or who has been within the last four years from the date of issue of this RFP, the executive head of a state agency.

3.56.6

Pollard Banknote is not a Texas Resident Bidder under Texas Administrative Code Title 34, Part 1, Chapter 20.



3.56.7

3.56.8

We certify that, under §2155.004, Government Code, Pollard Banknote is not ineligible to receive the specified contract, and we acknowledge that this contract may be terminated and payment withheld if this certification is inaccurate.

3.57 PREFERENCES

Pollard Banknote does not claim any preference under Texas law.

3.58 DECEPTIVE TRADE PRACTICES

Pollard Banknote understands, accepts, and will comply with this clause.

We certify that neither Pollard Banknote, nor any of its officers, has been the subject of allegations of Deceptive Trade Practices violations under Texas Business and Commercial Code, Chapter 17. We further certify that neither Pollard Banknote nor its officers have been the subject of allegations of, or found guilty of, unfair business practices in any administrative hearing or court suit.

3.59 IMMIGRATION

We represent and warrant that Pollard Banknote will comply with the requirements of the *Immigration Reform and Control Act* (1986), the *Immigration Act* (1990), and the *Illegal Immigrant Reform and Immigrant Responsibility Act* (1996) with respect to the employment of any person performing labor or services as a result of any Contract arising from this RFP.

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PART 4 REQUIRED INFORMATION

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

4.1 EXPERIENCE OF RESPONDING FIRM

4.1.1 Paragraph A Years of Experience, and

4.1.1 Paragraph B Prior Texas or Other Lottery Experience

SETTING INDUSTRY STANDARDS FOR OVER 25 YEARS

Pollard Banknote first started printing instant tickets and providing related marketing and other services for NASPL lotteries in 1985. We have been manufacturing instant tickets and providing related services as specified in the Texas RFP for over 25 years now, providing over 50 lotteries worldwide with the industry's best innovations, tickets, and account personnel. More importantly, we drive your lotteries' sales.

Pollard Banknote has emerged and positioned itself firmly as the leading expert in instant tickets. As a multinational organization with

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

Lotteries trust us and expect us to bring them a complete package of good ideas, superior products, and the specific instant ticket expertise needed to drive sales growth. Lotteries trust us and expect us to bring them good ideas that can grow their revenues to support their causes.

Pollard Banknote's primary clients' cumulative sales have grown at a faster rate than our competitors' clients over the past five years.

Confidentiality Claimed
PIA §552.110



As an innovator, Pollard Banknote has earned a reputation for bringing new ideas to the industry, like our industry-transforming translucent latex marking system, that become top revenue performers for the lotteries and form the specified standard to which the next generation of product is compared to.

TRANSLUCENT LATEX INNOVATION & CORE GAME EXPERTISE

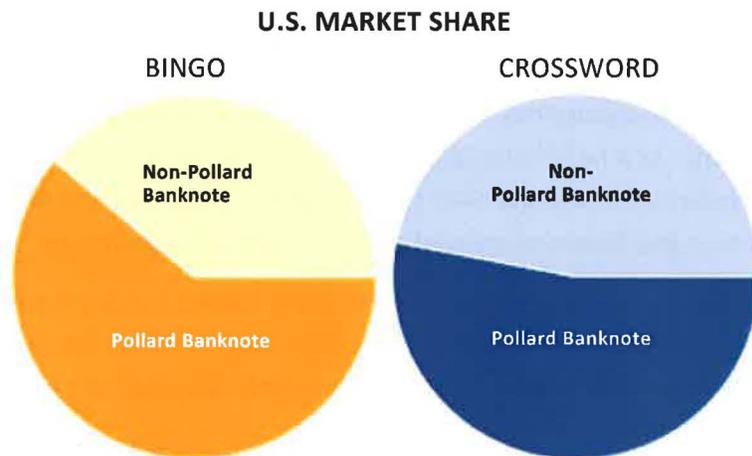
Widely accepted today as an industry standard, Pollard Banknote's translucent marking system is quite simply the very best extended play marking system available. Compared to other marking systems that create a blue or gray "smear" when scratched, or systems that hide the corresponding game data under opaque latex, our translucent marking system scratches clean, is easy to understand, and enhances the marketability of an extended play product.

Our translucent latex marking system is just one reason why Crossword and Bingo games dominate the North American Lottery industry. Pollard Banknote's Crossword games represent an estimated 57% of the \$2.135 billion annual Crossword sales in the U.S., while our Bingo games represent roughly 67% of the \$937 million annual Bingo games sold in the U.S.

No other Vendor has more experience and knowledge of core games than Pollard Banknote. Our best-in-industry translucent latex marking system, unequalled game programming, randomization, and expert

category management allows lotteries to sell the best instant Bingo and Crossword games available in the industry. Pollard Banknote's Bingo and Crossword games have significantly outperformed the offerings of our competitors across the United States.

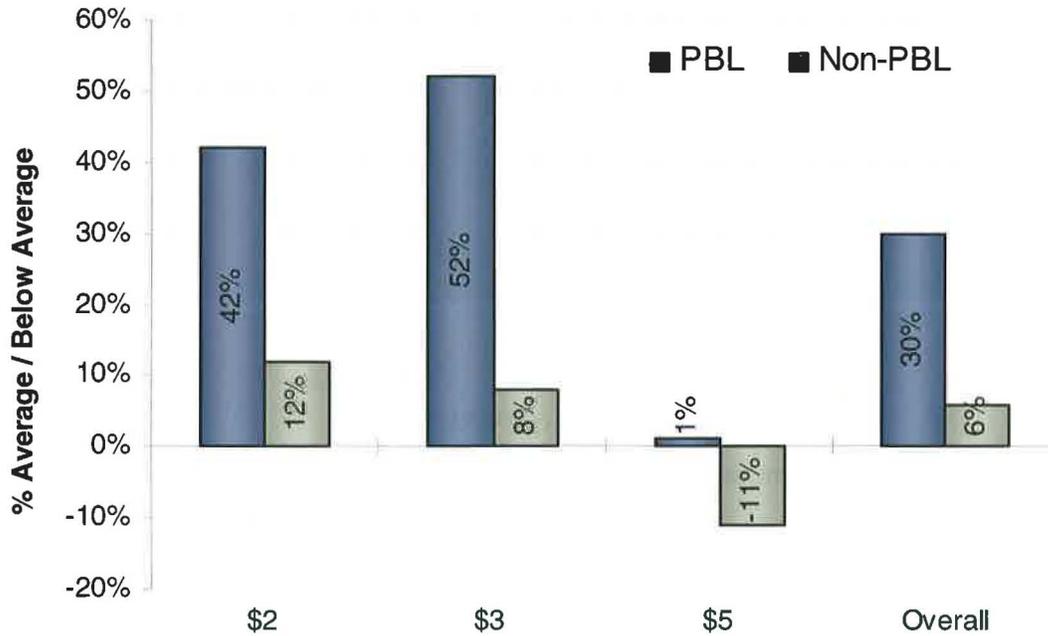
The following chart shows the success of our Bingo and Crossword games since 2002, and more importantly, the positive effect partnering with Pollard Banknote can have on a lottery's instant sales. The percentages shown indicate the percentage by which Pollard Banknote's combined Crossword and Bingo game 10-week average sales have exceeded game sales at each given price point—52% at the \$3 mark, for example.





Pollard Banknote's Crossword and Bingo games have performed significantly higher than their counterparts, and the feedback received from lotteries and players alike speaks volumes—our extended play games deliver the industry's best value and playability—the proof is in the sales. The following are just two stories of how Pollard Banknote's Crossword and Bingo games have made an impact on increasing sales in New York and Connecticut.

CROSSWORD/BINGO SALES BY VENDOR



Source: Pollard Banknote's Industry-wide Sales Database, U.S. Lotteries

Pollard Banknote Increases Cashword Sales in New York

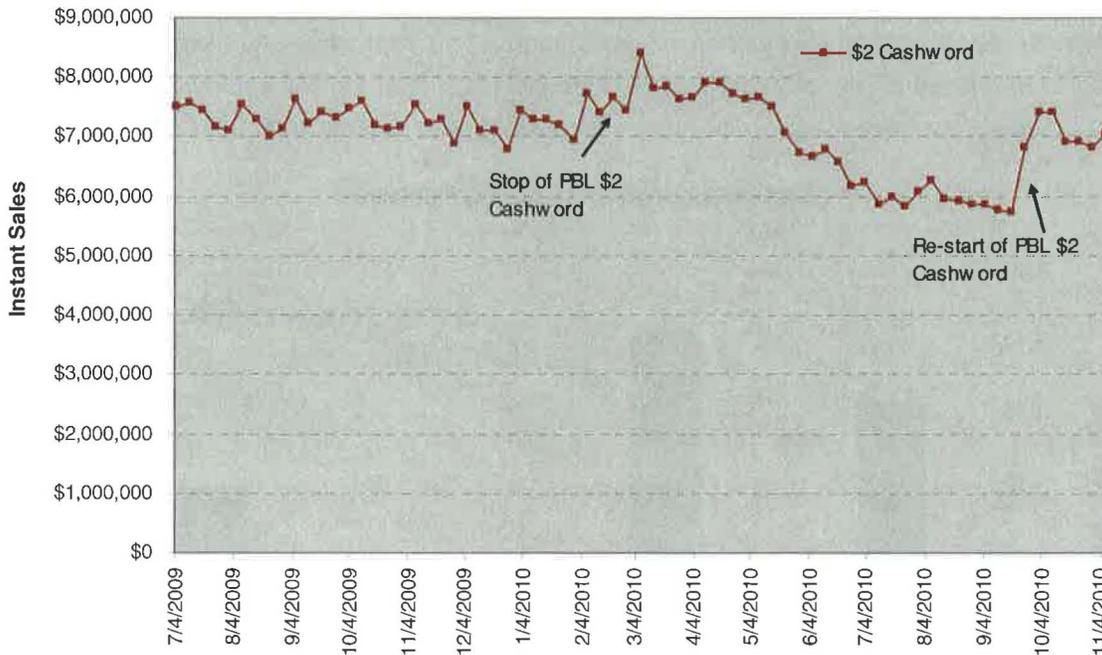
Cashword games have been a strong, reliable revenue source for the New York Lottery, representing approximately 16% of overall instant ticket sales. However, New York's overall Cashword sales slipped since launching Cashword and Cashword Doubler with a competing Vendor in April 2010.

From April 2010 to February 2011 (44 weeks), average \$2 Cashword weekly sales were \$6,609,937—down 12% compared to the previous 44 weeks where weekly sales averaged \$7,428,796. Comparing these time periods, the New York Lottery's \$2 Cashword sales experienced a loss of \$36 million in sales since switching to non-Pollard Banknote \$2 Cashword and Cashword Doubler games.

The following charts use the New York Lottery's sales reports to illustrate how Cashword players prefer the superior programming and unsurpassed game play of Pollard Banknote's Cashword games.



WEEKLY CASHWORD CATEGORY SALES NEW YORK

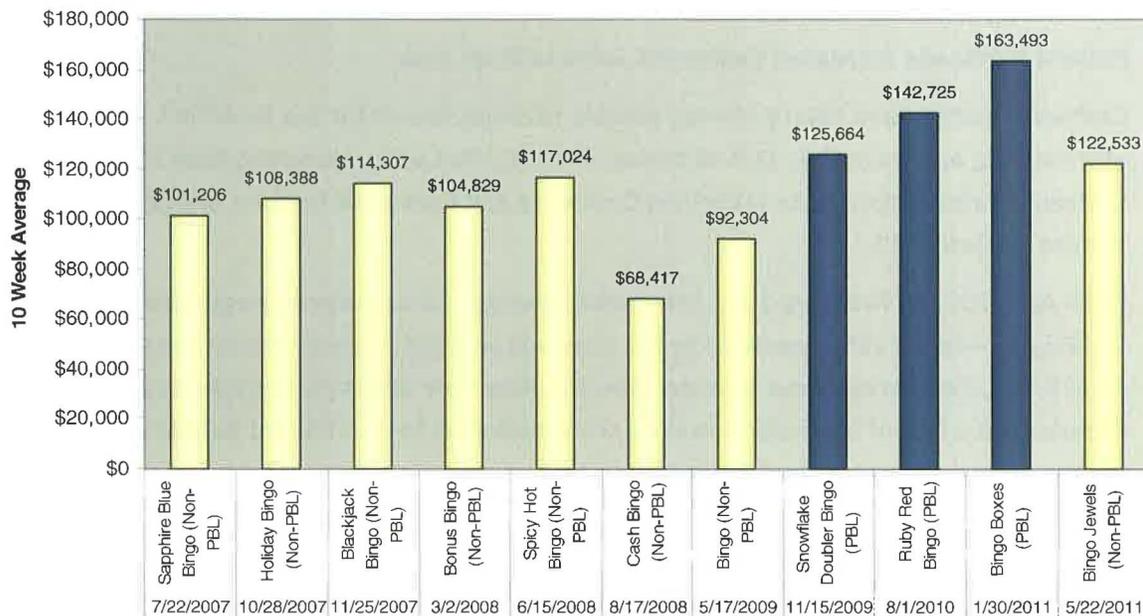


Source: Lottery Sales Reports

Driving \$2 Bingo Sales in Connecticut

Since FY 2008, \$2 Bingo games launched by Pollard Banknote have achieved 10-week average sales of \$143,961 compared to \$103,626 for non-Pollard Banknote Bingo games—a 39% difference.

10-WEEK \$2 BINGO SALES BY GAME—CONNECTICUT



Source: Lottery Sales Reports

RELATED EXPERIENCE WILL YIELD RESULTS

Customers consistently rely on us to furnish them with a full slate of services, including working papers, game design generation, ticket graphics and design, prize structure analysis and recommendations, computer programming for ticket generation, production, imaging, inventory control and validation, security, second chance draw programs, redemption of instant lottery games, market research, retail development, social media strategies, and a continued commitment to bringing innovative instant tickets products to the marketplace.

Pollard Banknote is uniquely qualified to help the Texas Lottery take its instant sales to the next level. Given the opportunity, we will continue to develop highly marketable products specifically created to appeal to Texas's consumers, just as we've done with the likes of the

newly-launched \$50 game *Casino Action*, introducing

Cadillac Escalade Cash with the wildly popular \$250,000 *Bingo*, or the patriotic *Veterans Cash* starring John Wayne—we will leverage the best tickets to help the Lottery reach its milestones and achieve its sales growth goals. Our experience working with other top-performing lotteries, such as Massachusetts, Connecticut, New York, New Jersey, and Florida, means we are familiar with—and understand the challenges of—driving revenue growth in mature markets.



The growth rates of our primary contracts such as Maryland, New Jersey, Kansas, Western Canada, and Ontario, for example, demonstrate some of the benefits of a close collaboration with Pollard Banknote.

Our approach has meant real-world results in overcoming the challenges lotteries face in meeting their mandates of returning the most possible revenue for State-sanctioned programs.

As a partner, we drive our clients' sales. The following pages present, in snapshot form, some of these results.

Working with the Texas Lottery, Pollard has helped the Lottery launch a \$50 ticket with *Casino Action*, expand core game sales to the \$10 price point with *\$250,000 Bingo*, and appeal to the unique demographics of the Texas market with the *Veterans Cash* and *Cadillac Escalade Cash* licensed games.

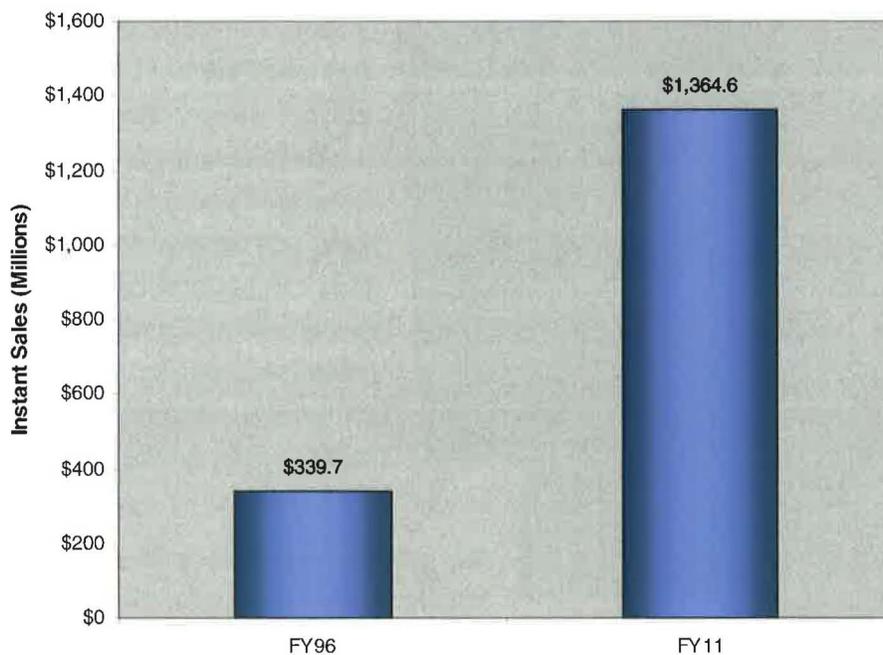


NEW JERSEY LOTTERY

Since Pollard Banknote assumed primary printing duties for the New Jersey Lottery in 1996, instant sales have grown by 302%—from \$339.7 million in FY 1996 to over \$1.3 billion in FY 2011. The Lottery has also enjoyed a marked improvement of its per capita instant sales ranking throughout this period, going from 22nd place in FY 1996 to a record 5th place in FY 2011.



INSTANT SALES BY FISCAL YEAR—NEW JERSEY LOTTERY



Source: La Fleur's 2011 World Lottery Almanac

REFERENCE

Foster Krupa	One Lawrence Park Complex
Marketing Manager	Brunswick Avenue Circle
Tel: (609) 599-5878	Lawrenceville, NJ
Fax: (609) 599-5935	08648
Email: foster.krupa@lottery.state.nj.us	USA

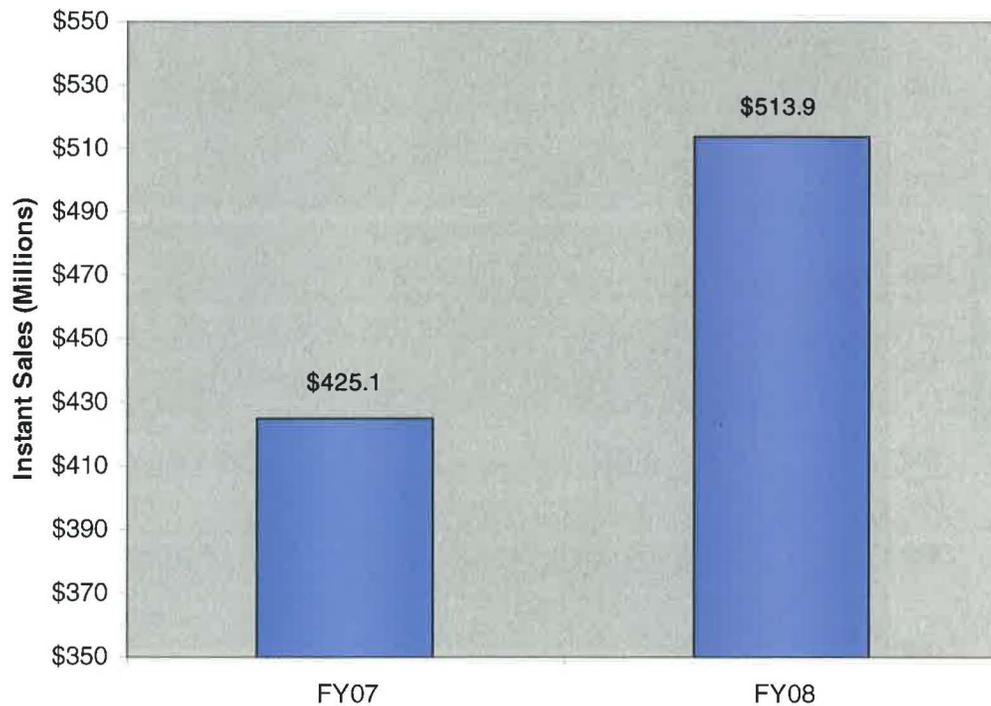


MARYLAND LOTTERY

Pollard Banknote became the Maryland Lottery's primary supplier in FY 2007 (July 2006) and had an immediate impact on the Lottery's sales. From FY 2007 to FY 2008, the Maryland Lottery was the fastest growing lottery in the U.S., excluding the new lottery start-ups.



FY 2007 AND FY 2008 INSTANT SALES—MARYLAND



Source: *La Fleur's World Lottery Almanacs*

REFERENCE

Stephen Martino	1800 Washington Blvd.
Executive Director	Suite 330
Tel: 410-230-8790	Baltimore, MD
Fax: 410-230-8727	21230
Email: smartno@msla.state.md.us	USA

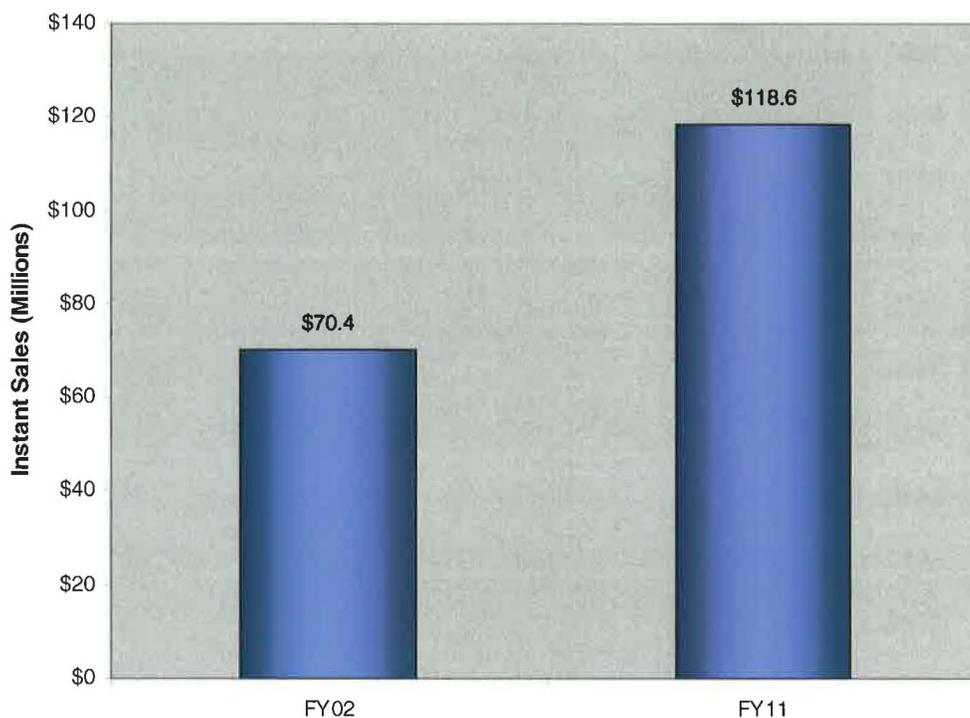


KANSAS LOTTERY

Throughout Pollard Banknote's primary partnership with the Kansas Lottery, sales have increased by 69% over the past nine years—from \$70.4 million in FY 2002 to \$118.6 million in FY 2011.



INSTANT SALES BY FISCAL YEAR—KANSAS LOTTERY



Source: *La Fleur's 2011 World Lottery Almanac*

REFERENCE

Colleen O'Neil	128 North Kansas Ave.
Director, Marketing	Topeka, KS
Tel: (785) 296-5700	66603
Fax: (785) 296-5712	USA
Email: Colleen.ONeil@kslottery.net	

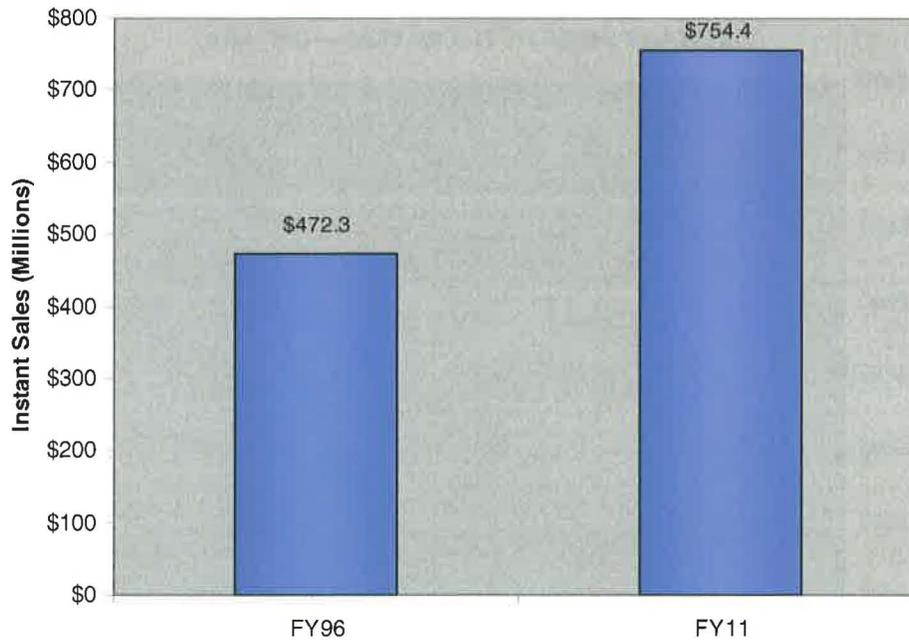


MICHIGAN LOTTERY

Since 1996, Pollard Banknote has had the very distinct privilege of being the Michigan Lottery's primary instant ticket supplier. During this time, both parties have partnered together to build the Lottery's business, growing revenues from \$472.3 million in FY 1996 to \$754.4 million in 2011.



INSTANT SALES BY FISCAL YEAR—MICHIGAN LOTTERY



Source: *La Fleur's 2011 World Lottery Almanac/October 2011 Magazine*

REFERENCE

Tom Weber
Acting Chief Deputy Commissioner
Tel: (517) 335-6832
Fax: (517) 241-0104
Email: webert@michigan.gov

101 East Hillsdale
P.O. Box 30023
Lansing, MI
48909
USA

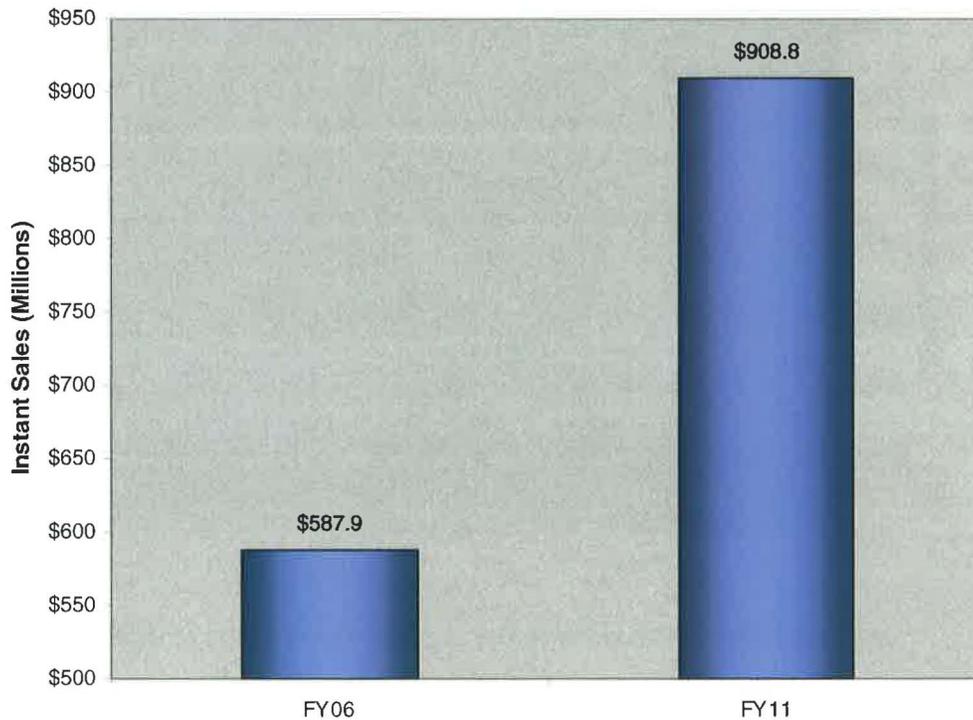


ONTARIO LOTTERY AND GAMING CORPORATION (OLG)

To help give instant sales a boost, a new marketing strategy was recently put in place for the Ontario Lottery, a jurisdiction Pollard Banknote proudly serves as exclusive supplier. As a result of these strategic adjustments, instant sales increased from \$587.9 million in FY 2006 to \$908.8 million in FY 2011, a 55% increase. This growth was the fastest growth in North America over this time period (excluding new start-up North Carolina).



INSTANT SALES BY FISCAL YEAR—ONTARIO



Source: La Fleur's 2011 World Lottery Almanac

REFERENCE

Chris Cameron
 Director, Lottery Marketing
 Tel: (705) 946-6455
 Fax: (705) 946-6993
 Email: cscameron@olg.ca

70 Foster Drive, Suite 800
 Sault Ste. Marie, ON
 P6A 6V2
 Canada

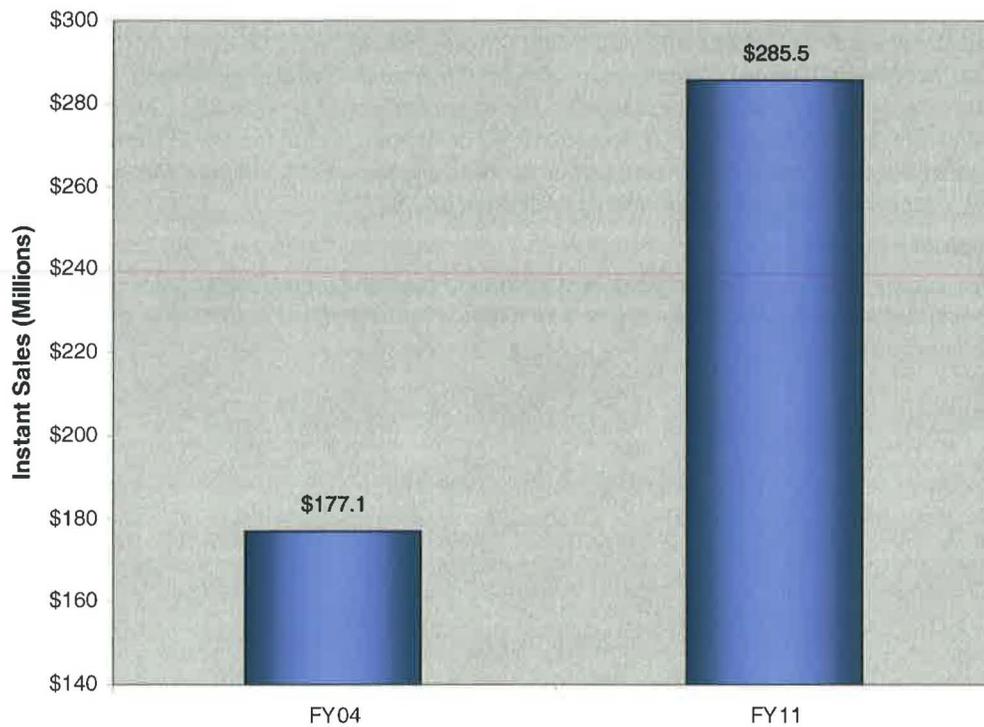


WESTERN CANADA LOTTERY CORPORATION (WCLC)

As the WCLC's primary supplier, Pollard Banknote worked with the Lottery to develop a game strategy that would help dramatically increase its instant sales. Revenues went from \$177.1 million in FY 2004 to \$285.5 million in FY 2011, an increase of 61%.



INSTANT SALES BY FISCAL YEAR—WCLC



Source: La Fleur's 2011 World Lottery Almanac



Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 552.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

These disclosures regarding Pollard Banknote's planned capital expenditures reveal sensitive strategic and financial information, the disclosure of which would injure Pollard Banknote in the marketplace.



- CONFIDENTIAL INFORMATION ENDS HERE -

Confidentiality Claimed
PIA §552.110



Confidentiality Claimed
PIA §552.110



Confidentiality Claimed
PIA §552.110



Confidential Information Ends Here.

Confidentiality Claimed
PIA §552.110

4.1.2 Contracts

Pollard Banknote has worked with over 60 lotteries world wide in the past 26 years. Presently, we provide products and services to over 50 clients, 25 of which are NASPL members.



For ease of presentation, the following pages include a summary of all clients for whom we have or are printing at least 10,000,000 tickets (ESS) annually within the past five years. Contact details for each client have been included in addition to the six references highlighted in yellow, as required in paragraph 4.3 of the RFP documents.

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

These disclosures regarding Pollard Banknote's planned capital expenditures reveal sensitive strategic and financial information, the disclosure of which would injure Pollard Banknote in the marketplace.



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Pollard Banknote Limited's Detailed Client List

UNITED STATES

LOTTERY

ADDRESS

REFERENCE

TYPE & TERM OF CONTRACT

SERVICES
PROVIDED

ANNUAL
PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

UNITED STATES

LOTTERY

ADDRESS

REFERENCE

TYPE & TERM OF CONTRACT

SERVICES
PROVIDED

ANNUAL
PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

UNITED STATES

LOTTERY

ADDRESS

REFERENCE

TYPE & TERM OF CONTRACT

SERVICES
PROVIDED

ANNUAL
PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

UNITED STATES

LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL PRINTED
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Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

UNITED STATES

LOTTERY

ADDRESS

REFERENCE

TYPE & TERM OF CONTRACT

SERVICES
PROVIDED

ANNUAL
PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

CANADA					
LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL ESS PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

INTERNATIONAL					
LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL ESS PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

INTERNATIONAL

LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL ESS PRINTED
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Pollard Banknote Limited's Detailed Client List

INTERNATIONAL

LOTTERY

ADDRESS

REFERENCE

TYPE & TERM OF CONTRACT

SERVICES
PROVIDED

ANNUAL ESS
PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

INTERNATIONAL

LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL ESS PRINTED
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Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Detailed Client List

INTERNATIONAL					
LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL ESS PRINTED

Confidentiality Claimed
PIA §552.110



Pollard Banknote Limited's Former Clients

EXPIRED CONTRACTS					
LOTTERY	ADDRESS	REFERENCE	TYPE & TERM OF CONTRACT	SERVICES PROVIDED	ANNUAL PRINTED

Confidentiality Claimed
PIA §552.110



- CONFIDENTIAL INFORMATION ENDS HERE -

Confidentiality Claimed
PIA §552.110

4.1.4 Understanding of Requested Services

Pollard Banknote understands, accepts, and will comply with this clause.



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4.2 EXPERIENCE OF PERSONNEL

4.2.1 DEDICATED ACCOUNT SERVICES TEAM

“TEAM TEXAS”—DRIVING REVENUE GROWTH, THE PRIME DIRECTIVE

Pollard Banknote’s principal objective is to work together with our clients to maximize the sales of their products and services. We believe that developing strong partnerships is the foundation of a long term business strategy. The foundation of successful partnerships is the knowledge and expertise each partner brings to the collaboration. At Pollard Banknote, we work to ensure that the return on your investment is maximized at every possible stage of the process. Our skill with product, pricing, prizing structure, research, analysis and production provides an invaluable resource for our clients to tap into. We know from experience that when our expertise seamlessly meshes with our clients’ expertise, the results are beneficial to both parties.

We are a world leader in the instant ticket business and it’s our job to know your marketplace and bring you ideas that employ the world’s best practices to grow your revenues. We design and develop the best games in the market and we bring innovation to the industry that quickly becomes adopted as industry wide standards to respond to.

The following pages showcase Pollard Banknote’s proposed team and approach to servicing the Texas Lottery’s account. It’s comprised of people who are among the most experienced and seasoned managers in the lottery ticket industry.

POLLARD’S TEAM TEXAS

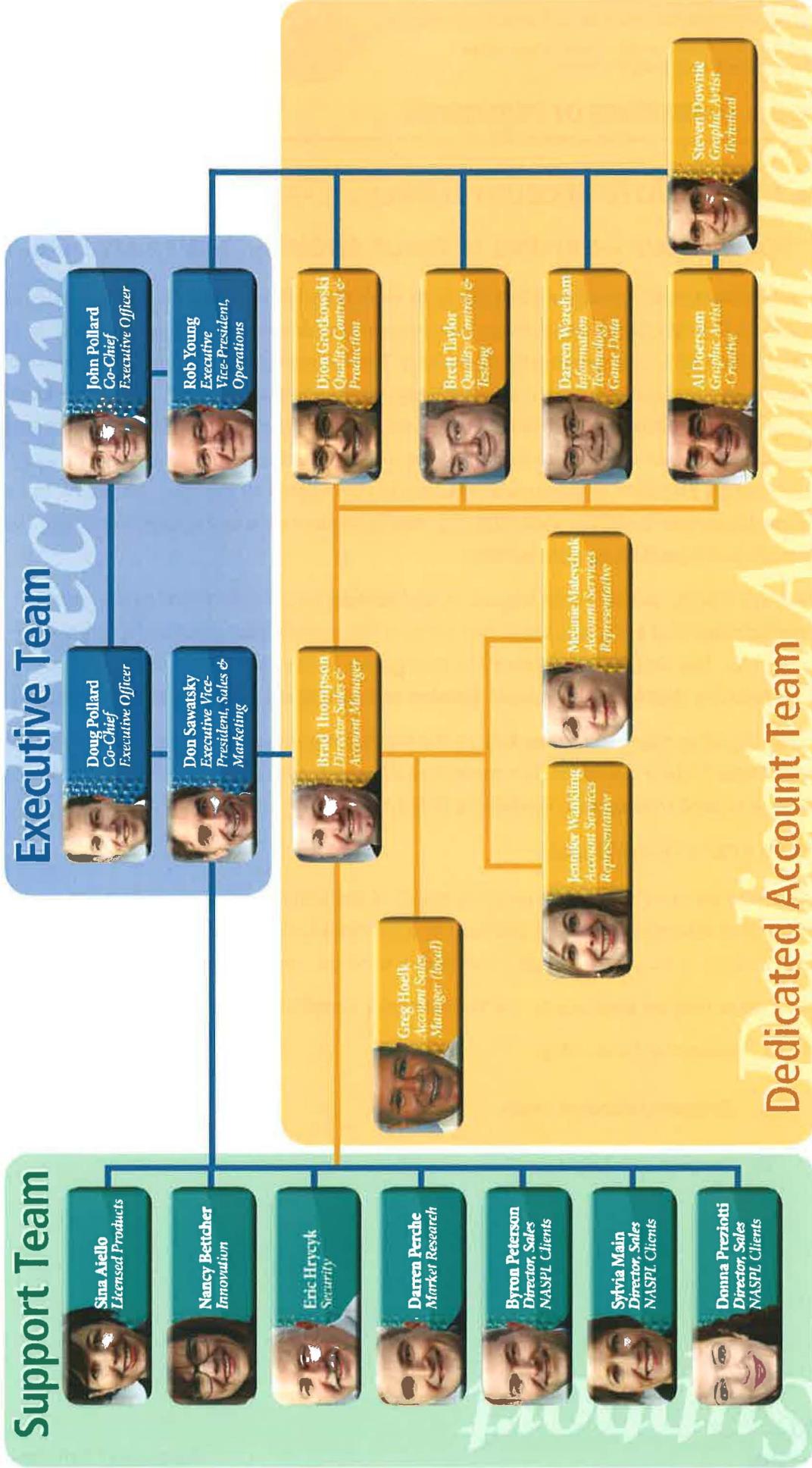
Our account team brings top industry talent to the table from all aspects of the business—executive leadership, printed products and processes, marketing, market research, technology, innovation, design, information services, security, and licensed properties.

The team that we dedicate to the Texas Lottery comprises three principal components:

- I. Executive Leadership
- II. Dedicated Account Team
- III. Support Specialists



Team Texas



I. EXECUTIVE LEADERSHIP FOR POLLARD'S "TEAM TEXAS"

Whether in marketing, production, or other areas, the personnel in our company operate in a flat organizational structure. We encourage an open-door policy allowing our account representatives to consult quickly with executive management for direction on customer-related issues.

The Executive Sponsor for "Team Texas" will be **Doug Pollard, Co-Chief Executive Officer** of Pollard Banknote. In support of the account team described herein, Doug Pollard will have high-level executive responsibility for the performance of Pollard Banknote in delivering services. Doug plays an integral role in leading the Pollard team in the instant ticket category and has demonstrated an ability to provide insight and "vision" to the industry on a whole as a regularly featured speaker at NASPL and WLA events covering topics ranging from "bricks & mortar" retail development to the adaptation of emerging technologies and social media as drivers of instant ticket revenues.

Doug will be available to the Texas Lottery at any time to help champion initiatives, and will serve as an advocate within the company for the business mission of the Texas Lottery. The scale of resources needed to deliver the Texas Lottery's mission reflects his area of responsibility and authority, making Doug a logical choice as executive sponsor.

Supporting Doug and overseeing the day-to-day activities of the dedicated account team is **Don Sawatzky, Executive Vice President, Sales & Marketing**. As the Executive Leader of "Team Texas," Don applies his quarter-century of experience in instant ticket portfolio and works with sales and retail teams to drive sales. Don provides direction for all of Pollard Banknote's instant ticket contracts in the United States and has been chiefly responsible for the widespread acceptance of the company's products and strategies. The Texas Lottery can count on Don to take a hands-on, passionate approach to marshaling the various sales, marketing, pre-press, and production personnel assigned to your account.

Other key members of the nine-person Executive Committee at Pollard who will be part of our Team Texas include **John Pollard, Co-Chief Executive Officer** and **Rob Young, Executive Vice President, Operations**.

What does that mean to the Texas Lottery? It means that your concerns are never diluted or misrepresented on the way to someone who can take immediate action on your behalf. Your success is our foremost priority, after all, and we want you to be completely confident that the integrity and the commitment to excellence that our senior-most leaders demonstrate on a daily basis is shared by everyone in the company—from those on the production floor to those pitching our most innovative products directly to you. All of us at Pollard Banknote are working toward a common goal of maximizing the success of the Texas Lottery.



DOUG POLLARD

CO-CHIEF EXECUTIVE OFFICER

Doug Pollard is Co-Chief Executive Officer of Pollard Banknote. His direct involvement in the Texas Lottery account illustrates its importance to our company—and demonstrates the kind of on-the-ground leadership that both clients and Pollard employees alike have quickly come to appreciate.

Through nearly 15 years leading to his appointment as Co-Chief Executive Officer in 2011, Doug has demonstrated leadership in the lottery industry in a variety of roles that range from managing an international Pollard subsidiary in Paris, France (Imprimerie Spéciale de Banque), which provided lottery tickets for France, Eastern Europe, and Africa, to running the company's lottery management efforts in Michigan, Maryland, Arizona, Saskatchewan, and Puerto Rico.

Doug Pollard is focused on achieving excellence in all aspects of company operations. He summarizes Pollard Banknote's customer-centric philosophy as follows: "We must earn our clients' trust as a partner and bring forth relevant ideas that will drive their sales and excite their customers."

Prior to joining Pollard Banknote, Doug was a senior consultant with Price Waterhouse Cooper in their supply chain management group. He worked on projects in the hospitality and consumer products industries that emphasized business process redesign of core order fulfillment processes (raw material purchasing, shipping, invoicing, and cash collection).

Doug holds a Masters of Business Administration from the University of Western Ontario and a Bachelor of Arts from the University of Manitoba. In addition to English, he is fluent in Spanish and French.



DONALD FRANK SAWATZKY

EXECUTIVE VICE PRESIDENT, SALES & MARKETING

Working alongside Doug and John Pollard is Don Sawatzky, Executive Vice President, Sales & Marketing. With 25 years' experience in the industry, including four years with the Western Canada Lottery Corporation (WCLC) and the balance with Pollard Banknote, Don brings to the table an unrivaled knowledge of the instant games market and is well-versed in all of its facets—including market research, sales, game design, and product and service promotion.

Don provides direction for all of Pollard Banknote's instant ticket contracts in the United States and has been chiefly responsible for the widespread acceptance of the company's products and strategies within these jurisdictions.

Don takes a hands-on, passionate approach to directing the various sales, marketing, pre-press and production personnel assigned to your account. He knows how to get the best out of his people by providing the guidance and tools they need to do the job right. This includes sharing his knowledge and experience in creative and compelling ways that always keeps the focus fixed on growing sales.

The Lottery will appreciate that Don and his team represent the gold standard, industry-wide when it comes to maximizing revenue growth by employing fresh and formidable strategies sure to find a welcoming audience in Texas.

Don's familiarity with all aspects of bringing successful instant tickets to the market, his skill in strategic development, and his vast reservoir of instant game knowledge across every conceivable spectrum, make Don an invaluable part of the superior results that Pollard Banknote will bring to the Texas Lottery.



JOHN POLLARD
CO-CHIEF EXECUTIVE OFFICER

John Pollard joined Pollard Banknote in 1986 as Vice President, Operations. He has served as Co-Chief Executive Officer since 1997. He has overall responsibility for manufacturing, technical support, and financial operations for all locations of the company.

John is a member of The Institute of Chartered Accountants of Manitoba, and worked for the accounting firm of Deloitte & Touche (now Deloitte) before joining Pollard Banknote. He holds a Bachelor of Commerce (Honors) degree (83) from the University of Manitoba.



ROB YOUNG
EXECUTIVE VICE PRESIDENT, OPERATIONS

Rob boasts more than 25 years of senior management experience at both the general management and executive level. As Pollard Banknote's Executive Vice President, Operations, he has corporate responsibility for the Manufacturing, Pre-Press, and Information Systems departments at all of our instant ticket production facilities.

Rob has had a successful 30-year career in printing, working at some of the largest firms in North America including Quebecor, Cenveo and Transcontinental. Rob was President of Transcontinental Direct (Transcontinental's U.S. direct marketing division), where he was responsible for 8 facilities across the U.S. with over \$280 million in annual revenues. Rob also has previous experience in the lottery industry from the first stop in his career at British American Banknote, where he rose to Director of Sales in their Instant Lottery Printing Group.

Rob oversees all aspects of production and serves as the single point of executive leadership for the integrated coordination of production scheduling. His knowledge of production, manufacturing, print efficiency, waste management, and cost management makes Rob an invaluable member of the Pollard team and invaluable to our clients.

Rob holds a Bachelor of Arts degree from Queens University in Kingston, Ontario. He sits on the board of the Manitoba Print Industry Association. Manufacturing & Technology Committee of Magazines Canada.

II. TEXAS ACCOUNT TEAM

BRINGING YOU THE WORLD'S BEST

We are clearly a leader in the instant ticket business. With over 25 years' experience supplying to more than 50 lotteries worldwide, Pollard is a partner that can be trusted to bring you ideas and solutions that are based upon and flow from the "Industry's Best Practices."

We brainstorm and work closely with our lottery partners to deliver key successes through recommendations of strategies related to ticket price points, prize structures, game designs and concepts, retailer performance and efficiency based upon analysis and comparisons of the top performing lotteries and their products globally.

Through regular communication about what's working and not working in your jurisdiction, and around the globe, and by working together to define your vision and the appropriate component mix (products, services, and expertise), our collective teams can maximize your results. This success isn't possible with a lopsided, product-focused approach to the market that sees Vendors pushing their products into the marketplace instead of being consumer-focused and fully appreciating the unique dynamics at work within different jurisdictions. We will bring a well-researched strategy for how to drive sales in your Texas market based on what's worked elsewhere, but also taking into consideration the unique aspects of the Texas market. We will then work with you to incorporate your feedback and recommendations. If necessary, we will undertake local research to confirm we have the right strategy.

Every Vendor vying for your business loves to talk about how great their customer service is. We all use phrases like "top talent in the lottery industry" and "no better choice." The truth is that customer service isn't something you can simply describe, it's something you deliver. We know that it starts with great people.

Our key account group is comprised of the following people and positions:

- Account Manager – Brad Thompson
- Account Sales Manager (local) – Greg Hoelk
- Account Services Rep – Jennifer Wankling
- Account Services Rep – Melanie Mateychuk
- Quality Control & Production – Dion Grotkowski
- Quality Control & Testing – Brett Taylor
- Information Technology (Game Data) – Darren Wareham
- Graphic Artists - Al Doersam (Technical) and Steven Downie (Creative)



ON THE FRONT LINE – POINTS OF CONTACT

We want the Texas Lottery to be completely confident in the team we've chosen to assist its effort to grow sales. Directed and led by Don Sawatzky, Brad Thompson shall be the "Team Texas" Account Manager. Together, these two will ensure that every possible opportunity to maximize revenues is explored and acted upon.

Don's and Brad's expertise play an active role in "big picture" planning. With almost 45 years of instant ticket experience, they will consistently introduce options, ideas, and out-of-the-box thinking to increase the Lottery's sales. Together they will:

- Analyze sales of games for the Lottery to understand what games/themes/play formats perform particularly well.
- Analyze sales of games for other lotteries and assess whether or not any of the games performing above average are applicable to the Lottery's market.
- Consider the typical number of launches for each price point and assess whether or not changes should be made to the frequency/timing of these launches by analyzing the Lottery's sales, as well as the launch strategies of other lotteries.
- Consider the various market segments of the Lottery to ensure games targeted to each segment are available in a desirable frequency (games targeted at each market segment should be available at all times).
- Evaluate research results (whether primary or secondary) available from the Lottery's market and factor these results into the recommendations.
- Ensure all of the popular game themes are effectively represented, and that the launch dates are distributed in a logical way throughout the year.
- Evaluate any of Pollard Banknote's innovations (e.g., licensed games or other proprietary products) to see if they make sense for that market.

Working with Brad as the "Team Texas" Account Service Reps will be Jennifer Wankling and Melanie Mateychuk. These Reps' knowledge of Pollard Banknote's production capabilities and workflow is extensive. They take great pride in the critical, daily work necessary to get game production going on the right track and staying on course. They will develop all working papers in partnership with the Lottery, taking care of all design and artwork requirements. They are both readily available to keep the Lottery informed of all activities surrounding ongoing instant game development, production, and strategies.

Also on the team's front line is Greg Hoelk, an industry veteran based in Austin, Texas who will bring years of marketing and account experience to the team from both the lottery and Vendor's sides of the table, with a local base of attention and knowledge. Greg will serve as an extension of the "Team Texas" account team, acting as the localized Sales Manager.

Our Job? Make the Lottery's Job Easier...

Ultimately, we want to ensure that dealing with our company is simple, effective, and results-oriented. This includes addressing any issues that might arise in game planning or production. For any questions that may come up—be they technical, software, design, or otherwise—team support experts will actively assist the Lottery in addressing concerns both expertly and efficiently. Our dedicated account service team responsibilities include but are not limited to the following areas:

- Work with our internal pre-press personnel to develop art and game concepts (pre-press is our internal designation for the departments which include the artists, game planners, and proofreaders)
- Maintain regular contact with the Lottery to set press and delivery dates in order to meet projected launch dates (and keeping all parties acquainted with project timelines)
- Conduct trademark searches and ensuring the timely transmittal of results
- Develop and review prize structures internally with Pollard Banknote's Game Generation group, and present options that may enhance the prize structures
- Formulate working papers in collaboration with Pollard Banknote personnel in our Game Generation, Technical, Manufacturing, and Computer Operations groups, all with the intent of providing the Lottery with a comprehensive game document
- Produce timely contract proofs
- Develop thumbnail ticket art for the Lottery's website for all games (for Lottery review and approval)
- Communicate regularly with Lottery personnel to address any issues/questions/concerns arising during the course of game planning, development, or printing
- Ensure all deliverables are completed according to the established timelines as outlined in the working papers and all paperwork, invoices, etc are processed.



BRAD THOMPSON

DIRECTOR, SALES

TEAM TEXAS ACCOUNT MANAGER



Brad Thompson has been with Pollard Banknote since 1994. His knowledge of the industry and intimate understanding of our company's capabilities make him a highly effective representative to his Lottery clients. Brad has led some of Pollard Banknote's largest account teams including Texas, Massachusetts, Arizona, Ontario, Western Canada Lottery Corporation, and Oregon. During this time, he has championed a number of initiatives with the goal of increasing the Lotteries' instant ticket player base.

Responsibilities

Brad will be the Lottery's direct contact concerning the development and production of instant games. His responsibilities will include:

- Ensuring the Lottery's instant ticket needs are met for each game within its marketing strategy
- Supervising the development of draft game concepts and artwork for review and discussion by the rest of the Marketing team and the Lottery
- Supervising development of final artwork for approval by the Lottery
- Ensuring the timely preparation and approval of working papers
- Overseeing day-to-day service activities
- Ensuring delivery of product according to specifications of our clients
- Providing information regarding marketing and game strategies
- Advising the Lottery on the latest instant ticket printing innovations
- Reporting on industry trends and developments

Areas of Expertise

- Sales & Marketing
- Sales Analysis
- Customer Relations
- Account Management
- Merchandising
- Project Management
- Research & Development
- Strategy Development

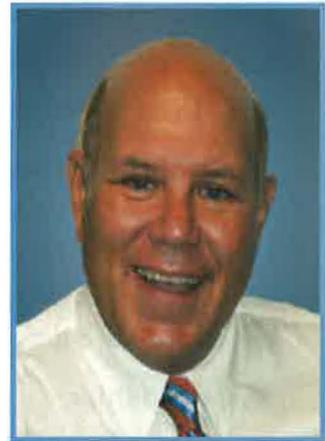
Employment History and Lottery Experience

Brad has been with Pollard Banknote for over 17 years. Originally in the Purchasing department, where he gained extensive experience ranging from the purchase of essential raw materials to game specification auditing: Brad has been promoted through the ranks to his present, senior position of Director, Sales – spending over 13 years in Marketing and Sales roles with the Company. Brad holds a Bachelor of Commerce (Honors) degree from the University of Manitoba, with a specialty in finance.

GREG HOELK

SALES MANAGER, LICENSED PRODUCTS ACCOUNT SALES MANAGER

Greg Hoelk boasts over two decades of experience with instant tickets, both on the Lottery side and the Vendor side. His comprehensive knowledge of the industry, his combination of people/customer relations skills and number skills, and his stellar track record in creating customized sales strategies make Greg an ideal choice to work with the Texas Lottery.



Responsibilities

- Ensure locally-responsive strategy development and implementation
- Develop and implement successful sales and marketing strategies
- Ensure continued growth of Pollard Banknote's licensed products

Areas of Expertise

- Retailer recruitment and training
- Marketing and promotional strategy
- Sales training
- Point-of-sale (POS) material development
- Customer relations
- Market analysis

Employment History and Lottery Experience

Prior to joining Pollard Banknote, Greg spent a decade with the Indiana State Lottery and Texas Lottery Commission, and another decade as Regional Vice President of Sales at Scientific Games.

In the course of his time as Director of Sales (and subsequently Director of Corporate Affairs) at the Indiana State Lottery, Greg was responsible for developing promotional point-of-sale material, delivering sales training seminars and substantially improving sales presentations. As Director of Sales and Assistant Marketing Director at the Texas Lottery Commission, Greg executed key sales and promotional programs with the Lottery's major retailer chains, including Southland Corporation, Diamond Shamrock, Circle K, and HEB. Greg oversaw the recruitment and training of lottery retailers in Tennessee as part of the founding of the Tennessee Lottery.

Bringing that experience to the private sector in 1999, Greg started as a General Manager with Scientific Games, handling their Nebraska Lottery account. Greg soon became Regional Vice-President, Sales, and delivered 14% per year sales revenue growth through seven years.

Greg holds a B.A. in Business Management from Arizona State University.



JENNIFER WANKLING

MARKETING MANAGER

TEAM TEXAS ACCOUNT SERVICE REPRESENTATIVE

Jennifer has been with Pollard Banknote since June 2005 and has provided marketing support and assistance to numerous lotteries throughout the U.S. and Canada. Working alongside Brad, Jennifer will play an active day-to-day role with the Texas Lottery and be a prime point of contact, managing all game elements.



Responsibilities

- Work with the game planner to complete wireframes to ensure proper placement and size of fonts, validation codes, and validation numbers
- Coordinate and follow through on font schedules for Lottery-specific requirements and maximum playability and security
- Ensure the timely preparation and approval of working papers
- Provide input on Kodak Color proofs and draw downs to ensure colors are the best for the games and the Lottery
- Ensure delivery of product according to specifications
- Supervise development of final artwork for approval by the Texas Lottery
- Advise the Lottery on the latest Instant Ticket printing innovations
- Provide information regarding marketing and game strategies
- Supervise the development of draft game concepts and artwork for review and discussion by the rest of the Marketing team and the Lottery

Areas of Expertise

- Sales and marketing
- Project Management
- Customer relations
- Strategy development
- Market and product research
- Research and development

Employment History and Lottery Experience

Jennifer joined Pollard Banknote in June 2005 as an Account Coordinator, providing marketing support for such clients as the Texas Lottery, the Ontario Lottery and Gaming Corporation (OLG), the Oregon State Lottery, and the Massachusetts State Lottery Commission; eventually being promoted to Marketing Manager. In this role, Jennifer was the primary contact for the Ontario Provincial Lottery account and was responsible for all day-to-day account activities. Her ability to smoothly step in and effectively manage the high volume of OLG games was a contributing factor to the continued success of OLG. She has great knowledge with all game elements—from the prize structures, programming parameters, and security features to artwork and shipping.

Her excellent performance in managing the daily affairs of a key client is a prime reason Jennifer was assigned to “Team Texas”

MELANIE MATEYCHUK

ACCOUNT COORDINATOR

TEAM TEXAS ACCOUNT SERVICE REPRESENTATIVE

Melanie Mateychuk has been with Pollard Banknote since March 2008. Working as an account coordinator, Melanie has assisted with the day-to-day responsibilities and game development for the Arizona Lottery Ontario Lottery and Gaming Corporation and the Western Canadian Lottery Corporation.

Melanie will work closely with Jennifer to ensure that the project proceeds smoothly through all sales, marketing and production phases.



Responsibilities

- Day-to-day game development
- Present ideas to the client on designs or color options for tickets
- Coordinate and follow through on Lottery-specific requirements
- Work as the liaison between the client and our internal team

Areas of Expertise

- Customer relations
- Game development

Employment History and Lottery Experience

Prior to joining Pollard Banknote, Melanie spent over 12 years in the commercial printing industry in production planning, customer service, account coordinator, and sales. Melanie is currently developing a new Pollard game/ticket type that includes folding, laminating, break-open pull-tab, and scratch-off all in one ticket.

Melanie's knowledge of the printing industry and her experience in providing superior customer service makes her an invaluable asset to Pollard Banknote's "Team Texas".



QUALITY AND PRODUCTION

Pollard Banknote's facility in Ypsilanti, Michigan runs under the direction of Dion Grotkowski, Vice President, Manufacturing. Dion has been assigned to Team Texas as the leader on the Quality and Production front and is responsible to ensure that accuracy flows from the working papers and customer specification documents, through the production processes and continuous quality inspection methods, to final delivery.

Dion's team of trained professionals includes three key department managers with nearly 50 years' collective experience between them. Their ingenuity, skill and expertise have led to the commercialization of significant product and print innovations, thereby ensuring that all Pollard Banknote products are of the highest quality, and consistency.

Presently, the Ypsilanti facility has the capacity to handle an additional 50 million ESS tickets per month and as we meet and exceed the expectations of the Texas Lottery, our plans for future growth to an additional 700 million ESS tickets per month will position Pollard perfectly for a larger share of the Texas printing requirement.

Pollard Banknote has achieved success as a manufacturer in the lottery industry because we understand that the Lottery's reputation depends upon the quality of our tickets, and we will live up to the highest standards in safeguarding this.

Pollard Banknote's Quality Management System is certified by the International Organization for Standardization. We are certified to ISO's 9001:2008 version, which covers quality in design, development, production, installation, and servicing procedures.

In addition to the quality controls applied continuously through the production process, the complete services of our test labs will be applied to the Texas program for quality and security checks of ongoing ticket production—led by Corporate Lab Manager, Brett Taylor and lead Security Chemists Joanne Unrau (in Ypsilanti) and Andy Wojtowicz (in Winnipeg). These three veterans have almost 50 years of experience implementing aggressive quality control and security checks to ensure consistency across all production.



DION GROTKOWSKI

VICE PRESIDENT, MANUFACTURING

Dion has worked with Pollard Banknote since 1995. He oversees daily operations at our Ypsilanti plant and will ensure efficient and compliant production of any Texas Lottery tickets manufactured at the facility. In addition, Dion is responsible for leading our production-specific color management and best practice initiatives company-wide. He is also credited with the design and development of the lottery industry's first automated finishing line.



Dion was instrumental in the development of the patented Scratch FX[®] process as well as being involved in several new processes that are either patented or have a patent pending.

Responsibilities

- Oversee daily operations at our Ypsilanti facility, including direction of all departmental managers and responsibility for personnel decisions and requirements

Areas of Expertise

- Manufacturing management
- Process control/management
- Process/product development

Employment History and Lottery Experience

Dion joined Pollard Banknote in May 1995 as a Plant Information Analyst and then served as a Quality Assurance Manager. He was promoted to Assistant Plant Manager of our Winnipeg facility in January 1997 before being promoted to Plant Manager of the Ypsilanti facility in November 1999. In October 2011, Dion was named Vice President, Manufacturing.

Dion holds a diploma (Honors) from the Northern Alberta Institute of Technology, which enjoys a reputation for excellence among high-tech industries in Canada and throughout the world.

Dion's training in Electronics Engineering Technology provides a diverse knowledge base of principles in electricity, microcomputers, communications, and industrial electronics, and has a solid grasp of how to apply these principles in addressing technical and scientific problems in lottery ticket production.

In November 2008, Dion earned a B.Sc. in Business/Management from the University of Phoenix.



Working with Dion to ensure that only the highest quality products are produced and distributed are Scott Stalker, Dave Thomas, Jim Loy and their experienced team of printers, pre-press operators, inspectors and shippers.

NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Scott Stalker Production Manager</p>	<p>Oversees ticket production at Ypsilanti facility, from raw materials ordering through delivery of the finished ticket to ensuring the product is shipped</p> <p>Ensures print jobs are completed on schedule and in a timely manner</p> <p>Develops process improvements to continually upgrade Pollard Banknote's quality and service</p>	<p>19</p>
 <p>David Thomas Pre-Press Manager</p>	<p>Responsible for overseeing production of a game from customer approval of a ticket design through to the game running on the presses</p> <p>Supervises three Pre-Press groups (technical artists, game planners, and proofreaders)</p> <p>Maintains regular contact and precise communications with personnel in both our Marketing and Manufacturing departments</p>	<p>20</p>
 <p>Jim Loy Finishing Manager</p>	<p>Responsible for quality control in the finishing process</p> <p>Manages and coordinates activities of 75 employees</p>	<p>10</p>

BRETT TAYLOR

CORPORATE LAB MANAGER

Brett has been with Pollard Banknote since 2001. He manages a department of 33 and implements programs and procedures to maintain a high standard in ticket testing techniques and processes for production. Maintaining ticket security is top priority.



Responsibilities

- Act as an independent auditor to evaluate, assess, and report on the Lottery's tickets in production
- Coordinate and standardize test procedures used at all Pollard Banknote laboratories
- Oversee research and development projects

Areas of Expertise

- Ticket security
- Raw material quality control
- Research and development
- Ticket printing formulations

Employment History and Lottery Experience

Brett Taylor holds an honors degree in Chemistry. He joined Pollard Banknote in January 2001, and oversees the laboratories located within our manufacturing facilities. Prior to joining Pollard Banknote, Brett spent 10 years with the Bayer Group as a Technical Specialist, Paper Chemicals, providing technical support and product sales to customers in North America and Asia. Brett has an extensive background in paper products, particularly in the formulations of paper and paperboard that improve print quality and other performance characteristics.



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Working on the Texas Lottery account with Brett are a team of experienced technicians, chemists, examiners and technologists, including veterans Andrew Wojtowicz and Joanne Unrau who, along with their staff ensure that all client lottery requirements are independently audited, reviewed and tested to ensure that the end result is a quality product regardless of where the production takes place.

NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Andrew Wojtowicz Senior Security Chemist</p>	<p>Serves as an independent auditor to evaluate, assess, and report on the Lottery's tickets in production</p>	<p>20</p>
 <p>Joanne Unrau Lab Manager</p>	<p>Provides ticket security evaluation during all steps of the Lottery's ticket production in Ypsilanti</p> <p>Ensures that the Lottery's instant ticket needs are met for each game (pertaining to security testing)</p> <p>Ensures all requests from the Lottery concerning new designs are monitored</p> <p>Provide Design Review evaluations</p>	<p>17</p>



GAME DEVELOPMENT

The complexities inherent in effective game development are always given careful consideration at Pollard Banknote. That's why the company enlists the experience and expertise of over 80 programmers, font technicians, information technology specialists, and auditors—all operating within well-established systems that ultimately benefit our clients in myriad ways.

Led by Darren Wareham, Director, Game Development, and ably assisted by Arnold Devlin, Manager, Computer Operations, Mark Spratt, Manager, Audit & Acceptance, and Linda Dorge, Manager, Imaging Development Group—all of whom bring decades of experience to the table that serves "Team Texas." They shall be tasked with the daunting job of making our games work right at every level, every single time.

PROGRAMMING EXPERTISE

A lottery ticket should never be predictable. If regular players can easily discern repeated patterns in game play, the appeal of the ticket can quickly disappear. That's why every game Pollard Banknote produces has its own custom algorithm for data generation. Across the full run of an instant game, this creates a high degree of variability in outcomes that keeps repeat players playing. It also encourages us to extend the limits of what we can do for our customers.

Our programmers have considerable skill and experience generating the variable data that goes into billions of tickets and hundreds of games every year. This expertise is yet another distinguishing factor that ensures our instant tickets out-sell our competition. This has not gone unnoticed by our customers who have repeatedly acknowledged this capability, appreciating the flexibility, reliability, and competency involved in doing this job so effectively time after time.

Peace of Mind

Thorough, independent audit protocols—for both internal and external auditors—ensure that game data and fonts conform to specifications. All of us at Pollard Banknote know that a lottery's reputation is at stake if the integrity of game data is ever in question. Our system builds in procedures to ensure security.

DARREN WAREHAM

DIRECTOR, GAME DEVELOPMENT

Darren Wareham has been with Pollard Banknote since October 1995 and oversees software development and game issues related to data generation. He has managed the game data development of over 7,000 instant games and has developed software for more than 100 games as a Game Generation programmer. Furthermore, his diverse knowledge of validation systems and algorithms includes working with more than 100 different customers and overseeing or participating in the development of several validation algorithms.



Darren and his staff are committed to ensuring that data is clean and secure, client specifications are met and customization requirements are accomplished. The experience of our game development team ensures that the very best products come to the market for the ultimate game playing experience. Darren was an integral part of the team that developed the "F Check" software and procedures, which ensures that data meets all game specifications and variability standards before advancing to the audit and production stages.

Responsibilities

- Work closely with our programmers, marketing representatives, and the Lottery in game development—particularly when new concepts are introduced
- Under his supervision, the Game Generation group will develop software for validation system deliverables
- Provide support to the Information Technology team to ensure the quality of the development of game software
- Liaison with clients for any game development or validation system related topics requiring highly technical expertise

Areas of Expertise

- Game data development and analysis
- Prize structure and game restrictions design and analysis
- Technical customer contact
- Customer validation and inventory systems
- Validation algorithms

Darren holds a Bachelor's degree in Computer Engineering from the University of Manitoba where he earned the prestigious Murray Thompson Award in Electronic/Computer Engineering.



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Working with Darren is a staff of 50, including managers, Arnold Devlin, Mark Spratt and Linda Dorge who, with their teams are committed to ensuring that data is clean and secure, client specifications met and customization requirements accomplished. The experience of our game development team ensures that the very best products come to the market for the ultimate game playing experience.

NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Arnold Devlin Manager, Computer Operations</p>	<p>Oversees the generation of live data, ensures data security, and verifies all audits</p> <p>Clarifies any discrepancies between working papers and audit analysis</p> <p>Manages the creation of final computer deliverables for the Lottery's games</p>	<p>13</p>
 <p>Mark Spratt Manager, Audit and Acceptance</p>	<p>Oversees production of computer programs that test game data ensuring prize structure, game restrictions, and all requirements contained in the Lottery's specifications are met</p> <p>Responsible for the Software Acceptance group, which reviews imaged data before printing to ensure correctness and accuracy</p>	<p>19</p>
 <p>Linda Dorge Image Development Manager</p>	<p>Oversees IDG, the group responsible for the creation of custom font symbols, and their placement, creation and release of the imager jobs, review of draft specs to ensure they are compatible with wire frames and customer requirements</p> <p>Responsible for creation of test game tickets as requested to test various aspects of online lottery validation (such as algorithms, prize codes, new deliverables, and changes to bar codes)</p>	<p>30</p>



PRE-PRESS & DESIGN

It's no secret that great creative on a ticket has the ability to break through the multitude of visual clutter competing for attention in the crowded consumer market and to drive retail sales. At Pollard Banknote we draw on over 25 years of experience spent conceptualizing, designing and printing some of the bestselling lottery tickets ever created.

Pollard Banknote's graphic artists begin any ticket design with a strong understanding of design principles, familiarity with the conventions of effective lottery tickets, the willingness to try new ideas, and a deep and abiding respect for our clients' own preferences and expertise. Our designers readily absorb influences of fine art and commercial art, popular culture, and any other visual sources that might spark creative ticket ideas. This talented group has a strong multicultural mix, and their experience, styles, and language skills are diverse. We also encourage our designers to freelance their talents to broaden their graphic experience and bring a refreshed approach to our ticket design inventory.

We look after all aspects of the design process. A talented group of in-house designers and other pre-press specialists are a valuable resource for our clients. Led by Lee James, Director, Game Planning and Pre-Press, Sandra Sabourin, Supervisor, Creative Art and Proofreading, and Sindy Catigay, Senior Game Planner, this group generates attention-grabbing designs that incorporate all required technical and graphic elements into secure instant tickets that look and play great.



NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Lee James Director, Game Planning & Pre-Press</p>	<p>Functions as a liaison between our Marketing and Manufacturing departments</p> <p>Manages all technical printing aspects between sales, manufacturing, pre-press, scheduling, and our internal Game Generation and Internal Audit & Software Acceptance groups</p>	<p>11</p>
 <p>Sandra Sabourin Supervisor, Creative Art & Proofing</p>	<p>Works with our in-house designers, the Lottery's design staff, and any outside designers to coordinate the development of creative game designs for the Lottery</p> <p>Works extensively with the Lottery to brainstorm and develop themes and new games for instant tickets</p> <p>Works closely with our Marketing department as a creative consultant</p>	<p>14</p>
 <p>Sindy Catigay Senior Game Planner</p>	<p>Ensures consistent communication and quality throughout the design and production of tickets</p> <p>Serves as a liaison between the account representatives, the Pre-Press department, and Manufacturing personnel regarding production of the Lottery's instant tickets</p>	<p>12</p>

We have chosen two of our most talented designers to lead the efforts in this regard for "Team Texas" - Allan Doersam and Steven Downie will be dedicated to the Texas lottery account and will be supported by the entire Pre-Press group discussed above.



ALLAN DOERSAM

SENIOR TECHNICAL ARTIST

Allan Doersam has worked as a Technical Artist within Pollard Banknote's Pre-Press department since 1998, serving in a senior-level capacity since 2001. As a Senior Technical Artist working on the Lottery's behalf, Allan collaborates in-house with both Creative Artists and Game Planners to ensure that the proposed ticket design meets and all production restrictions so the final product meets with the Lottery's unqualified approval from both a technical and aesthetic standpoint.



Responsibilities

- Involved from the beginning of any design project conceived in-house
- Review the design with the game planner to decide how the job will be trapped to ensure a good fit and register on the press
- Incorporate the science and technology of the design to make certain that it meets production, quality, and security requirements
- Assess the design to ensure its compatibility with the printing processes to be used
- Scrutinize the ticket's component parts for sizing purposes, then use the design as a guide for registration and color match
- Define the ticket colors mathematically through percentages and halftones to accurately communicate the color requirements to the staff assembling the printing plates

Areas of Expertise

- Pre-Press software and workflows
- Offset/Flexographic systems

Employment and Experience

Since joining Pollard Banknote in June 1998, Allan's responsibilities have incorporated such complementary areas as rebuilding customer-supplied artwork, setting up electronic files to exacting specifications for Color proofs or for input into a workflow, and making plates for presses and color key proofs.

Allan is proficient with various design-related software applications, including Adobe Photoshop, Illustrator, Freehand, and PageMaker, as well as InDesign.

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STEVEN DOWNIE

CREATIVE ARTIST

Steven Downie has served as a Creative Artist within Pollard Banknote's Pre-Press department since 2004. He is a passionate and inventive creator of design, accustomed to performing in a deadline-driven environment with an emphasis on working within printing and design requirements. Over the years, Steven has gained valuable experience in the many aspects of lottery ticket design, constantly motivated by the fundamental principles of good creative design that breaks through the clutter in the consumer market. He is proficient in using a variety of design programs, including Adobe InDesign, Photoshop, Illustrator, Freehand, Dreamweaver, Acrobat, and QuarkXPress.



Responsibilities

- Develop innovative and impactful designs while working closely with technical members of our Pre-Press department
- Work with the Lottery to assist in developing themes and new game concepts for instant tickets
- Provide artwork for materials such as banners, promotions, POS materials, and marketing-related graphics

Areas of Expertise

- Lottery ticket design
- Marketing-related graphics
- Proposals
- Illustration

Employment and Experience

Since joining Pollard Banknote in March 2004, Steven has served as a designer and illustrator for both instant tickets and selected point-of-purchase materials. Due to his production experience, he has also aided the technical artist group, where he gained experience creating contract color proofs using the workflow and proofing system. A selection of his previous clients includes: Western Canadian Lottery Corporation, British Columbia Lottery Corporation, Michigan Lottery, New Jersey Lottery, and the Maryland Lottery.

Prior to his arrival at Pollard Banknote, Steven worked for six years within the Creative Services department at Globally Boundless, a full-scale direct marketing communication agency providing targeted, integrated online strategies and business support services.

Steven holds an Advertising Art diploma from Red River College in Winnipeg, Manitoba.

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III. KEY SUPPORT SPECIALISTS FOR POLLARD'S "TEAM TEXAS"

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While the day-to-day Account Team is critical in providing effective account service, its members are obviously supported by the efforts of many additional highly qualified individuals offering specialized expertise.

Our staff is ready not only to meet the Lottery's requirements but to exceed expectations in the design, development, production, and marketing of instant tickets. Our executives, our managers, our creative, technical, and marketing specialists, together with our craftspeople—
—have manufactured and marketed the products that have helped lotteries across the globe meet their objectives. The following key individuals and their teams will also be assigned to our "Team Texas" personnel group.

LICENSED GAMES AND PROMOTIONS

Pollard Banknote has extensive experience in designing and developing licensed property instant ticket games and promotions. Besides Greg Hoelk, Sina Aiello, Vice President, Licensed Products, and Suzanne Harden, Senior Integrated Marketing Manager, Licensed Products, will work with our Texas Account Manager, Brad Thompson, to develop and present licensed property opportunities and promotions to the Texas Lottery.

Sina Aiello and her team for Licensed Games and Promotions bring years of lottery-specific experience to the table with a keen—and proven—sense of what licensed products and promotions will work for Pollard's clients. Working closely with the Lottery as part of our "Team Texas," they will put forward what we believe is the ideal approach for the Texas Lottery to take in the often complementary areas of licensed games and promotions.

Sina appreciates that *what* to sell in this space is equally matched in importance with *how* to sell. Sina and her team are experts at predicting and interpreting consumer behavior trends—and in turning these findings into impressive incremental sales for our clients. We can recommend what prize structure would work best, which promotions should accompany which products, how much is too much, how much is just enough.

The core team of Licensed Products personnel is also comprised of four additional support staff including Rheanna Olson, Assistant Integrated Marketing Manager; Debbie Kylo, Licensing Coordinator; Juanita Van Norman, Licensing Coordinator; and Donovan Yaciuk, Web Developer.

SINA AIELLO

VICE PRESIDENT, LICENSED PRODUCTS

Sina Aiello possesses over a decade of marketing and management experience. Previously, she managed the New Jersey Lottery account and made significant contributions to marketing plans that increased sales within that jurisdiction. As Vice President, Licensed Products, Sina oversees the Licensed Products business unit and has direct responsibility for acquiring new properties. She was responsible for acquiring all of Pollard Banknote's licensed brands. In addition, she oversees and is responsible for the execution of all licensed property sales brands. Sina was instrumental in building the necessary infrastructure required for the inception of the Licensed Products business unit and, in turn, to offer these premium products to our clients.



Responsibilities

- Responsible for marketing our licensed products and services to specific lottery customers and managing the relationships with these customers
- Oversees the development of all game art and the promotions we offer to support licensed games at retail
- Works with the licensor throughout the approval process of the entire program supporting the brand—including art, point-of-sale, and ancillary promotional activities

Areas of Expertise

- Account management
- Client relations
- Sales and marketing
- Portfolio management

Employment History and Lottery Experience

Sina graduated from the University of Manitoba with a Bachelor of Arts and later with a Master of Business Administration. The majority of her work experience has involved account/portfolio management in sales and marketing. Sina's experience at Pollard Banknote (1997-2000) included managing customer accounts as a Marketing Manager before she returned to the company in March 2003 to head up Pollard Banknote's licensing activities.

In addition to her employment history at Pollard Banknote, Sina has also held marketing and management positions for such companies as the Bank of Montreal, Ingle Health Limited, Centara, and Novra.



SUZANNE HARDEN

SENIOR INTEGRATED MARKETING MANAGER, LICENSED PRODUCTS



Suzanne has worked with Pollard Banknote since 2005. Suzanne's experience includes budgeting and strategic planning, public relations planning, inventory management, media buying, staff training, and advertising design and implementation.

In September 2006, Suzanne assumed responsibilities in the Licensed Products group as Marketing Manager, Licensed Products. Suzanne's primary duties cover planning, developing, and executing the marketing efforts of Pollard Banknote's portfolio of licensed products, with a focus on developing fully integrated marketing programs for new licensed product initiatives and maximizing existing programs for our North American and international customer base. Key activities include preparing launch strategies, developing and executing promotional programs, developing online and social media promotional strategies, creating marketing collaterals, PowerPoint presentations, market research, sales analysis, promotions development, strategic planning, and training.

Responsibilities

- Develops and manage all promotional campaigns
- Completes market research for new brands
- Makes certain that well-integrated marketing collateral is produced
- Ensures that all promotional campaigns are executed in a timely fashion

Areas of Expertise

- Product management
- Strategic planning
- Promotional planning
- Market research
- Sales analysis
- Sales development

Employment History and Lottery Experience

Suzanne began with Pollard Banknote within the company's Lottery Management Services group. In this position, Suzanne was responsible for product management, retailer recruitment, and marketing support.

Suzanne holds a Bachelor of Arts in Business Administration from the University of Winnipeg.



Working with Sina and Suzanne is the Licensed Products team of Rheanna Olson, Debbie Kylo, Juanita Van Norman and Donovan Yaciuk. Together our Licensed Products team provides a comprehensive range of support services. The Licensed Products team will provide the Texas Lottery with the value-added services and expertise that Lotteries have come to expect.

NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Rheanna Olson Assistant Integrated Marketing Manager</p>	<p>Assists in the development and management of all promotional campaigns</p> <p>Aids in completing market research for new brands</p> <p>Acts as a point of contact between lotteries, internal marketing representatives, and licensors</p>	<p>1</p>
 <p>Debbie Kylo Licensing Coordinator</p>	<p>Works closely with internal groups to coordinate all aspects of licensed game production</p> <p>Ensures tasks are performed correctly, to the preferences of the Lottery, and synchronized with the production schedule and licensor guidelines</p> <p>Manages all artwork, marketing collateral, and requisite approval processes</p>	<p>13</p>



 <p>Juanita Van Norman Licensing Coordinator</p>	<p>Executes merchandise selection and fulfillment</p> <p>Coordinates all publicity and promotional opportunities</p> <p>Manages second chance draw process (including customer service, Internet marketing, and post-game analysis)</p>	<p>13</p>
 <p>Donovan Yaciuk Web Developer</p>	<p>Responsible for the creative design and development of any promotional web pages</p> <p>Creates and produce interactive online games and content for the marketing of lottery products</p>	<p>1</p>

INNOVATIONS AND PRODUCT DEVELOPMENT

Pollard Banknote plans to stay a leader in supplying lotteries with new and innovative products. Over the past 25 years in the industry, we've brought to our customers innovations, flexibility, openness, and the willingness to come up with fresh ideas. We have introduced innovations that have helped our customers generate incremental sales—and which have become widely used in the industry.

Pollard Banknote considers finding new ways to innovate within the instant ticket industry to be a core business philosophy. We have already proven to the industry (with our Scratch FX® and multiple Fusion® offerings, as well as our translucent marking system) that when it comes to driving instant ticket innovations, we are the industry's trendsetter. We're committed to continuing our search for new ways to attract our clients' players.

Nancy Bettcher, Director, Product Innovation & Development, brings 18 years of industry experience as a top-level account representative working with many of the world's leading lotteries, such as the New Jersey, New York, and Maryland lotteries. Today, Nancy is responsible for directing the development—from concept to commercialization—of product innovations to support the growth of our valued clients. These innovations include printing innovations, as well as expansion of our offerings in related areas (like retail and promotions programs), and web-based and/or Internet applications that complement our current range of products.

Some of the Innovation & product Development group's current projects include:

- Quick Link™ technology features quick response (QR) codes in conjunction with scratch tickets, providing an almost effortless way for players to enter second chance draws. Think of Quick Link™ as a gateway to unlimited interactive and promotional possibilities. Whether the goal is to educate, to entertain, or to elicit actual purchases, Quick Link™ is an exciting way to marry cutting-edge and conventional thinking to strengthen lotteries' core instant ticket business.
- Social Instants™ is an Internet-based initiative accessible via smartphones and other devices that offers players several ways to access value-added content and to share gaming experiences with peers. Whether it's celebrating winning experiences with friends, entering second chance draws, or facilitating team-play scenarios, Social Instants™ from Pollard Banknote represents the newest way lotteries can attract both existing and potential customers—and generate revenue growth—by merging the latest hi-tech advances with familiar instant game favorites.
- Patent-pending WebPlay™ website tie-in games can extend the life of scratch tickets by providing related play on a lottery's website. WebPlay™ games effectively add value to instant tickets with dynamic, interactive online play, while still supporting the Lottery's network of brick-and-mortar retailers.



NANCY BETTCHER

DIRECTOR, PRODUCT INNOVATION & DEVELOPMENT

Since joining Pollard Banknote in 1994, Nancy has worked with lottery clients in the United States, Canada, and overseas. She has directed the strategy, development and production of an extensive range of instant lottery games for our clients. Her focus has been on instant products and marketing services. Nancy brings a wealth of experience to her position as Director, Product Innovation and Development, and serves as the guiding force behind our commitment to the development and application of new technology.



Nancy's focus upon Internet and smart phone technology, and its impact on traditional lottery offerings are leading to the development of complementary products and services. Nancy has overseen the development of WebPlay™ Games and second chance draw programs as added-value products for our lottery customers. She is also applying the power of social media and its related opportunities to marketing techniques and customer loyalty programs (e.g., Social Instants™, PlayOn™).

Responsibilities

Nancy is responsible for directing the development of new products—from concept through to commercialization. A key focus of this position involves capitalizing on interactive opportunities designed to grow the Lottery's business.

Areas of Expertise

- Research and development
- Strategy development
- Market and product research
- Merchandising and sales analysis
- Project management
- Customer relations
- Sales and Marketing Management

Employment History and Lottery Experience

Nancy has taken on sales and marketing responsibilities of increasing importance in her 17 years with the Company. As the former Director, Marketing, she played a major role in our growth strategy for our U.S. customers – specifically leading the team responsible for the New Jersey Lottery account in a continuing role as their main instant game vendor since 1996 leading Pollard Banknote to its first Primary Vendor award with the Maryland Lottery in 2006.



NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Jonathan Butchard Interactive Product Manager</p>	<p>Collaborates on company-wide initiatives relating to online/interactive advances</p> <p>Manages the company's interactive product portfolio (including Social Instants™)</p> <p>Coordinates the promotion of interactive products designed for mobile/desktop platforms</p>	<p>1</p>
 <p>Cole Leinburd Account Coordinator</p>	<p>Collaborates on company-wide initiatives relating to online/interactive advances</p> <p>Charged with contributing to the company's innovation-related investigations</p>	<p>1</p>



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MARKET RESEARCH

Leading Pollard Banknote's market research programs conducted for lotteries around the world is Darren Perche. Darren coordinates all facets of market research conducted for our clients, both internally and with third-party market research providers. Beyond state-of-the-state performance reviews, Darren's involvement in Pollard Banknote's market research exercises includes project design, survey design, and data analysis.

Darren and his team will help chart the most effective sales course possible for the Texas Lottery—from weighing in on initial product mix considerations to designing complex research analytics aimed at assessing/deconstructing sales results within the Lottery's unique market.

The research and analysis conducted is undertaken to ensure that outcomes are comparative, actionable, and measureable and that the results are targeted and relevant. Pollard Banknote prides itself on its ability to mine and cull immense amounts of data and focus in on only the most pertinent and constructed information.

Working with Darren to achieve these results are Mary Jane Robles, Market Research Analyst, Jennifer Gray, Assistant Market Research and Kevin Kilbrei, Marketing Specialist. Together this team conducts, analyzes, presents and reports on data that provide the Lottery with the optimum decision making environment.

DARREN PERCHE

MANAGER, MARKET RESEARCH

Darren Perche, a Certified Marketing Research Professional and a member of the Marketing Research and Intelligence Association, joined Pollard Banknote in 2005, and leads the market research programs conducted for lotteries around the world. Darren created Pollard Banknote's Industry-Wide Sales Database which tracks the sales information and attributes of over 12,000 tickets for data-mining purposes and for sales forecasting (using statistical software to help maximize Lottery sales). He has conducted online consumer research surveys for many lotteries, including Massachusetts, New Jersey, and Maryland.



Responsibilities

- Analyzes lottery strategies and using secondary data compare to best practices; creates presentations based on findings and develop an optimal marketing plan
- Conducts online consumer surveys for lotteries, including ticket-testing and attitudinal research
- Conducts geographic analysis on lottery retailer networks to identify areas of greatest expansion opportunities
- Manages in-person retailer surveys to determine strategies that will strengthen same-store sales
- With lotteries, determines survey objectives, develops and programs questionnaire, fields and analyzes results, and prepares reports
- Utilizes proprietary Industry-Wide Sales Database to identify and analyze market strengths and opportunities, above-average game performers, and demographic and geographic attributes of instant tickets

Areas of Expertise

- Best practices and trends and data mining
- Retail sales and development network
- Market research and analysis
- Statistical models

Employment History and Lottery Experience

Prior to joining Pollard Banknote, Darren held positions with Market Research giants Faneuil Group and Ipsos Reid. In these positions, Darren conducted surveys, secondary research, statistical analysis, modeling, and report-generation for the major Canadian telecommunications providers.

Darren graduated from the University of Manitoba with a Bachelor of Science degree (Honors) in Statistics and a minor in Economics and Actuary.

Darren's team will mine and analyze data to improve sales and uncover new product, demographic or geographic opportunities.

NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Mary Jane Robles Market Research Analyst</p>	<ul style="list-style-type: none"> ▪ Assesses primary and secondary market research studies ▪ Performs data analysis ▪ Facilitates actionable recommendations 	1
 <p>Jennifer Gray Market Research Assistant</p>	<ul style="list-style-type: none"> ▪ Collects and analyze lottery sales data, ▪ Monitors lottery industry trends ▪ Creates sales reports 	3
 <p>Kevin Kilbrei Marketing & Business Development</p>	<ul style="list-style-type: none"> ▪ Reviews market research analysis for improvements to lottery strategies ▪ Proposes marketing mix enhancements based on market research , sales data, and best practices ▪ Develops recommendations pertaining to growing retail sales and retail network expansion based on lottery strategies, industry best practices; and retail sales data ▪ Develops marketing plans based on jurisdiction-specific market research analysis and sales data 	3



SENIOR NASPL REPRESENTATIVES: SUPERIOR AND BANKABLE CONSULTATION FROM PEERS

Peer-to-peer knowledge-sharing is commonplace and constructive at Pollard Banknote and we think it's important take a moment to illustrate for the Lottery how our senior-level representatives work together to ensure the success of their respective clients.

Sylvia Main, Byron Peterson, Donna Preziotti, and Brad Thompson—all of whom directly report to Don Sawatzky, lead Pollard Banknote's NASPL-specific sales and marketing efforts. Amongst them, these four individuals bring years of Pollard-specific experience in tackling the most complex issues related to instant ticket sales and service. Add leader Don Sawatzky to this equation and include industry related experience and you have an unparalleled team of industry experts.

The list of this team's primary client successes alone—from New Jersey to Michigan, and from Maryland to Kansas to Minnesota, for example—has garnered high praise from various the instant gaming industry insiders. This hard-working group of NASPL-specific leaders has the on-the-ground expertise and a roll-up-your-sleeves work ethic that gets real-world results for their respective clients. Individually, each has a deep and diverse skill set on their own; and collectively, they are formidable sales and marketing experts that exhibit the highest standards in the industry.

Pollard Banknote knows that when information is not communicated with colleagues and clients in an efficient and constructive way, it represents a wasted sales opportunity. It's for this reason that we conduct formalized knowledge-sharing sessions with this group and their similarly senior-level colleagues on the international (i.e., non-NASPL) sales and marketing team.

From presenting results on specific games that have eclipsed sales expectations, to play formats finding a welcome audience in certain jurisdictions, and from maximizing sales possibilities with traditional instants products, to discussing opportunities associated with the latest technological advances in the instant game and/or associated categories, Brad Thompson will regularly access this wealth of knowledge and bring the Texas Lottery the most pertinent and sales-focused findings.



Sylvia Main
Director Sales

Sylvia has helped lotteries develop, present, and implement successful and innovative new games. She plays an important role in marketing our specialty products to clients anxious to take the next step in introducing premium games. Sylvia has diligently worked with her clients to “keep their core strong” by expanding and rejuvenating core product lines—a dedicated program designed to maximize core game sales across all price points.



Byron Peterson
Director Sales

Byron heads Pollard Banknote’s U.S. Business Development program that has added the Hoosier Lottery, Minnesota State Lottery, Missouri Lottery, and the Florida State Lottery to our client list since joining Pollard Banknote in 2006. Byron leads our Commercial Games division and heads our sales and marketing initiatives on Pollard Banknote's Research & Development Committee.



Donna Preziotti
Director Sales

Donna has led the team responsible for the Michigan Lottery account, continuing our role as main instant game Vendor from 1996 with a new Primary Contract award in 2000 to the present. Donna played a vital role in developing a ITVM product line, including launch plan, sales strategies, retail recruitment, and machine implementation for the Lottery.



SECURITY STAFF

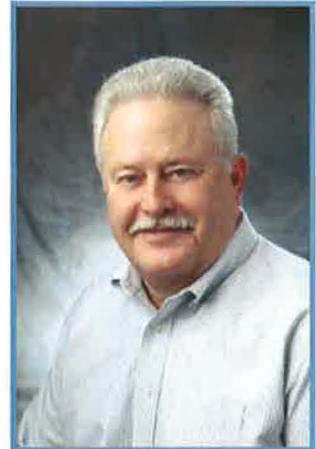
Pollard Banknote understands the importance of uncompromised security at every stage of the manufacturing process. Security is built into every aspect of our operation, from the moment an individual becomes an employee through all points of access and egress to our facilities, and from the way work areas are divided to the myriad elements embedded within our tickets to combat compromise attempts. Quite simply, to manufacture lottery tickets effectively—and to prosper as a supplier of these products—is to address the absolutely integral need for security.

Our Security plan integrates design, people, and systems, and it's always evolving so we can strengthen our security-related concerns. Our policies, the presence of personnel whose exclusive focus is security, and advanced systems for access control, alarms, locks and keys, surveillance, and identification all help keep our facilities secure.

ERIC HRYCYK

DIRECTOR, CORPORATE SECURITY

Eric Hrycyk, a former Inspector with the Winnipeg Police fills the role of Director, Corporate Security, and is responsible for the physical security of all Pollard Banknote facilities. Eric holds a Certificate, Secure Facility Design, from the American Association of Chiefs of Police and was responsible for the successful renovation of the Winnipeg Public Safety Building. He is an Executive member of ASIS (the largest security organization in the world), led the C-TPAT Certification of Pollard Banknote facilities and lectures at the Federal Disaster Management College in Arnprior, Ontario.



Responsibilities

- Responsible for the physical security of all Pollard Banknote facilities and works with security staff at all facilities to ensure all aspects of physical security relating to production of the Lottery's tickets
- Ensures the security of product shipment and delivery for all facilities
- Ensures security in game balancing process and during ticket reconstruction
- Provides 24-hour point of contact for all security concerns, both internally and for our lottery customers

Areas of Expertise

- Electronic access control
- Secure facility design
- Critical incidents response
- Security training
- Disaster planning
- Loss prevention
- Emergency response
- CCTV/Digital recording
- Gaming investigation
- Physical security protocol

Employment History and Lottery Experience

Eric Hrycyk joined Pollard Banknote in 2002, following 28 years of service with the Winnipeg Police Service. Eric's experience with the police force included criminal investigation, drug investigation, and serving as the officer in charge of all specialty services, such as emergency response (SWAT), disaster response, and surveillance.

Prior to joining Pollard Banknote, Eric provided security consulting to the Government of Canada, the Government of Manitoba, the Czech Republic, as well as IBM Canada, major shopping complexes across North America, and Canada's Federal Virology Lab.



Eric is ably assisted by two senior managers each responsible for a key Pollard facility.

PHYSICAL PLANT SECURITY: KEY PERSONNEL		
NAME/TITLE	ROLE IN BENEFITTING THE TEXAS LOTTERY'S BUSINESS	YEARS OF LOTTERY-SPECIFIC EXPERIENCE
 <p>Bruce Vokey Senior Security Officer (Winnipeg)</p>	<p>Responsible for day-to-day security concerns involving all facets of Pollard Banknote's Winnipeg operations</p> <p>Ensures physical plant security and the safeguarding of manufactured products</p>	8
 <p>Lance Williams Security Manager (Ypsilanti)</p>	<p>Responsible for the physical security of the Ypsilanti facility, as well as for the safety of all employees and visitors</p> <p>Conducts background checks and investigations to ensure a hazard-free environment</p> <p>Serves as a liaison between Pollard Banknote and the local law enforcement authority and fire department</p>	4

4.2.2 KNOWLEDGE AND EXPERIENCE MATRIX

An overview of our “Team Texas” members outlining key knowledge and experience as it applies to the job functions specified in the RFP is provided in the insert on the next page.

4.2.3 MARKETING SUPPORT NOT REQUIRED

While the RFP does not require marketing support, we note that we do have an Austin-based representative, and that the Lottery should feel free to make use of Greg Hoelk’s presence in Texas. Similarly, we offer the resources of our Market Research department in selecting ticket concepts. Should the Lottery wish to engage Pollard Banknote in the future for additional marketing support, we would be happy to discuss and fully able to provide various related services.

4.2.4 NOTIFICATION OF CHANGES TO PERSONNEL

Pollard Banknote understands, accepts, and will comply with this clause.



4.3 REFERENCES

New Jersey Lottery
One Lawrence Park Complex
Brunswick Avenue Circle
Lawrenceville, NJ 08648
Foster Krupa – Marketing Manager
T: (609) 599-5878 F: (609) 599-5935
Email: foster.krupa@lottery.state.nj.us
Current contract runs 2001-2012
Client since 1996

Maryland State Lottery Agency
1800 Washington Boulevard, Suite 330
Baltimore, MD 21230
Stephen L. Martino – Executive Director
T: (410) 230-8790 F: (410) 230-8727
Email: smartino@msla.state.md.us
Current contract runs 2006-2013
Client since 2004

Massachusetts State Lottery Corporation
60 Columbian Street
Braintree, MA 02184
Lauren Luttrell – Instant Ticket Manager
T: (781) 849-5564 F: (781) 849-5656
Email: lluttrell@masslottery.com
Current contract runs 2009-2012
Client since 1996

Michigan Lottery
101 East Hillsdale
P.O. Box 30023
Lansing, MI 48909
Tom Weber – Acting Chief Deputy
Commissioner
T: (517) 335-6832 F: (517) 241-0104
Email: webert@michigan.gov
Current contract runs 2009-2016
Client since 1996

Minnesota State Lottery
2645 Long Lake Road
Roseville, MN 55113
Jenny Canfield – Interim Director
T: (651)-635-8220
Current contract runs 2010-2014
Client since 2007

Missouri Lottery
1823 Southridge Drive
Jefferson City, MO 65102-1603
May Scheve – Executive Director
T: (573) 751-4050 Fax: (573) 522-1630
Current contract runs 2011-2014
Client since 2009

Kansas Lottery
128 North Kansas Ave.
Topeka, KS 66603
Colleen O'Neil – Director, Marketing
T: (785) 296-5710 F: (785) 296-5712
Email: Colleen.ONeil@kslottery.net
Current contract runs 2008-2013
Client since 1998



Account Team Members' Knowledge and Experience

Pollard Banknote is confident that the team we've assembled meets and exceeds the minimum needs of the Texas Lottery. The matrix below clearly demonstrates our knowledge and experience as it relates to the job functions outlined in the Request for Proposal.

TEAM TEXAS		NAME AND TITLE	18	22	7	5	17	17	10	14	8	12	18	10	7	15	6	10	15	22	25	26	
			DEDICATED ACCOUNT TEAM								SUPPORT TEAM				NASPL REPS			EXECUTIVE LEADERSHIP					
YEARS OF RELATED EXPERIENCE																							
TEXAS LOTTERY JOB FUNCTION																							
PRIZE STRUCTURE			X	X	X	X						X	X		X	X	X	X	X	X			
GAME DESIGN ELEMENTS			X		X		X	X				X	X			X	X	X	X	X			X
GRAPHIC DESIGN										X	X												X
GAME SECURITY/FILE GENERATION								X						X					X		X		X
PRODUCTION SCHEDULING							X																X
PRODUCTION SECURITY							X		X					X									X
QUALITY CONTROL & ASSURANCE			X		X		X		X	X	X	X				X	X	X	X	X	X	X	X
PACKAGING & DISTRIBUTION			X		X	X										X	X	X			X		X
MARKET RESEARCH			X	X								X	X		X	X	X	X	X	X			
PRODUCT MANAGEMENT			X	X	X	X	X					X	X			X	X	X	X	X	X	X	X
INFORMATION TECHNOLOGY								X											X		X		X
ACCOUNTING			X		X	X													X		X		X
FACILITY SECURITY														X							X		X

4.4 CONTACT PERSON

The contact person for questions arising from or pertaining to this Proposal is:

Don Sawatzky, Executive Vice President, Sales & Marketing
Pollard Banknote Limited
1499 Buffalo Place
Winnipeg, MB R3T 1L7
Canada

Tel: 204-474-2323

Fax: 204-453-1375

E-mail: dsawatzky@pbl.ca

4.5 CONFLICT OF INTEREST

4.5.1 DISCLOSURE OF CONFLICTS

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote Limited, a current Vendor for the Texas Lottery, is not aware of any conflicts of interest.

4.5.2 CONTINUING DISCLOSURE

Pollard Banknote understands, accepts, and will comply with this clause.

4.6 FINANCIAL SOUNDNESS

4.6.1 EVIDENCE OF FINANCIAL RESPONSIBILITY AND STABILITY

Pollard Banknote has hereafter provided the company's annual sales over the previous five full fiscal years. Given our reporting structure, please be advised that all numbers are in Canadian currency. At the time of writing, this was approximately on par with the U.S. dollar.

- FY 2010: CAD\$163.4 million
- FY 2009: CAD\$191.8 million
- FY 2008: CAD\$178.0 million
- FY 2007: CAD\$164.5 million
- FY 2006: CAD\$176.7 million



4.6.2 MEANS OF FINANCING

With our strong balance sheet, Pollard Banknote Limited, which will be entirely funding the operations under this contract, has the financial stability to ensure an uninterrupted product supply over the life of the contract with our own resources.

Cash resources, coupled with our current in-place bank facilities and a significant history of strong cash generation, give us the stability, capital resources, and financial responsibility necessary to undertake major projects in the lottery industry—including the New York Lottery contract.

Our compound annual growth rate (CAGR) of 15.5% over the past 23 years provides us with the resources necessary to fund continued growth for us and for our customers.

ANNUAL REPORTS FOR FY 2009, AND FY 2010, AND FIRST THREE QUARTERS OF FY 2011

Supporting documentation allowing the Evaluation Committee to fully assess Pollard Banknote's financial capacity and our capabilities to undertake and successfully complete the contract is presented within **Appendix A Financials**.

Pollard Banknote has therein provided our complete annual reports for the two previous fiscal years for which full reports are available (FY 2009 and FY 2010). For FY 2011, we have provided official documentation that discloses financial issues summing up our most recent fiscal year.

Within this FY 2011-specific document, we provide the following three items:

1. Management's Discussion and Analysis (MD&A)
2. Financial audit performed by KPMG
3. Assorted financial disclosures

We therefore invite the Evaluation Committee to refer to the above-referenced appendix for a thorough appreciation of Pollard Banknote's financial standing.

CURRENT FINANCIAL DATA AVAILABLE

Should updated information be of interest for any reason, the most recent financial information relating to Pollard Banknote can be publicly accessed at the website of SEDAR (System for Electronic Document Analysis and Retrieval). SEDAR is the official site providing access to most public securities documents and information filed by public companies and investment funds with the Canadian Securities Administrators (CSA). Pollard Banknote's information is readily searched and viewed through www.sedar.com.

The following steps will yield Pollard Banknote's current financial information:

1. Go to www.sedar.com
2. Select "English"
3. Select "Company Profiles"
4. Select "Public Companies"
5. Select "P" and then "Pollard Banknote Income Fund"
6. Select "View"
7. Select "Interim Financial Statements"

If viewing our submission electronically, this link will provide direct access:

<http://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00022394>

We trust the above explanations (and the accompanying financials we've furnished) meet the expectations of the Evaluation Committee. If any further information or clarification is required, by all means let us know at your earliest convenience. We would be pleased to accommodate this request as quickly as possible.

4.6.3 OTHER PROOF

As we submit complete financial information as outlined in **4.6.2 Means of Financing**, no other evidence of our solidity is necessary. We would be happy to provide bank or other commercial references, if desired by the Lottery.

4.6.4 OTHER EVIDENCE

Pollard Banknote understands, accepts, and will comply with this clause.

4.6.5 CHANGES IN FINANCIAL CONDITION

We certify that Pollard Banknote Limited will notify the Texas Lottery as soon as practical in the event of any changes in financial condition after submission of this proposal, and, if awarded the Contract pursuant to this RFP, during the term of this Contract and any extensions thereto. All financial information was full and correct at time of writing, and we are aware of no pending substantial changes to our financial condition.



4.7 BACKGROUND INVESTIGATIONS

4.7.1 INVESTIGATIONS

Pollard Banknote understands, accepts, and will comply with this clause.

4.7.2 ATTACHMENTS E, E-1

Pollard Banknote understands, accepts, and will comply with this clause.

Upon contract award notification, Pollard Banknote will provide the required forms.

4.7.3 ADDITIONAL INFORMATION

Pollard Banknote understands, accepts, and will comply with this clause.

4.7.4 ONGOING INVESTIGATIONS

Pollard Banknote understands, accepts, and will comply with this clause.

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PART 5 HUB SUBCONTRACTING PLAN (HSP)

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

While not a Texas HUB, Pollard Banknote is well aware of the important role the Texas Government, and more to the point the Lottery, plays in stimulating the local economy, and in the importance of supporting both local businesses, and those which are minority-owned or women-owned.

We have in place some longstanding partnerships with Texas HUBs that we hope to see renewed under the contract arising from the present RFP, following their successful responses to our own Requests for Tenders for subcontracting. While we do understand and appreciate that rotating HUB suppliers is a worthy goal, unfortunately, no new HUB suppliers presented themselves as the best candidates for subcontracting.

Nevertheless, we are happy to have exceeded the 24.6% goal set. We were pleased that our solicitation to the Southwest Minority Supplier Development Council resulted in new contact with Hi-Tape LLC, and although they were not selected to subcontract because their pricing remained higher than our current supplier, we will continue to include them in future Requests for Tender.

We also believe we can share our nearly-100 years of specialty printing experience by putting it to use in the Mentor Protégé Program with Texas-based HUB printers, and are interested in setting up such a partnership in the near future. We would very much appreciate the Lottery's assistance in matching us with potential protégé companies under this program.

Below, please find the narrative of our HSP. The relevant documentation is attached in as separate binder entitled **HUB Subcontracting Plan**.

□□□

5.1 HSP REQUIREMENTS

We certify that that we have read, reviewed, and understand 34 Texas Administrative Code §20.10 – 20.28, with particular attention given to §20.14, in the context of the current RFP.

□□□



5.2 HSP SUBMISSION AND TEXAS LOTTERY REVIEW

5.2.1 MANDATORY HSP

Pollard understands, accepts, and will comply with this clause.

All relevant HSP documentation is attached in as separate binder entitled **HUB Subcontracting Plan**.

□□□

5.2.2 CLARIFICATIONS

Pollard understands, accepts, and will comply with this clause.

□□□

5.3 MANDATORY HSP WORKSHOPS

On the morning of November 29, 2011, Brent Wilcox and Adam Levin of Pollard Banknote Limited attended a Historically Underutilized Business Subcontracting Plan workshop at the Texas Lottery Commission's headquarters.

□□□

5.4 ASSISTANCE FOR PREPARATIONS OF HSP

5.4.1 PRE-PROPOSAL CONFERENCE

Brad Thompson, Director, Sales & Marketing, attended the Pre-Proposal Conference in Austin. Additionally, the video taken at the conference was viewed by staff at Pollard Banknote as an aid in preparing this Response, and the relevant HSP documentation.

□□□

5.4.2 NOTIFICATION FORM AND QUICK CHECK LIST

In the interests of including all relevant information in our requests for tender in as detailed a manner as possible, our requests were not sent out on Attachment C-1, but included all information specified therein. Copies of all relevant documentation are enclosed in a separate binder marked **HUB Subcontracting Plan**.

We also have not included Attachment C-2 but have used this as a guide internally and believe we have followed all requirements for our subcontractor procurement process.

□□□

5.5 REQUIREMENTS FOR COMPLETING THE HSP FORMS

5.5.1 HUB PARTICIPATION GOAL

While Pollard was able to meet the 24.6% goal, this was using existing subcontractors with contracts of over 5 years. Accordingly, we attach Good Faith Effort Method B in the separate binder marked **HUB Subcontracting Plan**.

We regret that we were unable to achieve this goal with new subcontractors. In part, we believe this reflects the state of secure printing, where a relatively limited number of qualified subcontractors exist in comparison to other service contracts.

□□□

5.5.2 REQUIREMENTS OF A HUB PLAN

We identified potential HUB subcontractors for each of these goods/services through a review of the Texas Building and Procurement Commission's (TBPC's) Centralized Master Bidders List (CBML), the HUB Directory, and Internet resources.

We then notified three (3) or more HUBS/minority businesses in each category of subcontracting opportunity. Notification was in writing, consisting of a cover letter and a Request for Tender document. These documents together set out essential information for preparing a response to Pollard Banknote, including:

- scope of work
- information regarding location to review plans and specifications
- information about bonding and insurance requirements
- contact person
- telephone/fax numbers

Pollard Banknote provided notice with "reasonable" time for HUB/minority business vendors to respond. For all work categories, vendors received faxed notice on December 2, 2011. We gave a deadline of December 15, 2011, in all notification, more than seven (7) working days from receipt of notice for all vendors. Please note that, due to an error in our fax machine's settings, the faxes all incorrectly show as being sent on November 30, 2011, whereas they were in fact sent on December 2, 2011. This display error did not affect the faxes sent to minority/women business organizations, as outlined in the following paragraph.

On December 2, 2011, Pollard Banknote notified two (2) minority/woman trade organizations by fax and by e-mail, inviting them to notify member companies of the opportunity to bid, and offering a deadline of December 15, 2011, more than seven (7) working days.



In a separate binder marked **HUB Subcontracting Plan**, please find all documentation for our HSP, in which we include our plan including documentation of our good-faith efforts to reach subcontractors and trade organizations in each category listed above.

First, we present the completed HUB Subcontracting Plan form, Attachment C, Sections 1, 2, and 4.

Next, we enclose the faxes/e-mails sent to Minority/Women-Owned Trade Organizations.

Lastly, we group documentation by work category so that each category is self-contained. Each of the seven work categories (the subcontracting opportunities noted above) includes:

- Completed HSP Good Faith Effort—Method B (Attachment B, Sections B-1, B-2, B-3, and B-4) form for each subcontracting opportunity, or more, if more than three companies were contacted
- Tender sent
- Cover letter and fax confirmation of transmission to the vendor's/business organization's listed fax number

□□□

ONGOING EFFORTS

We enthusiastically support efforts to promote full and equal business opportunities for businesses in State contracting. To the extent that Pollard Banknote can make a meaningful contribution to this we promotion, we pledge our company's commitment.

We are pleased to have exceeded the target of 24.6%, though we were unable to find new HUB subcontractors to meet this. We did receive several quotations from companies we contacted directly. We also corresponded with Hi-Tape LLC resulting from the notification we sent to the Southwest Minority Supplier Development Council. Hi-Tape LLC requested copies of several tenders and offered bids on several classes of goods/services.

Of concern, however, is that we did not obtain any response from our fax to the Texas Association of HUBs, and our e-mail to them was reported by the Mailer Daemon as not received. Nor did our solicitation result in any corporation contacting us to request copies of our tenders. The Lottery may wish to convey this information to the Comptroller's office in the ongoing effort to promote subcontracting to minority-and-women-owned businesses.

We are also aware that, from time to time, the Texas Comptroller and/or the Texas Lottery may host conferences or fairs for the purpose of promoting Texas certified HUBs. We are very much interested in contacting businesses at such trade shows or symposiums for the purpose of meeting potential new suppliers who may offer competitive prices, new technologies/methodologies, or other business advantages. We view such meetings not only as an opportunity to supply the Texas Lottery under the current RFP, but to procure subcontracting for other contracts as well.

□□□

5.6 SUBCONTRACTING OPPORTUNITIES

5.6.1 NOTIFICATION OF SUBCONTRACTORS

In addition to the sectors identified by the Texas Lottery, Pollard Banknote undertook its own feasibility study and identified the following as areas that might typically be subcontracted, but which were not appropriate for subcontracting for the following contract for reasons listed below.

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

The following purchasing narrative constitutes a Pollard Banknote trade secret used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.

Confidentiality Claimed
PIA §552.110



*Response to the Texas Lottery's Request for Proposals for
Instant Ticket Manufacturing and Services*



- CONFIDENTIAL INFORMATION ENDS HERE -

Confidentiality Claimed
PIA §552.110

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



Pollard Banknote identified the following services/products as appropriate for subcontracting:

- Corrugated Cartons
- Pallets
- Printing of Bar-Coded Coupons
- Printing of Point of Sale
- Shrink Film
- Ticket Card Stock (Paper & Foil)
- Transportation

We attach our written documentation of HSP correspondence in a separate binder. A summary of the companies notified, together with the results of our solicitations, follows.

□□□

1. CORRUGATED CARTONS

American Packaging and Supply Company, Inc.	Price higher than our current supplier with no perceived increase in value
Champtaylor, Inc.	No response
Global GPS, Inc.	No response
Hi-Tape LLC	Requested full tender in response to solicitation to Southwest Minority Supplier Development Council; price higher than our current supplier with no perceived increase in value

In the absence of a competitive HUB subcontractor, Pollard intends to stock cartons from our current supplier:

Tecumseh Packaging Solutions, Inc.
 707 South Evans Street
 Tecumseh, MI 49286

2. PALLETS

Apache Products Incorporated	No Response
Best Products Company, Inc.	No Response
Hi-Tape LLC	Requested tender in response to solicitation to Southwest Minority Supplier Development Council but did not provide quotation on pallets.
T&M Pallets and Recycling Company	No Response



In the absence of any bid from a HUB subcontractor, we intend to procure our pallets from our current supplier:

All American Container
24600 Wood Court
Macomb, MI 48042

3. PRINTING OF BAR-CODED COUPONS

We sent our Requests for Tender for bar-coded coupons to a large number of Texas HUBs, primarily because as a printer we feel a special duty to support local HUB operations.

Allcraft Printing, Inc.	No Response
Alphagraphics #371	No Response
Bayside Printing Co. Inc.	No Response
Best Press, Inc.	No Response
Brandy Enterprises, Ltd.	No Response
Braxxton Printing	No Response
K & F Ventures, Inc.	No Response
Lee Printing Company	No Response
Mastercraft Printed Products & Services, Inc.	No Response
McCarthy Print, Inc.	No Response
National Data Services, Inc.	No Response
Nicholas Earth Printing, LLC	No Response
Nieman Printing, Inc.	No Response
Paragon Printing and Mailing	Incomplete Quotation
Printmpro, Ltd.	No Response
State House Printing, Inc.	No Response



In the absence of a HUB subcontractor fully able to provide these services, Pollard intends to subcontract the printing of bar coded coupons to our existing subcontractor:

Vertis Inc.
250 West Pratt Street Suite 1800
Baltimore, MD 21201

4. PRINTING OF POS

While we are capable of producing POS in-house through our subsidiary American Games Inc., it was our initial intention to offer this to a subcontractor in an attempt to reach the designated 24.6% HUB target. We contacted a large number of printing houses, well over and above the three required, to attempt to subcontract this, based on our current ITVM POS specifications.

Allcraft Printing, Inc.	No Response
Alphagraphics #371	No Response
Bayside Printing Co. Inc.	No Response
Best Press, Inc.	No Response
Brandy Enterprises, Ltd.	No Response
Braxxton Printing	No Response
K & F Ventures, Inc.	No Response
Lee Printing Company	No Response
Mastercraft Printed Products & Services, Inc.	No Response
McCarthy Print, Inc.	No Response
National Data Services, Inc.	No Response
Nicholas Earth Printing, LLC	No Response
Nieman Printing, Inc.	No Response
Paragon Printing and Mailing	Incomplete Quotation
Printmpro, Ltd.	No Response
State House Printing, Inc.	No Response



Please note that in our solicitation for POS there was a typographical error, where instead of a line reading "10,500 5" x 10" samples," it read "10,500 5" x106" samples." Paragon Printing & Mailing did question this and we responded explaining the error.

In the absence of a full quotation from a certified Texas HUB capable of producing POS, we intend to produce these in-house through our subsidiary:

American Games, Inc.
504 34th Avenue
Council Bluffs, Iowa 51501

4. SHRINK FILM

A&C Plastic Products, Inc.	No response
Baytech Supply, Inc.	No response
Chief Packaging, LLC.	No response
Hi-Tape LLC	Requested full tender in response to solicitation to Southwest Minority Supplier Development Council; price higher than our current suppliers with no perceived increase in value
Unit-Pak Incorporated	No response

In the absence of a competitive HUB supplier for shrink film, Pollard intends to source this from our current suppliers:

Intertape Polymer Group
760 W 1000 N
Tremonton, UT 84337

Sealed Air Corporation
200 Riverfront Boulevard #301
Elmwood Park, NJ 07407



5. TICKET CARD STOCK (PAPER & FOIL)

Clark Papers	No response
McCarthy Print, Inc.	No response
Shelby Distributions, Inc.	No response
Torrez Paper Company	Price higher than our current supplier with no perceived increase in value
	Selected HUB Vendor

While we were pleased to receive a quotation from Torrez Paper Company, because of lower rates and our excellent history with, and confidence in the quality of product at, Pollard intends to procure card stock from the following HUB supplier:

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

6. TRANSPORTATION

	Selected HUB Vendor
KJK Logistics Incorporated	No Response
Logisticorp, LLC	No Response
Lognet Worldwide, Inc.	No Response
MW Logistics LLC	No Response
Quintanilla Transportation Services	No Response

In the absence of any competing quotation, and because of our excellent experience with, and assuredness of the professionalism of, Pollard intends to subcontract transportation services to the following HUB supplier:

□□□

5.6.2 CLARIFICATION OF LIST

As noted in **5.6.1 Notification of Subcontractors**, we attempted to contact a wide array of suitable HUB enterprises wherever we did not intend to cover those elements of the contract in-house or with in-place resources, and wherever we were not prevented from subcontracting by our in-place contracts or for security, legal, or technical reasons (such as sole-supplier arrangements).

□□□

5.6.3 HUB/CMBL DIRECTORY

We identified potential HUB subcontractors for pre-identified subcontracting opportunities through a review of the Centralized Master Bidders List (CBML), the HUB Directory, and Internet resources.

□□□



5.7 POST CONTRACT AWARD

5.7.1 NOTIFICATION OF SUBCONTRACTORS

In specific response to HSP requirements, Pollard Banknote's purchasing personnel will contact all selected HUB and non-HUB subcontractors within a reasonable time period after the Texas Lottery Commission has made notification of award. Our contact will include the Texas Lottery's name and contact details, the present RFP number, what work will be subcontracted to the firm, an estimated dollar amount of the subcontracted opportunity, and the approximate percentage value of their business in proportion to the entire contract value.

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5.7.2 HSP CHANGES

Pollard Banknote will notify the Texas Lottery, in writing, of any proposed changes to its subcontracting arrangements and HSP.

□□

5.7.3 HSP REPORTING

Pollard Banknote will maintain appropriate documentation and will submit monthly HSP compliance reports by the date requested, and in the format specified, by the Texas Lottery.

□□



PART 6 TEXAS LOTTERY'S OBJECTIVES, GOALS, AND EXPECTATIONS

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

6.1 OVERVIEW

Pollard Banknote understands, accepts, and will comply with this section.

6.2 TEXAS LOTTERY OBJECTIVE

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

These market-specific strategies reveal sensitive strategic information, the disclosure of which would injure Pollard Banknote in the marketplace.

Confidentiality Claimed
PIA §552.110



Confidentiality Claimed
PIA §552.110





- CONFIDENTIAL INFORMATION ENDS HERE -

Confidentiality Claimed
PIA §552.110

6.3 GOALS AND EXPECTATIONS

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

These market-specific strategies reveal sensitive strategic information, the disclosure of which would injure Pollard Banknote in the marketplace.

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PIA §552.110



Confidentiality Claimed
PIA §552.110



Confidentiality Claimed
PIA §552.110

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6.3.1 Maximizing Revenue

Pollard Banknote understands, accepts, and will comply with this clause.

6.3.2 Multiple Vendors

Pollard Banknote understands, accepts, and will comply with this clause.

6.3.3 Common Prices

Pollard Banknote understands, accepts, and will comply with this clause.

6.3.4 Incentive to Accept Common Pricing

Pollard Banknote understands, accepts, and will comply with this clause.

6.3.5 Non-Acceptance of Common Pricing

Pollard Banknote understands, accepts, and will comply with this clause.

6.3.6 New Products

Pollard Banknote understands, accepts, and will comply with this clause.

Our latest market-ready offerings are detailed in **8.33 Invited Options** and **8.34 Offered Options**. Several technologies still under development cannot be disclosed at this time. Brad Thompson will be happy to discuss these with the Texas Lottery after contract execution.



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PART 7 INSTANT GAME DEVELOPMENT

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

7.1 STAFFING

Pollard Banknote understands, accepts, and will comply with this clause.

Please refer to **4.2.1 Experience of Personnel** for a thorough overview of our Account Team.

7.2 GAME PLANNING

Pollard Banknote understands, accepts, and will comply with this clause.

WORKING AS A TEAM WITH THE TEXAS LOTTERY

The best way we can assist our clients is by tuning ourselves into the unique challenges presented within their markets. We believe in a specific approach when developing actionable marketing initiatives aimed at maximizing a client's successes.

Incorporating integrity into all processes while bringing unparalleled expertise, unique product innovations, and jurisdiction-specific recommendations are practices that set Pollard Banknote apart from its competitors. We have a focus that falls on instant tickets. We are the lottery industry's only instant ticket supplier that focuses so intently on instant tickets. Our proven track record can only come with sharing the same mandate as our customers—maximizing lotteries' instant ticket revenues.

DEVELOPING A TEXAS-SPECIFIC PRODUCT PLAN

When developing a product plan for a specific jurisdiction, Pollard Banknote's uses a multi-step methodology to determine the appropriate instant game portfolio for the given market. For Texas, our methodology will consider analysis from the following seven sources:

1. Research supported by expertise and knowledge gained from Pollard Banknote's past years of partnership with the Texas Lottery
2. Online concept testing survey of Texas Lottery players
3. Situation analysis of the jurisdiction's instant ticket market versus other top 10 lottery markets
4. Weekly sales analysis of all Texas Lottery games
5. Prize structure analysis of all Texas Lottery games



6. Analysis of the industry's top-selling tickets identified by Pollard Banknote's Industry-wide Sales Database

7. Ticket attribute analysis of games from the North American lottery industry

Our product plan for the Texas Lottery will integrate all the elements of market research, game design (theme and play mechanics), price points, prize structures, number of games launched, and the promotional and advertising support necessary to help the Lottery achieve continued sales growth. Specific game recommendations will cover a variety of price points, game themes, play mechanics, graphic treatments, value propositions, and perhaps most importantly, innovations that will entice new players and captivate existing players. Value propositions will be scaled according to the games' prices, with consideration given to the following areas: top prize, play format, number of play areas, entertainment value, and unique prizes. Our proposed ticket portfolios are always designed to attract as broad a player base as possible, while maximizing the Lottery's return on investment.

MOVING AHEAD

Pollard Banknote will work closely with the Texas Lottery throughout the contract period to refine and strengthen its instant game category. It is our goal to achieve both significant short-term and sustainable growth. We will provide an ongoing review of the Lottery's instant game plan and offer ideas on how to capitalize on potential growth opportunities.

As your partner, Pollard Banknote will use strategic analysis to compare the Lottery's performance to the industry as a whole and to the top-10 per capita performers in the United States. Our reviews will be comprehensive and will consider online concept testing, compare payout, launch frequency, game mix, annual performance of launched games, and other critical factors as determined with the Lottery.

7.2.1 Game Planning Services Support

Pollard Banknote understands, accepts, and will comply with this clause.

We have attached an album of recent and representative ticket art for the Lottery's consideration.

7.2.2 Working with Lottery Operator Vendor

Pollard Banknote understands, accepts, and will comply with this clause.

7.2.3 Marketing Planning Meetings

Pollard Banknote understands, accepts, and will comply with this clause.

7.3 INDIVIDUAL INSTANT GAME DEVELOPMENT SCHEDULE

7.3.1 Timeline for Draft Working Papers

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.2 Final Working Papers

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.3 Ticket Delivery

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.4 Post Executed Changes

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.5 Timeline for Draft Working Papers

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.6 Final Working Papers

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.7 Ticket Delivery

Pollard Banknote understands, accepts, and will comply with this clause.

7.3.8 Post Executed Changes

Pollard Banknote understands, accepts, and will comply with this clause.

7.4 CREATIVE GAME DESIGN

Pollard Banknote understands, accepts, and will comply with this section.

DESIGN SERVICES

As a graphics arts company since 1907, Pollard Banknote has a rich heritage of creating designs specifically for print. As an instant lottery ticket supplier since 1985, we fully understand how the creative and visual aspects of ticket design must integrate with security standards and meet the technical requirements of printing processes to produce a successful instant ticket.

A self-contained and highly skilled department of 75 pre-press professionals provides full creative design and technical art services. This talented group generates thousands of designs annually for all of our customers, including original designs for live tickets, art for focus group sessions, instant game support materials, and designs for research and development initiatives.

The Lottery can wholly rely on this design staff to meet its needs in every respect. If desired, we can also work with the Lottery's own instant ticket personnel, its advertising agency, and a third party (such as a licensor).

In any arrangement, Pollard Banknote's design services include the following:

CONCEPTUAL ART

This step in the process is very important because it takes the idea for a ticket in a definite direction. A proffered design might not be exactly what the Lottery is looking for, but it does set some guidelines regarding likes and dislikes. The old expression, "I can't tell you what I want, but I'll know it when I see it," is very appropriate at the design stage of lottery tickets (in certain instances). Pollard Banknote's designers get a "feel" for what a specific customer is looking for, and the more designs we do for a customer the better that "feel" becomes. Together with the Lottery, we're very confident we can come up with some very beautiful and workable artwork.

TICKET DESIGN

The design of the ticket is the next step in the process. It combines the conceptual artwork and the layout of the ticket so that the eye can flow properly around the ticket. It's very important to make certain elements of the ticket stand out so that players can easily see what they are playing. The title, callouts, and instructions must be easily readable and understandable, or the design will not be well accepted.

Full Color Illustrations

We enjoy a very good exchange of ideas with various clients regarding artwork. We present clients with either electronic files or tangible paper samples of all artwork for review and comment. In either context, these full-color illustrations allow the Lottery to see exactly what the ticket will look like long before the design becomes final.

Digital Computer Effects (including three-Dimensional rendering)

This type of technology can be useful when developing games that incorporate elements stretching beyond the typical artwork. For instance, on games to be printed on holographic paper, we can show what the ticket will look like with the holographic foil before production actually commences.

Digital Photography

Pollard Banknote has had great success printing artwork involving photographs. We stand ready to develop tickets featuring this characteristic for the Lottery, should the need arise.

Image Retouching and Enhancement

Our design staff has the capability to create and produce some of the finest artwork in the lottery industry. Our technical artists are also among the most competent in the business and have the capability to do just about anything the Lottery might ask for. If executing these ideas is at all possible, our staff can handle it and are eager to take the Texas Lottery to the next level of design.

Color Separations

The skills our technical artists have acquired, coupled with the equipment we have on hand, has made Pollard Banknote as up to date technically as anyone in the business. Our technical artists take a piece of concept artwork and prepare it for the pre-press staff to create plates, resulting in a product that's second to none.

A SIX-STEP CREATIVE PROCESS

Pollard Banknote adopts a logical, systematic approach to instant game development. Our six-step creative process is designed to combine the creative ideas that appeal to players into a technically printable instant game:

- Step 1 - Idea Generation
- Step 2 - Brainstorming Session
- Step 3 - Design Direction
- Step 4 - Ticket Art Review
- Step 5 - Concept Testing with Players
- Step 6 - Ticket Production Begins



This approach has served our clients very well over many years of instant game development. Below we offer the Lottery an introductory discussion of this multi-step process.

Step 1 – Idea Generation

Ideas for instant tickets come from four main sources:

- The Lottery's unique ideas
- Pollard Banknote's unique ideas
- Pollard Banknote's extensive ticket library
- Best-selling instant games from the lottery industry

We recognize the Lottery's role in its own product mix, and we certainly appreciate that the Lottery understands its market better than anyone. Therefore, we encourage the Texas Lottery to bring forward any ticket ideas for discussion. Pollard Banknote will transform these ideas into highly marketable instant products.

Pollard Banknote has printed thousands of games since entering the lottery industry in 1985. We draw on all of this experience (and the extensive ticket library that has resulted) in order to spark creative designs.

In addition to a thorough understanding of our manufacturing processes, our marketing representatives also bring to an account an advanced understanding of marketing principles and industry-specific experience.

Each member of Pollard Banknote's marketing staff also appreciates the security, quality, marketing, and delivery requirements the Vendor must provide to meet the demanding and changing needs of lotteries. This blend of experience and knowledge has been tapped by many lotteries to inject new ideas into their marketing plans.

Internally, we foster an environment where any employee can bring forward a good idea to augment the concepts that our marketing, design, and production personnel develop. Our annual "Bright Ideas" contest, for example, invites this employee input: our most recent contest generated approximately 340 game names and 70 game concepts.

We also track the performance of instant games, aided by our Industry-Wide Sales Database, and freely offer up these statistics to our clients. It's just one of the complimentary in-house services our customers can expect and a great way for the Texas Lottery to see what's new and what's doing well elsewhere. Many successful games have been developed through our presentations based on tickets that are proven winners.

We compile data through distribution of a sales report to our customers that offers a "top of mind" first glance at what games have been garnering above-average sales from retailers. This information is provided to our customers with the understanding that further discussions will take place between the lotteries and Pollard Banknote to determine which



of the high-performance games might fit best into each customer's marketplace. The figures in these reports are calculated by averaging all games in a price point and determining which games in that price point meet or exceed a 1.30 index.

We regularly add to this database, and as it evolves the database becomes an increasingly telling and accurate indicator of marketplace performance. For many clients, we can often modify these best-selling concepts to suit the specific lottery, while still retaining the essence of the original idea. We keep diligent watch over other jurisdictions and will report success stories directly to the Texas Lottery. Along with the Lottery's own research and our understanding of the Texas market, this serves as just one more tool to identify games and concepts that might be a good fit with the Lottery's objectives.

In advance of focus group testing, our team brainstorms to come up with concepts for these sessions. We will then work with the Lottery's team to fine-tune these ideas and bring them to life.

Step 2 – Brainstorming Session

Brainstorming sessions will be conducted between Lottery personnel AND Pollard's Team Texas, working in concert to develop an understanding and knowledge of the Lottery's designs, its sales and marketing objectives, and its marketplace.

Preparing for any focus group sessions proposed, Pollard Banknote typically handles the design and concept stage in a couple of different ways. In some cases, we actually have a sit-down meeting with a client where we throw ideas around the table and come up with a group of games to test. These ideas come from both Pollard Banknote and the Lottery. They may be new ideas or something that has worked well within other jurisdictions. On other occasions, we might collectively conclude that a teleconference call is the most expeditious way to address the concept stage of the artwork.

Step 3 – Design Direction

A direction is determined for each idea, and Pollard Banknote's art department is brought into the mix to begin developing the artwork. The graphic designers create ideas for the ticket's look. The graphic designer works side-by-side with technical artist and fully understands the security and technical requirements inherent in lottery ticket design.

Step 4 – Ticket Art Review

Our ability to create designs using software the Lottery has access to, and is familiar with, makes reviews of designs convenient and quick. Viewing the design will simply be a matter of opening the file on a computer. We use a range of PC and Macintosh computer design equipment and software—

—providing the necessary compatibility with the Lottery's software. Equipment compatibility allows the Lottery to make any design changes in-house, if desired.



The production workflow between Pollard Banknote and many of our customers greatly benefits from digital transfers, reviews, and revisions. Turnarounds for initial designs and subsequent revisions take place with less call for hard copies. Much of the work is generated and approved electronically, with instant reviews in real time. Whenever appropriate, Pollard Banknote would be more than happy to collaborate with the Lottery on this type of approval process. If desired, of course, our marketing specialist will easily be able to provide a paper print when the Lottery expresses this preference.

Step 5 – Concept Testing with Players (Offered Option)

Pollard Banknote will prepare designs for player testing, if applicable. On approval of designs, our marketing representatives will coordinate with the Lottery, session moderator, and the designated ad agency (if applicable) to provide them with artwork files, artwork “decks,” current Lottery games, and any other information necessary for the sessions.

Once all of this is complete, we typically dialogue with the Lottery, the research agency, and the ad agency to review the specific concepts, how these concepts will be presented, and any further details to be highlighted in the sessions.

On occasion, we have revised art up to the day before a session to satisfy a client’s needs. There have even been times during sessions when we have revised art (with the customer’s input, of course) to instill confidence that the piece reflected the overall concept desired.

We will work with the Lottery to analyze research results and assist in deciding which concepts to add to the launch schedule.

Step 6 – Ticket Production Begins

Once artwork is finalized, Pollard Banknote proceeds to the prize structure stage and develops the working papers.

7.5 GRAPHIC CAPABILITIES AND DATA TRANSFER

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 552.110 of the Public Information Act states:

“INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021.”

Supplemental Rationale:

These production-related disclosures and methods constitute Pollard Banknote trade secrets and used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.



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Confidentiality Claimed
PIA §552.110

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§466.022



7.6 ARTWORK

Pollard Banknote understands, accepts, and will comply with this clause.

For ease of presentation, we have offered a detailed narrative of our artwork in **7.4 Creative Game Design**.

7.7 PRODUCTION SCHEDULE REPORT

Pollard Banknote understands, accepts, and will comply with this clause.

7.8 WORKING PAPERS

7.8.1 Working Paper General Terms

Pollard Banknote understands, accepts, and will comply with this clause.

Production of the Texas Lottery's games will not commence until the working papers have been officially signed off by the Lottery. The working paper process is firmly established at Pollard Banknote. It has been tested, revised, and made efficient over the course of the thousands of games we have printed for more than a quarter-century.

Once the artwork and prize structure are approved by the customer, the marketing representative creates draft working papers. This document precisely communicates product quality requirements, play format, ticket design (front, back, and samples) along with post-production requirements and deliverables for both our customer and our internal production group. The document is formulated in collaboration with Pollard Banknote personnel in our Game Generation, Technical, Manufacturing, and Computer Operations groups. Our ultimate goal is to provide the most comprehensive and accurate document for the Lottery to do its final review.

The working paper and Draft Spec Review are among the steps that ensure reliable communication throughout production and prevent any unwanted surprises in the final product.

After draft working papers have been scrutinized and approved internally, the document advances to the customer for their review and comments. Draft working papers become final working papers once reviewed and approved by the Lottery.

During the entire game development process, there is regular communication with the Lottery personnel to address any issues/questions/concerns that may arise during the course of game planning or printing.



Any comments are incorporated and final working papers are developed for Lottery and Pollard Banknote sign-off before being stamped “executed.”

As a measure to help ensure quality and security, the marketing representative makes all required copies for the Lottery and for our internal use.

Production personnel use executed working papers to make their own production specifications. These production specifications, together with final working papers, become the guidelines for the production team.

Lotteries express sincere appreciation for the working papers as supplied by Pollard Banknote. We ensure working papers provide full details of a game’s prize structure, programming parameters, and all other important specifications.

Our representatives take great pride in the critical, if unglamorous, spadework necessary to get game production going on the right track and staying there. Their meticulous preparation of working papers invariably reduces the degree of internal revisions.

7.8.2 Working Paper Minimum Requirements

Pollard Banknote understands, accepts, and will comply with this clause.

7.9 CUSTOMER SPECIFICATIONS DOCUMENT

Pollard Banknote understands, accepts, and will comply with this section.

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PART 8 INSTANT GAME MANUFACTURING

Pollard Banknote understands, accepts, and will comply with the requirements detailed in this section of the RFP.

Please note: as indicated within **1.7. Trade Secrets or Competitive Information**, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

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Supplemental Rationale:

These production-related disclosures and methods constitute Pollard Banknote trade secrets and used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.

8.1 OVERVIEW OF GAME MANUFACTURING METHODS





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§466.022



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*Response to the Texas Lottery's Request for Proposals for
Instant Ticket Manufacturing and Services*





*Response to the Texas Lottery's Request for Proposals for
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§552.139/§552.101
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8.2 MANUFACTURING SPECIFICATIONS

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote will manufacture game tickets conforming to the Texas Lottery's requirements as listed in the subsequent sections of the RFP.

8.3 TICKET STOCK

Pollard Banknote understands, accepts, and will comply with this section.

Pollard Banknote prints on a range of stocks that are outstanding for receiving all the materials that go into high quality lottery tickets.

Tickets may be printed on various stocks, including but not limited to: 10pt virgin/recyclable coated two (2) sides and 10pt foil stock coated one (1) side and foil laminate one (1) side. The ticket stock and foil will not curl, separate, or be easily split.

All products will conform to the Texas Lottery's requirements. To guarantee the superior quality of all of our stocks, Pollard Banknote's internal laboratories conduct intermittent testing. Our suppliers, too, are well aware of the need for our stocks to be of unrivalled quality. Every company supplying our stocks to us is ISO-certified and has practices and procedures in place at their facilities that have met with our own high standards.

Furthermore, all stocks entering our manufacturing plants come with a Certificate of Analysis from the supplier, attesting to the quality and integrity of the furnished stock. In this way, Pollard Banknote—and our customers—can be completely confident that the end result of our efforts is a product of the highest possible quality. Specific tests used for card stock and foil stock were referenced in **Section 8.1 – Overview of Game Manufacturing Methods – “Pre-Press Activities/Stage 1 - Raw Materials Inspection”**

8.3.1 POS

Pollard Banknote understands, accepts, and will comply with this clause.

8.3.2 Retail Samples (Voids)

Pollard Banknote understands, accepts, and will comply with this clause.

8.3.3 Ticket and Pack Sizes

Pollard Banknote understands, accepts, and will comply with this clause.

TICKET SIZES



Pollard Banknote can print ticket sizes to practically any specifications desired by the Lottery. We use several different sizes of offset presses, making possible a vast range of ticket sizes. We have printed instant tickets as small as 1 7/8" x 2 7/8" and as large as 12" x 15".

Depending on the fan-fold arrangement, the number of tickets contained on one "sheet" is determined by the size of the cylinder and the size of the ticket. For example, a 24" diameter cylinder (17" across the web width) could print six 8" x 8" tickets, 20 6" x 4" tickets, 48 4" x 2" tickets or 66 2.18" x 3.2" tickets.

BOOK SIZES

The packaging processes we employ are unique to each game and are documented in the working papers. All finished goods will be packaged and marked in accordance with the specifications of the Texas Lottery.

We use our customized shrink-wrap machine to package tickets in virtually any book size required by the Lottery. Book sizes can range from as few as 5 tickets to over 500 tickets per book.

8.3.4 Ticket Orientation

Pollard Banknote understands, accepts, and will comply with this clause.

8.3.5 Perforations

Pollard Banknote understands, accepts, and will comply with this clause.

We know that non-performing perforations result in downtime and frustrations by player and retailer alike.

Following application of scratch-off material and overprints, the rolls of printed stock are perforated as they come off the press and are then fan-folded in a format that suits a customer's marketing needs. Tickets can be folded in a variety of formats, according to the size and shape of the ticket.

Currently, Pollard Banknote typically applies perforations ranging from 10 to 14 teeth per inch. Each type of perforation has different hold strengths.

We always implement the perforation configuration to meet the customer's needs. Once established, this standard will be maintained until a request for a change is received from the customer. We also have great flexibility in the perforation location on tickets. We can provide perforations on the long side of vertical or horizontal tickets.

A more complete description of the perforation techniques used at Pollard is presented in Section 8.1 – Overview of Game Manufacturing Methods – “Production/Stage 6 - Application of varnishes, scratch-off material, overprints, die cuts and book treatments”

8.3.6 Font Generation

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote has developed the ability to produce any type of game data image required. All font images are custom-built to accommodate the game’s play mechanics, no matter how involved. These fonts give our customers tremendous latitude in game design and allow for the launch of truly exciting instant games.

We are capable of producing and regularly design and print characters in languages other than English, including Spanish, French, German, Chinese (Mandarin), Hebrew, Greek, Norwegian, Polish, Danish, Finnish, and others.

An Imaging Development Group (IDG) within our Information Systems department is responsible for creating game symbols. Throughout our years of manufacturing instant tickets, we’ve created and keep adding to an electronic library of font sets—everything from animals to zodiac symbols. These fonts are readily available and easily adaptable for our customers.

We can also image virtually any font that can be computer-scanned. This means we mix fonts, image more complex fonts (e.g., playing cards, special money symbols) and/or produce fonts in different colors. There are few restrictions in terms of shape, size, or position (horizontal, vertical, angled, rotated, etc.), as long as the original image can be properly scanned). Fonts we create can be unique for every customer and every game, if desired.

If a lottery requests specific fonts:

1. The artwork may be provided electronically, or images may be provided on paper to be scanned.
2. A font schedule is built and a sample ticket with a list of the possible font characters is provided to the customer for approval and signature.

Once approved, an image job is created using the fonts and positioning information shown on the approved sample ticket. The fonts are merged with variable data to create the imaging files.

All of our fonts are designed according to our client’s needs and are created to withstand alterations.



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The print resolution of our imagers allows fonts to be thinner and of greater detail, increasing legibility. Because the font design is more accurate, the security against common alteration techniques is improved. This enhancement reduces sensitivity of the variable imaged data to chemical liquid or vapors.

Our high-resolution imagers also increase the possibility and feasibility of using screen tints and shading within variable data. This technique, known as font rasterization, produces a font that is more graphically appealing to the player. The lines and shading that enhance the look of a graphic design are possible in a rasterized font, with the dual benefit of enhanced data security. A screen tint is very difficult to repair without leaving obvious evidence of a compromise attempt. As well, the game data exhibits less sensitivity to the application of various types of chemical liquids and vapors.

On contract award, we will provide the Texas Lottery with a copy of our Play Symbol Library.

8.3.7 Imaged Data

Pollard Banknote understands, accepts, and will comply with this clause.

8.3.8 Game Pack Numbers, and

8.3.9 Ticket Numbers

Pollard Banknote understands, accepts, and will comply with this clause.

The following procedures describe the numbering of games, books, and tickets within each book (for use in controlling game ticket distribution and accounting).

On the production side, ticket numbering comprises one aspect of the variable data produced for each game. The creation of this variable data requires the combined efforts of our Information Systems and Production departments. Prior to the imaging of data onto the ticket, the game data is developed, audited, and verified by Information Systems.

The Information Systems department divides into the following independent units:

- Game Generation
- Image Development Group
- Computer Operations
- Internal Audit & Software Acceptance
- Information Technology (provides internal network support, including security)

The Game Generation group consists of programmers who independently create application software and verification software that generates and verifies the game data—which includes ticket/book numbering—for each game according to the client's requirements.

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On the programming side, the imaging file that combines fonts and game data in preparation for printing on the ink jet imager is numbered and assigned a predetermined range of book numbers grouped within a document, which is also numbered. As the book numbers are created on the imaging files, they are checked against a database containing all book numbers created for that game and customer. The creation of imaging files is terminated if a duplicate book is ever detected.

A final check against duplicate book numbers occurs during physical production of tickets on the imager. All of our imagers are equipped with the

INSPECTION SAFEGUARDS

On the inspection side, to ensure that there are no breaks or discontinuities in the ticket numbering, Pollard Banknote designed and implemented a unique Book Tracking System capable of accurately detecting broken ticket books. The shrink-wrap machine has a mounted Microscan 911 bar code scanner that scans the books as they move along the conveyor belt. The scanner scans up to 1,000 scans per second and reads both the book and ticket number of every book being processed. From the bar code, the book and ticket number is decoded and stored in our database. The packaging operator is alerted by an alarm if any broken books are detected. The operator then checks the computer monitor to see where the problem lies.

A printout is made listing the game number, book number, the book number with the extra or missing tickets, and any other books that may be affected by the broken one detected. As a means of quality control, individual tickets are not destroyed in singles; rather, the entire book is destroyed. All books are rechecked and the report is signed off by the lead hands.

Following shrink-wrap, a physical inspection of all books takes place, including verification against the Electronic Manufacturing Control Log (EMCL), to account for all books voided during the production process. First and last ticket numbers are checked once again to ensure the proper wrapping of each book. Correct data is supplied either through operations or through the void database.



Upon completion of this process, computerized labels are generated listing the contents of each box of tickets. The working papers are reviewed one last time to ensure that all specifications have been met and to determine how the game will be boxed and piled on the skids. The Computer Operations group provides a final audit to ensure that all high-tier prizes are accounted for, as well as a carton content list.

All ticket books are placed in the carton in numerical sequence, a process done in teams of two for added control.

8.3.10 Validation Number

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote's production process tracks and accounts for books as they pass through different stages of production. This system does not reveal or impart information on prizes in each book. Instead, it identifies whether the books are good or omitted—as a result of our extensive quality control protocols.

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Validation numbers are part of the variable data that are imaged onto the tickets at the same time as the bar codes and play data. Pollard Banknote prints a different, random validation number on each ticket used for winning ticket claims validation. The number is

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also used for the reconstruction of lottery game numbers, letters, or symbols that have become mutilated or unreadable

This makes it impossible to find a correlation between the book and ticket number and the validation number.

KEYLESS TICKET VALIDATION

Pollard Banknote has successfully adapted our production/game generation processes and created “live” tickets for a number of lottery jurisdictions using both PDF-417 and Data Matrix two-dimensional bar codes—placed underneath the scratch-off material—which conform to these customers’ online validation requirements. To date, we have met this objective for the OLG, Sweden, WCLC, California, and Texas lotteries—and are in the process of doing the same for the Minnesota Lottery.

Please note: permission to employ validation methods wherein the bar code is placed beneath the latex covering material—within U.S. jurisdictions—has resulted from specific legal agreements to which Pollard Banknote is a party (the Evaluation Committee may or may not be aware that another instant ticket Vendor holds a U.S. patent on this procedure). The Lottery would therefore be responsible for brokering any agreement for use of this technology—and for covering all associated costs and licensing fees. If additional clarifications regarding our position in this matter might prove helpful to the Evaluation Committee, we will accommodate this request as quickly as possible.

We have also assisted customers—like the OLG, for example—in developing two-dimensional bar code numbering schemes.

Ultimately, the chief takeaway we’d like to leave the Evaluation Committee with here is that Pollard Banknote’s keyless validation system is fully compatible with the most current versions of various online Vendors’ system specifications—including that employed by the Texas Lottery. The three main procedures we have in place to ensure that this continues to be the case include the following:

1. Our in-house lab is equipped with online Vendors’ machines, giving us the ability to run continual tests with our tickets to make sure no troubling issues regarding keyless validations arise.



This Pollard Banknote-produced California Lottery ticket features a PDF-417 validation bar code beneath the scratch-



2. Our technical staff maintains close ties with online Vendors' engineers, allowing us to turn to these qualified professionals should a concern requiring their input ever develop.
3. We have continuity testers at our disposal that are used as part of the evaluative process, allowing us to test the conductivity of our scratch-off material and address any minor issues before they become more serious.

8.3.11 Validation Algorithm

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote will use whichever algorithm that the Texas Lottery specifies. We have been able to adapt our instant tickets to operate with any validation system our clients have presented to us. The ticket numbering schemes and associated bar code or OCR symbology allow lottery customers worldwide to incorporate our tickets into their online validation systems. Please be assured that we have the experience to help develop the validation components and adapt to an individual customer's requirements.

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ALGORITHM CREATION/COMPATIBILITY

Pollard Banknote can work with any online provider and use their algorithm for data encryption. We have worked with algorithms supplied by such online suppliers as GTECH, SGI, Intralot, SDET, as well as third-party algorithms developed by consulting firms and lotteries.

Conversely, we can develop and provide customized algorithms to any online supplier for integration with their system. We have provided algorithms for many of our lottery clients throughout the world, some of which include:

- Hoosier Lottery (Indiana)
- Maryland Lottery
- Western Canada Lottery Corporation
- Österreichische Lotterien GmbH (Austria)
- Pan Malaysia Sweeps
- Svenska Spel (Sweden)

8.3.12 Back of Ticket Bar Codes

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Pollard Banknote understands, accepts, and will comply with this clause.

Bar codes used to identify the game and to encode the book number, ticket number, and validation number are imaged by our imaging system at the same time as the variable game data.

The industry-standard bar code favored by Pollard Banknote and the majority of our clients, the interleaved two (2) of five (5), is a high-density, self-checking continuous numeric symbology. If desired, however, we also have the ability to produce a variety of other bar code formats, including PDF- 417, Data Matrix, and Code 39.

Pollard Banknote is capable of producing bar codes on either the front or back of tickets in a variety of formats for online validation and administrative purposes. We are capable of printing bar codes to any specification, including height or length as required. We have developed the capability of reducing the height of the bar code, allowing the Lottery to put more information or graphics on the ticket.

Pollard Banknote has made significant investments in a range of bar code verification equipment to assure the quality of our customers' imaged bar codes. An online image analyzer is being used to monitor and track bar code quality. This technology allows online bar code quality assessments at production speed. The online image analyzer is calibrated to the Calibration Conformance Standard (described below). Previous bar code quality methods provided only post-production pen and/or laser assessments.

However, it is not enough in itself to provide image analyzer assessments to the customer because they cannot relate this to the technology they use to scan/read the bar codes. Therefore, our lab uses verification equipment manufactured by PSC and Symbol Technologies to ensure the findings of the online image analyzer. We also encourage lotteries to provide their own readers to us to test for system compatibility.

Our lab personnel then perform sampling using this verification equipment throughout all production runs, thereby ensuring that instant tickets can be scanned and read from either direction by the actual equipment used at a lottery's retail locations. This cooperative approach allows us to be completely confident that readability rates meet or exceed industry standards.

ISO/IEC, ANSI, AND AIM COMPLIANCE

All of our bar codes will satisfy International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) standards, the ANSI (American National Standards Institute) Guidelines for Bar Code Print Quality, and the AIM (Automated Identification Manufacturers) Uniform Symbology Specifications.

IEC/ISO Explained

Pollard Banknote-printed bar codes always conform to the specifications developed and published by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)—and maintained by the Uniform Code Council. These specifically include the following:

- Standard for encodation and structure for a bar code: ISO/IEC 15420:2000 Information technology—Automatic identification and data capture techniques—Bar code symbology specification
- Standard for the determination of the print quality for a bar code: ISO/IEC 15416:2000 Information technology—Automatic identification and data capture techniques—Bar code print quality test specification—Linear symbols
- Calibration Conformance Standard for the bar code verifier used to determine print quality (as per ISO/IEC 15416:2000 noted above): ISO/IEC 15426-1:2006 Information technology—Automatic identification and data capture techniques—Bar code verifier conformance specification—Part 1: Linear symbols

The Calibration Conformance Standard mentioned above is a specially printed card with bar codes used to calibrate the bar code verifier used in ISO/IEC 15426-1:2006.

There are separate ISO/IEC standards covering many types of bar codes Pollard Banknote prints, including linear bar codes (e.g., the interleaved two (2) of five (5), Code 39, and Code 128) and 2D bar codes (e.g., Data Matrix and PDF-417). While we don't mention all possible bar code types here, we hereby confirm that Pollard Banknote conforms to each of these type-specific ISO/IEC standards.

Additionally, Pollard Banknote adheres to the guidelines and best practices found within a narrative entitled "Bar Codes for Instant Tickets in the Lottery Industry" published by NASPL in 2004. This document is a technical set of requirements that suppliers must follow in order to meet the procurement needs of the lottery industry.

ANSI Explained

The ANSI Grading System is made up of several parameters used in the overall assessment of bar code quality. The grading system consists of a series of numerical assessments translated into alphabetical scores (A, B, C, D, F) and several pass/fail criteria that are also translated into alphabetic scores (e.g., A {pass}, F {fail}).

The current ANSI parameters include Edge Determination, Reflectance Minimum, Edge Contrast Minimum, Symbol Contrast, Modulation, Decodability, Defects, and Decode.

The final grade for a bar code—using ANSI X3.182-1990, for example—is determined by looking at the average of a minimum of 10 scans made parallel through the bar code. For every scan, a grade is calculated for each of the eight parameters previously listed. The grade for a single scan is determined by the lowest grade obtained for any of the parameters (as long as the bar code receives a passing grade (A) on Edge Determination). Once the 10 scans have been completed, the average of the numerical scores is calculated and converted to a final ANSI letter grade.

BAR CODE OPTIONS: A PRIMER

In addition to the above-noted information, Pollard Banknote hereby affirms our ability to print any kind of practical bar code solutions for use with ticket checking devices. Our flexibility in this regard is demonstrated by the various bar codes we currently print for our customers, which include the options found below.

One-Dimensional Bar Codes

- Interleaved two (2) of five (5)
- Code 128
- Code 39
- EAN-13

Two-Dimensional Bar Codes

- Data Matrix
- PDF-417

In addition, Pollard Banknote would like to stress our continuing commitment to remaining on the leading edge of bar code technological advances. As such, we would be more than willing to share future breakthroughs in this regard with the Lottery, should any prove viable for use with ticket checking devices.

One such advance is our Quick Link™ bar coding system, outlined in **8.34 Offered Options**.

8.3.13 PDF-417 Bar Codes



Pollard Banknote understands, accepts, and will comply with this clause.

Please note: permission to employ validation methods wherein the bar code is placed beneath the latex covering material—within U.S. jurisdictions—has resulted from specific legal agreements to which Pollard Banknote is a party (the Evaluation Committee may or may not be aware that another instant ticket Vendor holds a U.S. patent on this procedure). The Lottery would therefore be responsible for brokering any agreement for use of this technology—and for covering all associated costs and licensing fees. If additional clarifications regarding our position in this matter might prove helpful to the Evaluation Committee, we will accommodate this request as quickly as possible.

8.3.14 UPC Codes

Pollard Banknote understands, accepts, and will comply with this clause.

The Universal Product Code (UPC) is a coding system as well as a symbology and is designed to identify a specific product and its manufacturer. The UPC will be the same on all tickets within a game. We have printed UPCs for most of our customers, always conforming to specifications developed and published by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)—and maintained by the Uniform Code Council. These specifically include the following:

- Standard for encodation and structure for a UPC: ISO/IEC 15420:2000 Information technology—Automatic identification and data capture techniques—Bar code symbology specification—EAN/UPC
- Standard for the determination of the print quality for a UPC: ISO/IEC 15416:2000 Information technology—Automatic identification and data capture techniques—Bar code print quality test specification—Linear symbols
- Calibration Conformance Standard for the bar code verifier used to determine print quality (as per ISO/IEC 15416:2000 noted above): ISO/IEC 15426-1:2006 Information technology—Automatic identification and data capture techniques—Bar code verifier conformance specification—Part 1: Linear symbols

The Calibration Conformance Standard mentioned above is a specially printed card with bar codes used to calibrate the bar code verifier used in ISO/IEC 15426-1:2006.

Pollard Banknote treats the UPC as a base graphic, along with the copy on the back of the ticket, the benday pattern printed on the areas designated for play data, and the artwork in non-play areas. Base graphics are printed on a highly sophisticated roll-to-roll web press using ultraviolet-cured lithographic offset printing methods capable of producing high quality, fine line graphics.

Two procedures we have put in place confirm our ability to offer consistently reliable UPCs. The first code check is conducted during the pre-press stage by our proofreaders, who examine the Kodak color proof for full conformity. Their job is to scan these codes to confirm proper content and readability. And second, as a further means of quality assurance, our internal lab validates the results of the pre-press proofreaders—and periodically runs its own tests on the UPCs throughout the actual print run. These tests confirm the print quality and decodability of the codes,

8.3.15 Screened Price Point

Pollard Banknote understands, accepts, and will comply with this clause.

8.3.16 Security Coating/Scratch-Off Material

Pollard Banknote understands, accepts, and will comply with this clause.

Our scratch-off material has consistently been referred to as the “best” or “smoothest” feeling in the industry.

It consists of a smooth substance easily removed by scratching, and is of a quality that will maintain the security of the ticket symbols and the validation number.

This scratch-off material is an elastomeric material that fragments without dusting using normal scratch-off techniques. It is smooth and regular to the touch, free of voids and scratches, preventing game data from being identified with or without magnification. Each and every active play symbol will be completely covered by the scratch-off covering material.

Pollard Banknote’s scratch-off material will not irritate or stain the skin or cause harm to clothing under normal usage conditions.

We begin ensuring our quality standards via our stringent requirements for raw materials, including the scratch-off covering material. The inks used in scratch-off application are comprised of a mixture of resins, pigments, and high flashpoint hydrocarbon solvents which, when cured, produce the rubbery texture we sometimes refer to as “latex.” The resin is an organic compound that comes from plant sources. It is used in varnish, printing inks, plastics, medicine, and other products.

Pigments and dyes are common to many familiar materials—paint, clothing, plastics, and food, for example. Solvents are a chemical liquid used to keep the materials thin until application. Once applied, the material is put through a curing process that removes the solvent and leaves behind the resins and pigment or dye in a non-toxic coating. The scratch-off material will be readily removed without significant residue when exposed to normal



environmental conditions and scratched in a normal manner. The scratch-off material will not be damaged during normal ticket handling.

Pollard Banknote is capable of applying scratch-off cover material on single or multiple play areas on each ticket. The number of latex-covered play areas possible is only limited by the size of the ticket. This flexibility enables us to accommodate the Lottery's specific requirements for each game. We have developed a set of standard requirements for scratch-off material.

These standards can be found on the following chart:

STANDARD REQUIREMENTS—SCRATCH-OFF MATERIAL	
REQUIREMENT	BENEFIT
Viscosity and opacity characteristics	<ul style="list-style-type: none"> • Ensures that variable game data is evenly and securely covered
The color of the latex covering must be consistent throughout the ticket run	<ul style="list-style-type: none"> • Improves appearance of tickets by avoiding unwanted variations in graphic colors • Ensures all tickets within run match Lottery's signed off press proof • Provides consistently high level of security through the ticket run

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Material must be light-fast; that is, the materials cannot be susceptible to fading over a reasonable period of time	<ul style="list-style-type: none"> • Maintains the ticket's appearance for prolonged "shelf-life" of the game
Materials run efficiently on our presses	<ul style="list-style-type: none"> • Ensures cost-effective production

Following production, tickets are subjected to a quality control inspection where inspectors ensure that they are in compliance with our stringent standards. Tickets are visually inspected to ensure that nonconformance issues can quickly be identified and rectified. Our internal lab performs a number of scrape tests to ensure that the scratch-off material responds well to accepted standards for scratchability and environmental factors.

8.3.17 Protective Coating/Seal Coat

Pollard Banknote understands, accepts, and will comply with this clause.

The game data under our scratch-off material is covered with several protective coatings to prevent precisely this kind of ticket degeneration.

The integrity, adhesion, and barrier characteristics of these coatings prevent liquids, solvents, and vapors from attacking the game data and ensure that any chemical, environmental, mechanical, or other known method of invasion cannot compromise the tickets.

A more complete description of the protective/seal coat techniques used at Pollard is presented in **Section 8.1 – Overview of Game Manufacturing Methods – “Production/Stage 6 - Application of varnishes, scratch-off material, overprints, die cuts and book treatments”**

8.3.18 Display Printing, 8.3.19 Overprint Inks &

8.3.20 Ink Colors

Pollard Banknote understands, accepts, and will comply with these clauses.

Using our process color printing method, the number of colors available to print on tickets is a near-limitless spectrum.

The inline press color stations print both overprints and display inks at the same time. In the specific application of this spectrum, Pollard Banknote can print up to 8 display colors and 8 overprint colors on instant tickets printed on card stock.

In simplest terms, what that means is that a ticket could feature up to eight display colors and eight overprint colors from the same eight stations. Ultimately, the fact that the overprints and display options are printed together yields an impressive degree of flexibility relative to the color options our clients can opt to include on their tickets.

A wide range of press options, combined with the knowledge of our experienced design and production staff, allow Pollard Banknote to offer an array of base graphic design options. On an eight-station lithographic press these display printing options include:

- Four-color process with one additional front-side color, with full bleed background capabilities
- Seven Pantone colors on the ticket front and one color on the ticket back
- Four-color process and up to three Pantone spot colors, plus one color for the back
- Combinations of up to four colors on the ticket front and four colors on the ticket back

Additional display printing options become possible when our 10-station lithographic press is used. These supplementary variations include:

- Nine Pantone colors on the ticket front and one color on the ticket back
- Four-color process and up to five Pantone spot colors, plus one color for the back
- Combinations of up to six colors on the ticket front and four colors on the ticket back

The above options, of course, constitute just a few color permutations possible at our technologically advanced facilities.

Our game planners and marketing representatives are exhaustively familiar with all possible color



combinations, so the Texas Lottery can be confident that the full array of possibilities will be presented on a routine basis. These base graphic options, combined with several overprint color options, allow Pollard Banknote's clients to market virtually any type of ticket.

With all of these options—and the thousands of possibilities that CMYK/four-color printing affords—the design possibilities are nearly endless and the production of a ticket that is both aesthetically appealing and secure is assured.

DISPLAY INKS

Pollard Banknote confirms that the inks we employ in the production of our tickets are specifically manufactured to meet our exacting requirements. Each has a unique set of properties to satisfy not only the security requirements, but also the performance and aesthetics of our products.

Inks used in display printing are tested for characteristics like color integrity, viscosity, opacity, and compatibility to combinations of other inks and stocks and reactions to different solvents. The display graphics portion of our tickets is printed entirely with ultraviolet (radiation) curable inks. These inks consist of resinous materials containing no solvents that, upon curing, release virtually no volatile organic components (VOCs: substances containing carbon that evaporate easily).

Specific tests and manufacturing certifications applied to our inks are referenced in **Section 8.1 – Overview of Game Manufacturing Methods – “Pre-Press Activities/Stage 1 - Raw Materials Inspection”**

To ensure that our display inks (and all other inks and varnishes, too, for that matter) are performing up to both security standards and quality control standards, void tickets from the start and end of the produced rolls are sent to our lab for analysis. If a ticket does not meet a quality control standard, the roll is marked and removed from production for further evaluation. Should any deviations from a security standpoint be detected, the roll is removed and shredded.

Overprint inks are applied using flexographic processes, which provide flexibility in production and design. Pollard Banknote is capable of applying as many as six (6) overprint colors on foil tickets and up to five (5) overprint colors on paper stock tickets on the flexographic press. A wide variety of overprint designs can be used, including text and/or artistic graphics.

In addition to the ability to print a range of base graphic colors, we can print latex overprints in a wide variety of colors and graphic designs. These color options are helping lotteries achieve maximum marketability for their tickets. Overprints applied over the scratch-off coating offer a clean edge to the perimeters of the play area and enhance the aesthetics of the ticket. Using sophisticated computer graphics and software programs, Pollard Banknote has developed an innovative multi-color approach to overprint designs. Our Spectrum process printing allows us to draw shapes and motifs in different color values and mix these colors to create a multitude of additional colors. This technique has enabled Pollard Banknote to develop dynamic new designs, including four-color process photographs, in addition to providing the industry standard solid-shaped overprints. With all of these options, design possibilities are enhanced, and the production of a ticket that's both aesthetically appealing and secure is assured.

OVERPRINT INKS: SECURITY CONCERNS NEUTRALIZED

Overprint inks are waterborne, consisting of a mixture of resins, dyes, and pigments that remain of low viscosity until application. Just as with scratch-off inks, when the material is applied it is put through a curing process that removes the solvent, leaving behind a non-toxic color layer over the latex.

Pollard Banknote appreciates that the Texas Lottery works very hard at establishing their reputation for providing secure lottery products. We fully understand the negative impact





that non-secure tickets have on that reputation. That's why we're completely committed to producing highly marketable, highly secure tickets.

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Dozens of commercially available solvents are tested against our overprint designs to combat this kind of invasion technique.

We also ensure overprint designs incorporate the following additional security features:

We have developed a set of standard requirements for overprint inks. These standards can be found on the following chart:

The various inks to be used in the production of the Lottery's tickets have been developed specifically for our particular requirements.

OVERPRINT INSPECTION PROTOCOLS

As with base graphics, overprints are client-approved before production begins. Several sample sheets of the ticket are taken off the first roll and compared to the ticket specifications as outlined in the working papers, as well as the Kodak contract proof. It is then examined for approval by the marketing representative and the client. The approval press sheet becomes the signed-off press proof standard. As the run continues, the ticket is continually compared to the approved press proof standard via our camera monitoring system to ensure that the level of quality is consistently maintained.

As a final check, when the roll is completed the operators take an end sheet off the roll and examine it against the press proof. If the operators detect any deviation in the standard, that roll is marked and subsequently pulled out either before or during final inspection. The nonconformance will be corrected before the next roll is begun.

Tex. Gov't Code **8.3.21 Benday Patterns**

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Pollard Banknote understands, accepts, and will comply with this clause.

Benday patterns will be printed in a configuration approved by the Texas lottery.

These patterns are typically designed to stop one-eighth of an inch short of the edge of the play area, exposing any cut lines used in cut and paste attempts.

Benday patterns are part of the design of the ticket and are printed at the same time as base graphics. The number of unique benday patterns possible in a design depends on ticket size and the number of tickets being printed across the web. As well, the color of the benday should be tied into the design of the ticket. There are limited colors that are effective in the function of the benday patterns. If none of those colors are present in the graphic design of the ticket, it may be necessary to use a separate station to print the benday in the necessary color. Additionally, with the selective floating of imaged data, the number of unique benday-to-play data combinations can be dramatically increased.

8.3.22 Security Tint or Primer

Pollard Banknote understands, accepts, and will comply with this clause.



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8.4 OMISSIONS

8.4.1 Omitted Packs

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote's dedication to producing tickets of unsurpassed quality requires commitment throughout the production process. Our objective is to provide quality, secure and error-free games. We are committed to ensuring that our products conform to the requirements of the customer. To achieve this, quality is continually monitored and checked throughout every stage of the production process. Inspection involves a thorough and intensive final review of all components of the printed tickets.

Pollard Banknote will not rely on any single procedure to ensure compliance with the Texas Lottery's standards and our standards. We've incorporated various practices to assure that only the very best products are shipped.

Tickets are fan-folded offline into carton-sized lifts and taken to an inspection area where automated procedures and/or human inspection eliminate books that do not meet quality control standards.

This form is part of the internal ISO 9001 quality procedures that Pollard Banknote carries out. The electronic log is a means of keeping track of each individual book of tickets

generated.

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Any books containing tickets judged not to conform are omitted and voided. Pollard Banknote controls all tickets at the book level. It is vital to be able to track books individually to ensure that the customer receives only those books that meet Pollard Banknote's stringent quality requirements.

We reviewed existing tracking methods but found that none met our exacting needs. To meet our own standards, we had to create our own system. This led to the creation and implementation of a customized Book Tracking System. The system is used throughout the finishing stage of the production process. It allows our inspection personnel to know where each book is in the production process, ensuring absolute accountability.

A key advantage of our Book Tracking System is the elimination of manually voiding tickets.

In detail, Pollard Banknote's custom Book Tracking System works as follows:



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8.4.2 Number of Omitted Packs

Pollard Banknote understands, accepts, and will comply with this clause.

8.5 SCRATCH-OFF MATERIAL QUALITY

8.5.1 Winning/Losing Ticket Characteristics

Pollard Banknote understands, accepts, and will comply with this clause.

It is not possible to locate a winning ticket by virtue of any characteristic of the tickets including, but not limited to, any variation or irregularity in the front or back display printing, stock, perforations, cuts, exposed book number, exposed ticket numbers, bar code, staples, folds, packaging, color or thickness or texture of scratch-off material, overprints, protective coating, printing registration or mis-registration. As well, winners will be evenly distributed throughout the entire game and will not bear any identifying characteristics.

The use of randomly generated game data, as discussed in 8.6 Randomization, renders obsolete any attempts to identify a winner by the technique of relating, for example, a particular combination of symbols to a certain characteristic of the game ticket. With fully random game data, there is simply no relation between game data and ticket appearance.

Standardization in production means that each ticket—whether or not a winner—has the same appearance as all others.

Ultimately, it will not be possible to ascertain whether a ticket is a winning or losing ticket, using any practical or economical technique, unless the application of the technique renders the ticket unsalable to the public or easily recognizable as having been tampered with.

8.5.2 Minimal Possibility of Tampering

Pollard Banknote understands, accepts, and will comply with this clause.

SECURITY IN TICKET CONSTRUCTION

Offering our clients secure tickets of unsurpassed quality is viewed as the highest priority at Pollard Banknote. Turning this commitment into an everyday reality requires the marriage of many different entities within the company, both on the production side and on the service and support side. We sympathize with the pressures lotteries are under in providing players with products that cannot be impugned, and therefore we are constantly striving toward making sure we meet our security obligations in reliable, technically savvy ways.

As a long-time supplier of high-security products, the importance of delivering reliable, threat-proof tickets to today's discerning lotteries is a responsibility we take very seriously. A lottery's players must believe that unscrupulous individuals cannot compromise their games—potentially tarnishing the gaming experience and the lottery's reputation past the point of no return. Pollard Banknote is determined to stay two steps ahead of counterfeiters intent upon applying invasion techniques to detect winning tickets. To this end, we maintain state-of-the-art laboratories in each of our production facilities whose primary purpose is to make sure the integrity of every initial game concept comes through in every finished ticket.

Ultimately, our approach to ticket security includes a detailed security review of each game prior to production, measures during production, and protective design options developed by these in-house labs.

INTERNAL LABORATORIES, TESTING & PROTECTION AGAINST TICKET INVASION

Internal laboratories play an integral role in our quality control process, and provide testing of our products against invasion attempts. The lab's responsibilities include:

- Ongoing development of test procedures to safeguard tickets against changing invasion techniques
- Testing of tickets during production to ensure product integrity and security
- Continual training and testing of lab staff to ensure consistency and quality in testing techniques among staff and lab procedures over Pollard Banknote's

Pollard Banknote's qualified chemists and laboratory technicians duplicate tests conducted by external laboratories. They also develop internal testing and approval methods. In an audit of our lab, the auditing firm found that in many cases our personnel are performing tests of greater detail than other testing facilities.

To ensure quality and consistency of testing between technicians and between labs:

- Labs conduct documented, standard test procedures. Each lab works from an identical procedures book.

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- Labs label and keep all tested tickets. These samples are stored in our own secure warehouse. Sample ticket information is archived on an electronic database, allowing for fast searching and retrieval.
- Personnel from each lab periodically gather in Winnipeg for training to ensure test techniques remain similar across the company.
- Labs conduct round-robin testing of games. Periodically, we distribute ticket samples from a particular game to each lab for testing. We collect and compare results.

Any research and development trials are tested at the site of production, followed by a repeat of these tests in We compare results.

The lab has standard procedures for ticket testing, but it will also customize tests for customers and report results directly to them if necessary.

Results of all tests—raw materials and tickets—are recorded in a database. If there is a problem with a ticket during production, it is immediately traceable through the database, if necessary, all the way back to raw materials.

Production of a secure ticket starts with the integrity of the raw materials. Pollard Banknote's in-house laboratory has specific guidelines for certification of manufacturing processes and raw materials. Manufacturers that supply raw materials to Pollard Banknote must prove that their product meets these criteria by providing a Certificate of Analysis and samples of the product. We base our acceptance of the product on the information in this document. Our lab will conduct tests, and later confirm that test results reported match those of an identical test that the lab will conduct on finished tickets.

The lab plays a vital and ongoing role throughout production, ensuring that both the quality and security of the printed product is never vulnerable to compromise. Tickets produced at Pollard Banknote have built-in security features to protect tickets from compromise. The lab performs an exhaustive variety of experiments on the printed ticket to ensure the performance of these security features. Depending on the circumstances, finished tickets might face an evolving arsenal of more than 100 different security tests to ensure integrity.

When applicable, evaluation results are compared to a customer's specifications. We keep test results and actual tested ticket samples for 18 months (other than the game file and

startup samples, which are stored indefinitely). We can customize start and end testing of the roll for our customers.

If the presses are running 24 hours a day, the lab will operate on the same schedule to accommodate testing on all rolls of all games produced.

Testing covers five general methods used in attempts to compromise instant tickets:

1. Mechanical Methods

These typically involve the use of tools or objects to compromise a ticket's security, including:

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2. Electrical Methods

3. Chemical Methods

4. Optical Methods

5. Environmental Methods

Tickets undergo tests in various environmental conditions

to determine the ticket's reaction. The lab also carefully scrutinizes all products for flaws or discrepancies in certain components, which might allow for picking out or identifying winning tickets. If during this battery of tests the lab identifies a print flaw that may impact either security or quality:

- Lab personnel complete a Lab Inspection Report. This identifies the concern(s) and the recommended action. This might result in voiding the tickets, quarantining tickets for



more testing, or sending tickets on to the Production Manager/Quality Control personnel for further assessment in the case of a quality concern.

- If the tickets go into quarantine, it becomes the responsibility of our Executive Vice President, Sales & Marketing, Vice President, Operations, and Vice President, Technical, to further inspect tickets and decide whether tickets will be voided or approved.
- All Lab Inspection Reports are generated electronically and are tracked to ensure an action has been performed.

DESIGN OPTIONS TO ENHANCE SECURITY

Prior to the start-up of manufacturing, a number of control procedures are adopted to ensure that product integrity is maintained at each stage. A game planner and designer work in conjunction with the Pollard Banknote marketing representative assigned to the customer to design a ticket that is both marketable and meets or exceeds all security requirements. The use of quality materials and the method of construction are essential in making a ticket invasion-resistant. The following features are just a few examples of supplemental ticket design precautions employed to enhance ticket security and prevent attempts at ticket alteration:

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8.5.3 Best Effort

Pollard Banknote understands, accepts, and will comply with this clause.

It is our sincere hope that we have impressed on the Texas Lottery, both in this proposal and in our ongoing partnership, the utmost importance with which we view ticket security.

8.6 RANDOMIZATION

8.6.1 Odds of Winning

Pollard Banknote understands, accepts, and will comply with this clause.

As required, the odds of winning any prize of any level on a given ticket will not vary from the odds of winning that prize, as stated in the final approved prize structure, by reason of deficiencies of randomization—including, but not limited to, a ticket's location in its strip, book, lot, shipping box, pool, or the contents (whether exposed or covered with scratch-off coating) of any other ticket in the same or neighboring strip (page), shipping box, or pool. Pollard Banknote appreciates the Lottery's recognition of the practical makeup of pool—and limitations on prizes within pools—and the need for optimum prize delivery within a game and the requirements of GLEPS, outlined in **8.7 Guaranteed Low End Prize Structure (GLEPS)**.

During creation of game data, validation software is executed to produce a prize structure summary stating the number of winners in each prize level. The prize structure summary ensures the end of production prize structure is accurately stated. This is then verified against the prize structure provided in the game's working papers. Pollard Banknote's random prize distribution software has been utilized under various prize structure configurations for thousands of games for dozens of clients around the world.

8.6.2 High-Tier Prize Distribution

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote appreciates that the Texas Lottery seeks to offer its players exciting and compelling games, and a big part of that recipe involves the programming expertise that goes into every game's prize structure in such a way that every ticket—whether a winner or not—offers unique patterns of numbers/symbols that uphold the image of randomness.

Pollard Banknote's ability to randomly insert all winning tickets into the game, and guarantee the correct number of winners, is determined by our validation software. The core algorithm and methodology for prize distribution utilizes a pseudorandom number



generator and a proprietary algorithm that maximizes the variability and randomness under given constraints.

This software is configured within our Game Generation group for every Pollard Banknote–produced game, where it is tested and analyzed thoroughly for random and non-predictable results. This method of prize distribution uses no limited, preset configurations and, as such, under typical instant game prize structures will provide completely unique prize distribution placements for each and every ticket lot delivered within a game shipment.

This software is then securely moved into Pollard Banknote's live Computer Operations area where it is seeded to produce the live prize distribution. The prize distribution is controlled in this secure and segregated environment in such a manner that the final prize structure can be balanced electronically without any manufacturing staff having knowledge as to the actual location of any prize in the final delivered shipment.

Each game's prize distribution undergoes multiple levels and stages of analysis within the company's Game Generation, Computer Operations, and Internal Audit groups to ensure proper prize structure configuration and maximized randomness.

8.6.3 Limiting Consecutive Non-Winning Tickets

Pollard Banknote understands, accepts, and will comply with this clause.

We are fully capable of implementing ticket restrictions on strings of consecutive non-winning tickets.

Pollard Banknote's ability to limit consecutive losing tickets in any book is determined by our validation software. The core algorithm and methodology for prize distribution utilizes a pseudorandom number generator and a proprietary algorithm that maximizes the variability and randomness under given constraints (in this case, for example, maximum non-winning strings).

This software is configured within our Game Generation group for every Pollard Banknote–produced game, where it is tested and analyzed thoroughly for random and non-predictable results. This method of prize distribution uses no limited, pre-set configurations and, as such, under typical instant game prize structures will provide completely unique prize distribution placements for each and every ticket lot delivered within a game shipment.

This software is then securely moved into Pollard Banknote's live Computer Operations area where it is seeded to produce the live prize distribution. The prize distribution is controlled in this secure and segregated environment in such a manner that the final prize structure can be balanced electronically without any manufacturing staff having knowledge as to the actual location of any prize in the final delivered shipment.

Each game's prize distribution (including setting the parameters for consecutive losing tickets in any book) undergoes multiple levels and stages of analysis within the company's Game Generation, Computer Operations, and Internal Audit groups to ensure proper prize structure configuration and maximized randomness.

8.6.4 Inspection of Methodology

Pollard Banknote understands, accepts, and will comply with this clause.

8.7 GUARANTEED LOW END PRIZE STRUCTURE (GLEPS)

Pollard Banknote understands, accepts, and will comply with this clause.

GLEPS CONSIDERATIONS

Pollard Banknote will ensure that low-tier winners are randomly seeded in accordance with the approved low-tier prize structure. Pollard Banknote has generated these kinds of low-tier prize structures for many other lotteries, including:

- Arizona
- Illinois
- Iowa
- Kansas
- Michigan
- La Française des Jeux (France)
- Oy Veikkaus Ab (Finland)
- New Jersey
- New York
- Ohio
- Virginia
- Ontario Lottery and Gaming Corporation (Canada)

In addition to standard GLEPS configurations that fluctuate from game to game, we also have the ability to produce varying configurations of low-tier prizes within individual games. While we prefer to limit our configurations to six GLEPS structures per game, we have prepared as many as 15 structures for some clients.

8.8 PRIZE GUARANTEES

Pollard Banknote understands, accepts, and will comply with this clause.

We guarantee the random distribution of winning tickets, ticket quantities to within 2% +/- as established in the working papers, variance of odds not to exceed 0.0005, and top or other tie-level prizes.



INTERNAL AND EXTERNAL GAME AUDITS

INTERNAL PROTOCOLS

Pollard Banknote's experienced Game Generation group, responsible for the randomization and prize structure concerns noted above, consists of talented programmers who independently create application software and verification software that generates and verifies the game data for each game according to the customer's requirements. These gifted programmers have gained considerable skill generating the variable data that goes into billions of tickets and hundreds of games year after year. The Internal Audit group independently creates computer software using separate logic to audit the application and verification software created by the Game Generation group. The Internal Audit group audits each pool of data created to verify that all requirements are met as specified in the game's working papers. Additionally, this group conducts a variety of proprietary audit tests including pattern analysis to assure randomness in the game data.

EXTERNAL CERTIFICATION

Further to our extensive internal audit tests, and as stipulated, our external auditors will issue a written report attesting to the fact that the game data meets all restrictions as specified in the RFP and in game's working papers. Pollard Banknote uses the international firm of Deloitte as external auditor, a firm which has thus far proven acceptable to the Lottery. The level of understanding and cooperation between Pollard Banknote and Deloitte is great; Pollard Banknote provides the access which Deloitte requires to properly conduct its audits, and Deloitte is fully acquainted with the intricacies of instant lottery ticket production. This highly effective relationship will continue to be in place for any games we produce for the Texas Lottery. The data is ultimately checked three times for accuracy—by Pollard Banknote's Game Generation group, by our Internal Audit group, and by our external auditors—before any game is produced.

8.9 SECURITY SPECIFICATIONS

8.9.1 Essential Need for Security

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote hopes to have clearly indicated throughout the Proposal that we view security as of prime importance in all aspects of raw material procurement as well as ticket design, programming, manufacture, inspection, storage, delivery, redemption, and disposition. We offer a write-up of our facility security program in **8.15 Plant and System Security**, and discuss ticket security in **8.3.16 Security Coating/Scratch-Off Material** and elsewhere in our Response.

8.9.2 Capability and Integrity

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote hopes to impress on the Texas Lottery our preparedness both to ward off security threats, and to respond swiftly and appropriately should any threats occur, in **8.15 Plant and System Security**.

8.9.3 Sample Tickets for Testing

Pollard Banknote understands, accepts, and will comply with this clause.

8.10 TEST GAME SAMPLES

8.10.1 Test Game

Pollard Banknote understands, accepts, and will comply with this clause.

8.10.2 Need for Additional Test Games

Pollard Banknote understands, accepts, and will comply with this clause.

8.11 TICKET RECONSTRUCTION

Pollard Banknote understands, accepts, and will comply with this clause.

In cases where the entire ticket is intact, the Lottery's retailer (via the bar-coded online system) or the Lottery's prize claim officials (via the Lottery's prize claim system) merely needs to access the validation information supplied by Pollard Banknote. This includes a list of winning ticket validation numbers and related prize values for each ticket. This information allows the Lottery's officials or their retailers to verify and process all winning tickets produced by Pollard Banknote.

However, in instances where consumers have in some way obscured or damaged a ticket validation number, Pollard Banknote's reconstruction system can determine whether the tickets are winners so that the Lottery can pay out rightful prizes. The Lottery can also use our reconstruction system to verify whether tickets are winners in cases where fraudulent activity is suspected. No matter why the reconstruction is necessary, Pollard Banknote has systems in place to ensure that the correct prizes are paid.

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The turnaround time between request and delivery of a reconstructed ticket is typically twenty-four (24) hours. We have fulfilled reconstruction requests for clients on the same business day, or even within an hour or two, and will accommodate all such timelines and requirements for ticket reconstruction.

Pollard Banknote will provide ticket reconstructions electronically in a common readable format. We ensure that the electronic response illustrates what should appear on the questioned ticket. Our personnel will gladly review all aspects of electronic reconstructions with approved Lottery personnel to ensure satisfactory procedures regarding information security, file formats, and information layouts that illustrate ticket information.

8.12 EMPLOYEE SECURITY

Pollard Banknote understands, accepts, and will comply with this clause.

WINNING TICKET PROTOCOLS: SECURITY AT EVERY STAGE

Pollard Banknote produces tickets so that the book numbers are printed sequentially but the validation numbers are assigned randomly via a specifically designed algorithm—thereby destroying any detectable relationship between the book numbers and the validation numbers assigned during ticket production.

As a further security precaution, the validation numbers on the validation media provided to the Lottery are sorted sequentially while the inventory files are sorted by carton and book. This process once again makes it impossible for anyone to establish a relationship between the position of books in production or on the inventory files to the validation numbers on the tickets or on the validation media. The precise protocols we employ to ensure the integrity of this process are detailed in the three brief narratives that follow.

1. INTERNAL SECURITY SAFEGUARDS

The various groups involved in game programming activities are each . We do this to preclude the possibility (and even the appearance) that individuals might have access to inappropriate combinations of sensitive information. Sharing privileges for data-related electronic files are similarly restricted.

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Essentially, this involves calculating the normal distribution curve expected. From there, the module places the winners in a manner approximating this curve as closely as possible, repropagating the higher, disallowed streaks throughout the allowable portion of the curve.

2. VALIDATION PROTECTIONS

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3. INSTANT TICKETS AT THE WAREHOUSE AND IN THE MARKETPLACE

By taking the above information one step further, it's evident that by the time the online Vendor—or any retailer, for that matter—receives a shipment of the Texas Lottery's tickets, every possible preventative technique has already been implemented. As such, online Vendor employees, or retailers selling these tickets to consumers, have absolutely—positively—no “inside” information giving them any kind of advantage whatsoever.

Indeed, even Pollard Banknote's own production-related “insiders” never have enough information to identify winning tickets.

8.13 SECURITY BREACH

Pollard Banknote understands, accepts, and will comply with this clause.

Because of the primacy with which we view security, Pollard Banknote has never had a documented security breach.

In the event that a breach should occur, our security officers carry two-way radios and/or cell phones at all times. If a security breach occurs, the officer on duty follows procedures defined in the Security Manual and (if necessary) initiates immediate contact with our Director, Corporate Security (Eric Hrycyk). If security personnel determine the breach could impact a client, the Director speaks to the designated marketing/service representative(s) within our company assigned to the customer. In such an event, we would be happy to provide whatever information and documentation the Lottery should require.

8.14 PRODUCTION AND TRANSFER OF GAME PRODUCTION DATA

Pollard Banknote understands, accepts, and will comply with this clause.



8.15 PLANT AND SYSTEM SECURITY

8.15.1 Importance of Security

Pollard Banknote understands, accepts, and will comply with this clause.

An overview of Pollard Banknote's security information is attached in Appendix D.

8.15.2 Security Measures

Pollard Banknote understands, accepts, and will comply with this clause.

The Texas Lottery has viewed our security plans in the past, and on contract award or winner announcement we will be pleased to provide our plan again. None of our current subcontractors manufacture or store tickets.

complies with the lottery's

Tex. Gov't Code requirements for intrusion control, insurance, and other security aspects.

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8.15.3 Destruction of Data

Pollard Banknote understands, accepts, and will comply with this clause.

8.15.4 Data Security Plan

Pollard Banknote understands, accepts, and will comply with this clause.

8.16 PRE-PRODUCTION CERTIFICATION & COLOR PROOF APPROVAL

8.16.1 Inspection of Tickets

Pollard Banknote understands, accepts, and will comply with this clause.

8.16.2 Accuracy

Pollard Banknote understands, accepts, and will comply with this clause.

8.16.3 Reports

Pollard Banknote understands, accepts, and will comply with this clause.

8.16.4 GLEP Reports

Pollard Banknote understands, accepts, and will comply with this clause.

8.16.5 Color Proofs

Pollard Banknote understands, accepts, and will comply with this clause.

8.16.6 Game Production Authorization

Pollard Banknote understands, accepts, and will comply with this clause.

8.17 PRODUCTION AUDIT

Pollard Banknote understands, accepts, and will comply with this clause.

8.18 SECURITY TESTING SAMPLE PACKS

Pollard Banknote understands, accepts, and will comply with this clause.

8.19 END OF PRODUCTION PRIZE STRUCTURE

Pollard Banknote understands, accepts, and will comply with this clause.

We make every effort to customize End of Production Prize Structure reports to accommodate a lottery's preferences. Given our experience and expertise in this regard, we've been tremendously successful over the years in furnishing reports with formats that incorporate a customer's existing format.

Pollard Banknote executes computer-generated validation software to produce a prize structure summary. Creating a summary using this method results in an End of Production Prize Structure Report that is 100% accurate, since the absence of manual steps precludes the possibility of human error in data entry. We then compare this report with the prize structure set out in the game's working papers.

Once we have balanced a game by this method, we can ship the report, along with the requisite validation media, immediately. This information can arrive in advance of, or earlier the same day as, the shipment of tickets to the warehouse.

8.20 PACKAGING

Pollard Banknote understands, accepts, and will comply with this clause.

Packaging specifications are unique to each game and are documented in the working papers. All finished goods will be packaged and marked in accordance with the specifications of the Texas Lottery.

Specific methods of packaging are referenced in Section 8.1 – Overview of Game Manufacturing Methods – “Finishing/Stage 8 - Packaging”



8.21 SHRINK WRAPPING

Pollard Banknote understands, accepts, and will comply with this clause.

Our intention is to use HUB suppliers for shrink wrap if economy, security, and quality permit.

8.22 SHIPPING CARTONS

8.22.1 Carton Sizes

Pollard Banknote understands, accepts, and will comply with this clause.

Our intention is to use HUB suppliers for cartons if economy, security, and quality permit.

8.22.2 Carton Numbering and Packing

Pollard Banknote understands, accepts, and will comply with this clause.

Our database stores the date, time, carton number, first book, last book, and the name of the person who scanned each carton. Cartons are then sealed and labels attached—once the boxer confirms that the last book in the carton corresponds to what is printed on the label.

A report must be generated before a game is shipped showing that all books in all cartons have been scanned. Any missing cartons are opened and scanned. Books containing ticket numbers in the bar code are once again checked for being broken correctly.

The cartons used are made of sturdy, recycled cardboard stock. Cartons will be securely sealed with a fiber-reinforced tape only, with no glue or staples used. The tape will not obscure labels or other markings on the carton. If the Lottery desires, the cartons can also be strapped.

Carton labels affixed to cartons typically feature the following statement:

“THIS CARTON CONTAINS MATERIALS THAT ARE REGISTERED BY NUMBER AND WHICH WILL BE VOID IF STOLEN.”

8.22.3 Ticket Order within Cartons

Pollard Banknote understands, accepts, and will comply with this clause.

8.23 PALLETS

Our intention is to use HUB suppliers for cartons and pallets if economy, security, and quality permit.

8.23.1 Packing of Pallets

Pollard Banknote understands, accepts, and will comply with this clause.

8.23.2 Pallet Loading

Pollard Banknote understands, accepts, and will comply with this clause.

8.24 DELIVERY OF TICKETS TO LOTTERY WAREHOUSE(S)

Our intention is to use HUB suppliers for secure freight if economy, security, and quality permit.

8.24.1 Shipment Departure Notifications

Pollard Banknote understands, accepts, and will comply with this clause.

8.24.2 Shipment Security and Particulars

Pollard Banknote understands, accepts, and will comply with this clause.

8.24.3 Notification of Delivery Date Changes

Pollard Banknote understands, accepts, and will comply with this clause.

8.25 INSTANT TICKET TESTING

Pollard Banknote understands, accepts, and will comply with this clause.

8.26 TESTING PROTOCOLS

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote conducts similar tests in its own laboratories. We welcome the opportunity to enhance the security of our printed products.

8.27 NON-CONFORMING TICKETS

8.27.1 Withholding

Pollard Banknote understands, accepts, and will comply with this clause.

8.27.2 Sanctions

Pollard Banknote understands, accepts, and will comply with this clause.

8.28 COMPUTER SYSTEM CAPABILITY

Pollard Banknote understands, accepts, and will comply with this clause.

8.29 HIGH-TIER WINNER VALIDATION MEDIA

Pollard Banknote understands, accepts, and will comply with this clause.

8.30 ELECTRONIC DATA TRANSFER PROCESS

Pollard Banknote understands, accepts, and will comply with this clause.

8.30.1 CD Requirements

Pollard Banknote understands, accepts, and will comply with this clause.

8.31 BACK-UP CAPABILITIES

Pollard Banknote understands, accepts, and will comply with this clause.

Pollard Banknote understands that the continuity of the Lottery's instant ticket business is vitally dependent on game design operations, facilities, and printing plants. As such, we commit to operating under a Lottery-approved recovery plan.

At a minimum, Pollard Banknote's recovery plan typically incorporates the following topics:

- Business impact analysis
- Risk, threat, and vulnerability analysis
- Recovery strategy
- Emergency response
- Plan activation
- Recovery operations
- Plan validation, testing, and maintenance

On the following pages, we offer an overview of our disaster recovery methodology in a subordinate narrative called Ensuring Production in Any Circumstance, which collectively explains our backup capability should our primary facility be disrupted for any reason.

As an addendum to this explanation, we've included a sample version of our Disaster Recovery Plan in the confidential insert **Appendix B Disaster Recovery Plan**, which more thoroughly details our sensitivity regarding the critical issue of making sure no service



disruptions negatively impact the Texas Lottery. We will, of course, customize this plan in order to more thoroughly address the Lottery's various stipulations noted herein.

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ENSURING PRODUCTION IN ANY CIRCUMSTANCE

Pollard Banknote is capable of manufacturing the Texas Lottery's tickets at any of our facilities . . . As such, given the

In the Texas Lottery's case, of course, our facility will serve as primary plant,

The presence of Pollard Banknote's means we will never be in a position of failing to meet the production requirements of the Texas Lottery. If a full-scale disaster occurs at one of our facilities, Pollard Banknote can most assuredly accommodate that plant's production run until the affected facility is once again operational.

Ultimately, Pollard Banknote can accommodate the Lottery's ticket quantity requirements, and could continue to do so even if is rendered utterly inoperable for an extended period. And although we're sufficiently equipped to mitigate this kind of disaster, never in our history have we been forced to play this trump card.

Disaster Recovery Specifics

In the event of a comparatively minor unforeseen incident—for example, a press breakdown—we affirm that tickets would be delivered according to the original schedule agreed to by Pollard Banknote and the Lottery in the executed working papers. Our backup system provides the flexibility to ensure this. In this case, the steps are simple:

Major Disaster Backup Methodology

In the event of a full-scale disaster at one of our facilities, the remaining manufacturing facilities are fully capable of handling the work. These facilities operate with similar



production processes and could, resume production of the Lottery's tickets. There would be no timeline or other modification required to the original game specifications to resume production of the game

To ensure orderly resumption of production in the event of a disaster, our company maintains and regularly updates a Disaster Recovery Plan for each of our facilities. The plan is designed to cover contingencies that may require use of an alternative site. The plan is maintained and updated on a continuing basis, reflecting all organizational and procedural changes that may occur within the operations of Pollard Banknote.

Each plan assumes a worst-case, total-facility disaster, thus also providing for recovery from less severe circumstances. However, the assessment of threats and the risk associated with vulnerability to such threats provides for identification of hazards in terms of potential for occurrence and severity of impact. Emphasis has been placed on preparation for those hazards of greatest potential and consequence and identification of the most critical risks that could cause an interruption of the company's operations for a period greater than 24 hours.

Assumptions

This plan has been developed and is maintained on the basis of the following assumptions:

- A complete interruption of any manufacturing facility has occurred, and there is no access to the facilities, equipment, or data required for business resumption. Recovery from anything less than complete interruption will be achieved by using appropriate portions of this plan.
- Where personnel become unavailable as a result of a disaster, sufficient staff with adequate knowledge will be made available from Pollard Banknote's inter-organizational counterparts to implement recovery, depending on the nature of the disaster and its geographic location.
- If it is determined that the interruption will exceed 30 days, all functions at the initial alternate site will develop additional plans to regain full function and use all employees as soon as is practical.

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

Pre-designated employees that serve as Disaster Recovery Plan contacts will conduct disaster management at the alternative site. All decisions and communications will come

from these contacts, site-specific designates, and Pollard Banknote's executive management (where applicable).

Business functions will operate at the alternative sites on a critical-need basis. Departments will perform critical operations through the implementation of pre-arranged, off-site procedures or through existing alternative facilities reserved specifically for their function (where possible).

Tex. Gov't Code

§552.139/§552.101

§466.022

Operation of critical business functions at the alternative site will be closely monitored, and personnel will be applied to meeting critical needs first over the interruption period. In the event of an extended interruption period, additional personnel will be brought into the original alternative site to ensure business resumption is efficiently maintained.

Please recall: as noted at the beginning of this section, the specifics of Pollard Banknote's recovery plan can be found in a sample (but fully customizable) confidential document provided within Appendix B.



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8.32 SPECIFIED OPTIONS

8.32.1 Minimum Specified Options

Pollard Banknote understands, accepts, and will comply with this clause.

We offer a quotation on the thirteen (13) specified options requested in this section in **Attachment H - Sealed Cost Proposal**. Where appropriate, a fuller description of the specified option from Pollard Banknote is presented on the following pages.

FLUORESCENT INKS

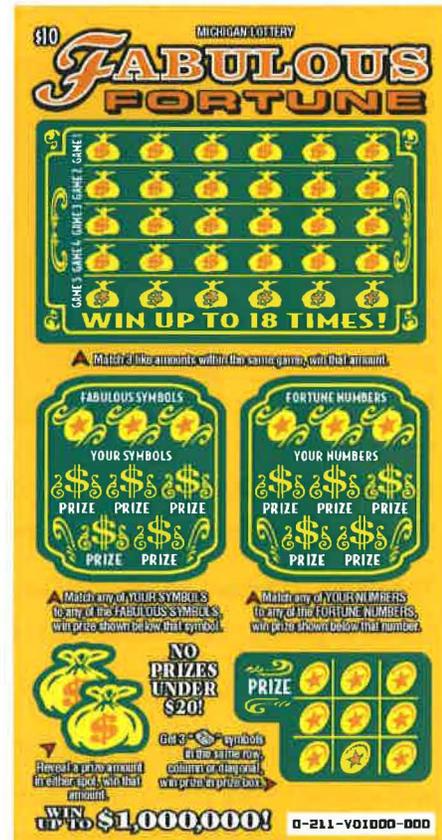
A range of striking neon/fluorescent inks is available for a ticket's base graphics and for the overprint scratch-off material. These inks create a neon-like, fluorescent effect and accentuate vibrant colors. These colors can help the ticket stand out in retail settings and encourage an impulse purchase. We can print orange, pink, and other neon/fluorescent colors. They can be applied to both paper and foil stocks.

METALLIC INKS

Pollard Banknote can offer a number of metallic inks, including Glitter, a kind of metallic ink that sparkles when viewed from different angles.

DUAL COLOR GAME DATA IMAGING

Pollard Banknote can print play symbols in colors other than black—including red, blue, and green.



Our production personnel have tested and approved these alternate colors for printing play symbols, and have subsequently supplied games with these options for our clients. This color variation can reinforce the ticket's theme established with the base graphics. For example, in creating a ticket with a playing card theme, we might reinforce the theme with play symbols imaged in red ink alongside the more typical black ink. Secure colors beyond black, red, blue, and green may become viable options in the future.



MULTIPLE SCENES OR CONTINUOUS SCENE GAME

MULTISCENE TICKETS

Many lotteries find that multiscene tickets enhance sales because players want to collect the entire series and/or try their luck on more than one scene. We print multiscene tickets across perforations to encourage players to purchase multiple tickets to complete the scene.

We work closely with our customers on a game-to-game basis to create vivid games featuring as many scenes



as are technically possible. One ticket in a “multiple scene” game has the same specifications (including colors, overprints, fonts, and game mechanics) as another.

The game will have a theme—like numbers, for example. However, the scene depicted in the display art will vary from one ticket to the next.

CONTINUOUS SCENE TICKETS

Graphics that flow over a series of tickets to form a continuous scene will appeal to the player who likes to complete a scene. The desire to collect all the parts can lead to multiple or repeat sales. One ticket in a “continuous scene” game has the same specifications (including colors, overprints, fonts, and game mechanics) as another. However, the base graphics display art of adjoining tickets will form a continuous scene, interrupted only by the perforations. All tickets are designed with a standalone scene as well.

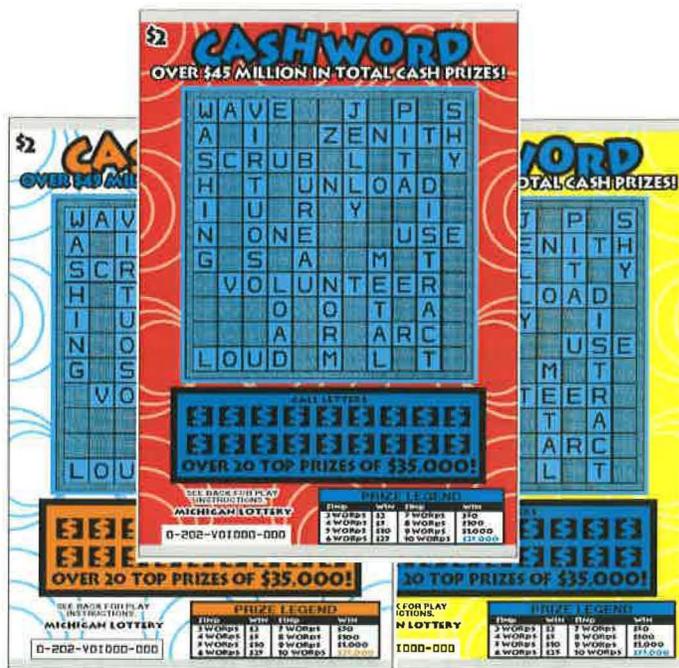


COLOR PULSING/COLOR CHANGES WITHIN A PRESS RUN

Different background colors on the same basic design freshen up a base game. This has proven successful with a wide variety of games.

MARKING PROCESS OTHER THAN FULL OPAQUE SECURITY COATING COVERING

We can offer a range of alternative security coatings. Some of these, such as our coin rub marking system, are proprietary and specific to Pollard Banknote, and are therefore detailed in **8.34 Offered Options**.



MULTIPLE GAMES ACROSS THE WEB

We offer a quotation on this service as requested in **Attachment H Sealed Cost Proposal**.

Pollard Banknote is capable of printing up to four games simultaneously—including those with the same and different prize structures, and games with different price points.

Our ability to run multiple games across our printing presses (“across the web”) typically affords smaller customers the benefit of lower costs on short runs. Multiple games share fixed set-up costs, thereby eliminating the cost of a separate set-up for each game. These lower costs are then reflected in game pricing. Another potential benefit is that Lottery personnel need visit our facility for only a single press proof for multiple games, rather than multiple visits, with according savings in travel costs.

We regularly print four games at the same time for the Kansas Lottery, and sometimes for other clients. Although we do use this methodology for some of the smaller lotteries, it often does not result in significant cost decreases for runs greater than 2 million tickets. We would be happy to discuss the pros and cons of running multiple games simultaneously with the Texas Lottery.



8.32.2 Second Chance Drawings

Please note: as indicated within **1.7. Trade Secrets or Competitive Information**, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 552.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

The following Second Chance Drawings methodology constitutes a Pollard Banknote trade secret used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.

8.32.2.1 MAIL-IN PROMOTIONAL SECOND CHANCE DRAWINGS





*Response to the Texas Lottery's Request for Proposals for
Instant Ticket Manufacturing and Services*



Confidentiality Claimed
PIA §552.110



Confidentiality Claimed
PIA §552.110



Confidentiality Claimed
PIA §552.110

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



Confidentiality Claimed
PIA §552.110



- CONFIDENTIAL INFORMATION ENDS HERE -

Confidentiality Claimed

PIA §552.110

8.32.3 BAR-CODED COUPONS

Pollard Banknote understands, accepts, and will comply with this clause.

Bar-coded coupons can be used to achieve a variety of objectives. They've been used successfully to concentrate attention on a specific game—and to drive sales of that game. For example, lotteries have offered these coupons (distributed by direct mail to their player database, and/or by purchasing mailing lists, or through insertions into local newspapers, etc.) to increase sales of a specific online game.



Redemption rates tend to exceed standard coupon redemption rates when compared to other product categories, increasing sales for the targeted game both during and following the promotion (for a number of weeks afterward).

Coupons have also been used to encourage trial of a new game or a revamped game (e.g., from time to time

lotteries adjust features—like the matrix—of their online games). Again, the coupons can be distributed through direct mail or inserted into newspapers.

Coupons can also serve as a reward for multiple or frequent purchases. For example, lotteries can offer a free \$1 instant ticket with the purchase of five online plays, a free online game play with the purchase of \$5 worth of instant tickets, or a free \$1 play (instant or online) with the purchase of a new \$5 or \$10 game. This strategy could be used to support the introduction of a new instant price point for a lottery (e.g., first \$20 instant game launch).

Our experience working with bar-coded coupons includes supplying the New Jersey Lottery, the New York Lottery, the Texas Lottery, and the WCLC. Unsurprisingly, lottery-related coupons command some of the highest redemption rates in the entire retail marketplace.

To cite just one example employing the New Jersey Lottery's Jersey Cash 5 bar-coded coupon we helped orchestrate:

- Redemption rate of Jersey Cash 5 coupon from November 2004: 14.37%
- Redemption rate of Jersey Cash 5 coupon from January 2006: 14.7%

Bar-coded coupons can be produced in a wide variety of formats, from simple, single-page documents or complex "pop-up" pieces to folded, perforated, and glued self-mailers.

Pollard Banknote assists lotteries in the production and execution of a couponing promotion by managing any or all of the following steps:

- We will work with a subcontractor to create a template for the desired coupon format.
- Pollard Banknote, the lottery, or its advertising agency will design artwork for the coupon.
- Pollard Banknote or the lottery will generate and provide the subcontractor with the bar codes and validation numbers to print on the coupons.
- Through the subcontractor, Pollard Banknote will print the coupons and supply lists of all bar codes and validation numbers used (less any omitted during production).
- Pollard Banknote will provide the lottery with validation and inventory files.
- Pollard Banknote will coordinate distribution of the coupon, via the subcontractor, to newspapers as a freestanding insert or to the postal service for direct mail coupons.
- For direct mail, the lottery will provide a mailing list and/or purchase a mailing list.



Your chance to Win Big!

Purchase **\$5** or more worth of **MEGA MILLIONS** and
get a **\$2 SCRATCH-OFF TICKET** for **FREE!**



Mega Millions is easy to play. Just ask the clerk for a Quick Pick! The terminal will pick all of your numbers for you!



Play Megaplier* for only \$1 more per play board and you could increase your non-grand/jackpot prize winnings by 2, 3, or 4 times. (Since 2005, 8 Texas players have become millionaires by playing the Megaplier!)



Mega Millions drawings are broadcast Tuesdays and Fridays at 10:12 p.m. Central time. Check your winning numbers at www.txlottery.org.

MEGA MILLIONS® PRIZE CHART

MATCH (White Ball + Gold Mega Ball)	MEGA MILLIONS PRIZE	ODDS OF WINNING
○○○○○ + ●	Grand/Jackpot**	1:175,711,536
○○○○○	\$250,000**	1:3,904,701
○○○○○ + ●	\$10,000***	1:109,000
○○○○○	\$150**	1:15,212
○○○○○ + ●	\$150**	1:12,781
○○○ + ●	\$10	1:894
○○○	\$7	1:306
○ + ●	\$3	1:141
○	\$2	1:23

MEGAPIER® PRIZE CHART IF THE MEGAPIER NUMBER DRAWN IS:

4 (100% 1:15)	3 (66% 1:2)	2 (33% 1:10)
YOUR TOTAL PRIZE BECOMES:		
\$1,000,000***	\$750,000***	\$500,000***
\$100,000***	\$70,000***	\$10,000***
\$600***	\$450***	\$300***
\$600***	\$450***	\$300***
\$40	\$30	\$20
\$26	\$21	\$14
\$12	\$9	\$6
\$8	\$6	\$4

Overall odds are 1 in 49. The prize pool is estimated to be 50 percent of Mega Millions sales, but may be higher or lower based upon the number of winners at each prize level, as well as the holding required to meet the advertised jackpot.

* The grand/jackpot prize is pari-mutuel and will be divided equally by the number of grand/jackpot prize winners.

** For any drawing, if prize liability exceeds the lesser of 200 percent of Mega Millions sales or sales plus \$50 million, then those prizes become pari-mutuel.

*** These amounts may be lower if any Mega Millions prize amount is paid on a pari-mutuel basis. This guaranteed prize pool. To have your address removed from Texas Lottery mailing lists, please call 1-800-371-0110 or email customer.service@txlottery.com.

FREE \$2 SCRATCH-OFF

with a \$5 MEGA MILLIONS purchase
Redeem this coupon at any Texas Lottery retailer.

Coupon good through August 28, 2007. Not redeemable at Texas Lottery chain centers or at Texas Lottery self-service terminals. Overall odds of winning any prize is Mega Millions are 1 in 49. Players must be 18 years of age or older to purchase a Texas Lottery ticket. Only one (1) FREE scratch-off game ticket per coupon. Notice: A scratch-off game may continue to be sold even when all top prizes have been claimed. For more information, call 1-800-371-0110. PLAY RESPONSIBLY.



POLLARD BANKNOTE AND VERTIS—INDUSTRY-LEADING DIRECT RESPONSE MARKETING

Pollard Banknote has worked with a number of companies to produce promotions using direct mail or newspapers as the delivery mechanism to consumers. One such partner is Vertis, of North Brunswick, New Jersey.

Vertis, the premier provider of targeted advertising, media, and marketing services, has been a leader in the direct-response industry for more than 30 years. Providing a full range of direct marketing services, including inline, laser/lettershop, data processing, and specialty products (such as commercial games and fragrance samplers), Vertis offers fully integrated online and offline direct marketing solutions from production to full response management and fulfillment services, one-to-one print production, database management and program analysis—all with complete Internet integration.



The center of targeted
advertising and marketing™

8.32.4 LICENSED PROPERTIES AND PROMOTIONS

Pollard Banknote is constantly adding to its list of licensed properties, and we stand ready with the creative and promotional support required to ensure the success of these licensed games within the Texas marketplace.

Greg Hoelk will be happy to discuss any new or existing licensed product with the Lottery, though it goes without saying that the entire account team listed in **4.2 Experience of Personnel** is at the Texas Lottery's disposal.

TARGETING NATIONAL BRANDS

Pollard Banknote targets its licensed property acquisitions to brands with “national” appeal that can be specifically tailored to selected regions. It is our product support that is the critical Pollard Banknote difference. And we offer this commitment across the wide range of our licensed offerings (the extent to which being commensurate with the ticket order quantity). This obligation sets us apart from other Vendors. It presents our clients with a complete, no-hassle solution to their licensed property challenges. And perhaps most important of all, it opens the door to heightened retailer and consumer interest.

Pollard's licensed properties are specifically selected to appeal to the existing player base while offering large potential to target and attract new players that are **brand loyal** (but not necessarily a present Lottery player) and overlap with a lottery's instant game player demographics while encouraging impulse buys. We look for properties that feature countless marketing possibilities, including properties that have a significant marketing platform, a social media strategy, and/or a robust merchandise element to keep players in the game.



We know what goes into an effective licensed game. We've printed games showcasing some of the most recognizable names in the world. Our dedicated Licensed Products department regularly immerses itself in licensing industry information and exhibitions to identify brands that are driving sales of impulse items in other industries and to assess which of these properties would succeed within our clients' markets. This department also works closely with licensing organizations such as the Licensing Industry Merchandiser's Association (LIMA), the Promotional Marketing Association (PMA), and EPM Communications. We also regularly attend informative RoadShow events hosted by "The L.A. Office," providing us with the most up-to-date marketing statistics for film, television, music, gaming, and more. This in-depth involvement with professional associations further assists Pollard Banknote personnel in pinpointing relevant trends that influence modern-day consumers.

Licensed games are now a major product category in almost every jurisdiction. Pollard Banknote has established its ability to serve as a one-stop shop in providing licensed game support and associated promotional solutions specifically tailored to our customers by offering a unique, exciting, and constantly growing portfolio of properties.

TURNKEY SOLUTIONS—PRINTING, PRIZES, PROMOTION

Pollard Banknote elected to adopt a full-service approach to our licensed property portfolio. As a result, all licensed games are offered with a complimentary turnkey integrated marketing program to maximize success at retail.

When evaluating potential licensed property acquisitions, two key concerns are consistently at the forefront: first, the property must typically fall under either an "entertainment" or "passion" umbrella; and second, in keeping with our turnkey approach, the property must offer appropriate opportunities around which to frame meaningful, memorable promotions. If either criterion is not sufficiently addressed, the property under consideration is typically rejected. Brands must be able to drive a lottery's sales. A property should also offer marketing options, like unique and desirable prize giveaways, second chance draws for merchandise prizes that keep players in the game, and valuable promotional opportunities.

The "Social Presence" of a property is a key marketing factor that is given weight in both our acquisition and marketing strategies. We develop a social media strategy for every licensed product that we add to our portfolio. This strategy goes far beyond Facebook and YouTube postings – it addresses the whole proliferation of smartphone technology and mobile marketing.

Ultimately, the growth of our licensed products portfolio is a core company initiative, and it's certainly accurate for us to say that we've maintained a focused approach in this regard in recent years. And the terrific results we've returned to date speak to the success of this kind of dedicated strategy.



The Texas Lottery can expect Pollard Banknote to furnish a comprehensive licensed gaming solution. This includes ticket design and manufacturing, prize structure consultation, merchandise selection and fulfillment, publicity and promotional opportunities, and second chance draw management (including all customer service, Internet marketing, and post-game analysis).

PORTFOLIO OF LICENSED PRODUCTS

The current properties Pollard Banknote can offer the Lottery are listed below. Whether trading on universally recognizable brands (like Cadillac[®], Star Trek[®], and Tetris[®]) or brands created in-house, these products are all designed to provide the Lottery with games that are instantly embraced at retail—and games that often offer players terrific opportunities to participate in the chance to win some truly unique prizes.

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CADILLAC®



For generations, people have often targeted the finest luxury automobiles in pursuit of their dreams. Pollard Banknote's relationship with Cadillac® helps make more of those dreams a reality. Through this collaboration, Pollard Banknote offers the Cadillac® brand — and associated vehicles — to lottery customers across the U.S. and Canada, enhancing their ability to steadily drive revenues.

In addition, the Cadillac® brand shows no signs of slowing down. In 2010, Cadillac® sales increased 36% and continues to be the fastest growing luxury brand in the U.S. To ensure continued success, \$100 million is invested annually to promote the brand to the edgy, affluent consumer. By capitalizing and leveraging the Cadillac® brand's unique position in popular culture, a lottery enjoys a secure niche from which to attract interested gamers. This licensing partnership also provides the option to incorporate Cadillac® products into prize packages, augmenting the attraction of the games to both core and casual enthusiasts.

Now, with the Escalade Hybrid

— a sales and style leader among large luxury SUVs — Cadillac® became the first to introduce a fuel-saving luxury SUV into its lineup. The Escalade Hybrid offers a 50% boost in fuel efficiency while delivering the same distinctive styling that has turned the Escalade into an enduring icon.

Commemorating the momentous premiere of the Escalade Hybrid, Pollard Banknote gives its clients the chance for their players to win big with the first-ever Cadillac® Escalade Hybrid instant game.

Along with the Escalade and Escalade Hybrid SUV, Cadillac® offers a completely redesigned product lineup highlighted by the XLR roadster, the SRX luxury crossover vehicle, the popular CTS sedan, and the V-Series of performance cars. The century-long heritage of Cadillac®, combined with the brand's recent resurgence of new luxury models, makes it a natural fit with players from across the demographic spectrum anxious to enhance their lifestyle through a significant, life-altering windfall.





Client Reference: Pollard Banknote and Cadillac®

CADILLAC®		
LOTTERY	GAME NAME(S)	DETAILS
Michigan Lottery	<i>Cadillac Cash</i>	<ul style="list-style-type: none"> Accompanied by POS material
BCLC	<i>Cadillac (Monopoly)</i>	<ul style="list-style-type: none"> Accompanied by POS material and TV and Radio Ads
DC Lottery	<i>Cadillac Riches</i>	<ul style="list-style-type: none"> Record Setting Sales

□□□





IT'S A WONDERFUL LIFE

As the most successful holiday launch since 2005, this instant ticket has sold significantly higher than other comparable games released at similar times.

Enduring charm, a broad audience, and life-affirming messages make the beloved film *It's a Wonderful Life* the perfect property on which to base an instant game between Thanksgiving and Christmas.

A generation-spanning, gather-round-the-television tradition for millions every holiday season, *It's a Wonderful Life* has all the classic scenes and unforgettable characters to inspire creative instant ticket designs (such as a multiscene game).

The story of George Bailey, all-around good guy who dreams of leaving small-town life behind to see the world and seek his fortune, the film supplies abundant promotional possibilities. Exclusive shopping sprees and travel adventures offer players the chance for a taste of George's dream.

Along with its place in popular culture, *It's a Wonderful Life* occupies a lofty position in the canon of American cinema. The Frank Capra-directed film garnered five Academy Award® nominations, including Best Picture and Best Actor (Jimmy Stewart). It ranks #11 on the American Film Institute's list of Greatest American Movies of All Time and is also on *Time Magazine's* list of the 100 best films. The United States National Film Preservation Board has selected the film for preservation.

The chart on the following page showcases this property's pertinent focus testing results, sales information, and (where applicable) impending launches within participating jurisdictions.

Appealing merchandise options include commemorative posters, limited-edition DVDs, Christmas-themed collectable villages, greeting cards, lighted ornaments, snow globes, and memory books. The property is also ideal for instant-win prize packs, second chance draws, and bringing fans holiday cheer all year long.





Client Reference: Pollard Banknote and *It's a Wonderful Life*

IT'S A WONDERFUL LIFE		
LOTTERY	GAME NAME(S)	DETAILS
Hoosier Lottery	It's a Wonderful Life	<ul style="list-style-type: none"> • Most successful holiday launch since 2005 • Sales were 8% higher than other \$2 holiday games launched at the same time • 10-week index: 107 • Included POS, TV, and radio advertising
New Jersey Lottery	It's a Wonderful Life for Life	<ul style="list-style-type: none"> • This game included an annuity prize • 10-week index for It's a Wonderful Life for Life: 122 • Much higher 10-week average sales of \$880,254 compared to the 10-week average for other \$5 games at \$719,212 • Hosted an online second chance draw contest offering winners Visa® Gift Cards and It's a Wonderful Life DVDs • Included POS, radio, and second chance draw packages (DVDs/shopping spree)
Iowa Lottery	It's a Wonderful Life	<ul style="list-style-type: none"> • 10-week index: 114 • Extensive radio, print, TV, and social media promotions • Conducted a Jimmy Stewart/Donna Reed lookalike contest for players, offering It's a Wonderful Life merchandise prize packs for winners



IT'S A WONDERFUL LIFE		
LOTTERY	GAME NAME(S)	DETAILS
Michigan Lottery	It's a Wonderful Life	<ul style="list-style-type: none"> • 10-week index: 121 • Included game promotions at professional sporting events, as well as radio, print, online, and POS advertising • Second chance draw contest website where two winners were awarded \$2,500 Visa® Gift Cards
Ontario Lottery	It's a Wonderful Life	<ul style="list-style-type: none"> • 10-week index: 116 • Extensive POS, transit ads, radio, retailer display video • Conducted a 'Tickets for Time' radio promotion where the Lottery obtained radio airtime in exchange for It's a Wonderful Life tickets and DVDs that the radio stations gave away as prize packs • A second version was launched the following year, this time achieving a 10-week index of 112 • A third version of this ticket was launched in 2011, achieving a 10-week index of 113
Ohio Lottery	It's a Wonderful Life	<ul style="list-style-type: none"> • 10-week index: 137
WCLC	It's a Wonderful Life	<ul style="list-style-type: none"> • 10-week index: 116

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The New York Times

December 26, 2011

ArtsBEAT

'Wonderful Life' Lifts NBC in Holiday Ratings

Adam W. Kepler



Television programming has its own holiday traditions, and they were reflected in the Nielsen ratings over the weekend. An encore telecast on NBC of "It's a Wonderful Life," the 65-year-old Christmas stalwart, was the No. 1 program in all ratings categories on Saturday, with 4.6 million total viewers. It was the most-watched film on any of the broadcast networks since April.

Pollard Banknote is excited to offer this classic film as a licensed property to the Lottery. According to Sina Aiello, Vice President, Licensed Products, Pollard Banknote, *It's a Wonderful Life* is a great addition to any holiday lineup: "The film falls into the nostalgic and holiday categories, both of which have always been strong sectors in the lottery world."

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STAR TREK™

Star Trek™ — one of the best-known and established entertainment icons in television and movie history—has entered the lottery world. With a wide, gender-neutral fan base spanning several generations, gamers will surely find that resistance is futile.

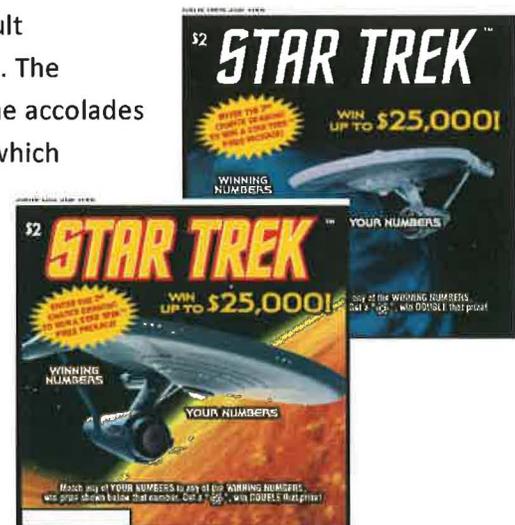
Beginning with the original television series and continuing with the subsequent films and series, the Star Trek™ franchise has created a timeless cult phenomenon and spawned many pop culture references. The popularity of Star Trek™ in our society is illustrated by the accolades from the likes of *Time Magazine*, *TV Guide*, and others, which designate *Star Trek* as the top cult series of all time and the top all-time TV show, among numerous other achievements.

Market research studies by e-Poll, Nelson Cume, and Simmons Media Research claim:

- 90% percent of Americans between the ages of 25 and 54 are familiar with the Star Trek™ property
- 73 million people between the ages of 25 and 54 are active *Star Trek* television program viewers
- An impressive 56% (male) to 44% (female) split between the genders

From a marketing perspective, few entertainment brands in pop culture are as deeply rooted, recognizable, and gender-neutral as the Star Trek™ franchise. For lotteries aiming to launch a game at Generation X and Generation Y players, while still maintaining appeal to older players, Star Trek™ delivers. Building on the strength of an impressive array of branded products, the launch of a classic comic collection, and the introduction of new Star Trek™ merchandise supported with multi-million-dollar marketing campaigns means lotteries will have opportunities to leverage exclusive merchandise pricing as part of prize offerings. The 2012 sequel to the 2009 *Star Trek* Hollywood box office hit will reinforce the franchise's appeal, ensuring that the popularity of this license will “live long and prosper.”

Just as the television series foreshadowed many of today's most popular gadgets, the Star Trek™ franchise continues to push the envelope beyond traditional mediums in order to reach today's audiences. In fact, the Star Trek™ tv show and movie Facebook pages have



nearly 1.1 million and 1.5 million followers respectively, with Star Trek™'s online page exceeding 77,000 fans as well.

Pollard Banknote's Star Trek™ license allows clients to bridge this frontier via Web-based gaming, social media, and mobile applications that can be custom-tailored to create the platform for a fully integrated, lottery-specific promotion designed to attract a younger demographic.

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star trek profile

legacy fans ages 25-54

adults introduced via TV
series

90% awareness

56% male / 44% female

73 million currently
watch on TV

3 million active
consumers

millennial fans ages 18-24

young adults introduced via
new movie

20% of movie audience

rated 'excellent' by

58% of males/
53% of females

6 million currently watch on
TV



GUINNESS WORLD RECORDS®

Guinness World Records® — the authority on authenticating and classifying global records — is set to break records of its own within the lottery world through its exciting partnership with Pollard Banknote. Given this brand's broad appeal and vast international reach, players spanning all demographics and regions will undoubtedly be motivated to try their luck to see if they can score record windfalls of their very own.



Originating as a printed publication providing reliable answers to questions concerning superlative facts, Guinness World Records® now holds the answer to expanding the popularity and sales of instant tickets. The remarkable worldwide recognition this franchise has attained, coupled with its rapid expansion across virtually all media mediums, has resulted in a host of distinguishing achievements:

- World's best-selling copyrighted book, selling 3.5 million copies a year (in over 100 countries and 25 languages)
- 11 million unique website visitors per year
- Over 600,000 Facebook fans
- 350 hours of television programming (in 76 countries and counting)
- 500 million individual media impressions annually (between websites, radio spots, television programs, and newspaper or magazine articles)
- One of the world's best-known brands (98% prompted recall in the English-speaking world)



Guinness World Records® is the industry standard when it comes to global licensing efforts, collaborating with hundreds of multinational brands, businesses, and media outlets alike. Their exhaustive résumé includes:

- Working with conglomerates like Sony, Samsung, Estée Lauder, Volkswagen, Dreamworks, the National Football League, and Major League Baseball
- Broadcasting through media giants like NBC, ABC, FOX, and MTV
- Partnering with education-focused powerhouses like National Geographic and Carson-Dellosa (a leading educational solutions provider for both educators and parents)
- Supporting live events like the NBA All-Star Weekend and the ESPN X Games

DUBBLE BUBBLE®

This brand attained both record-breaking sales results and a reprint request for the Maryland Lottery.

Thanks to a licensing agreement between Pollard Banknote and Concord Brands, lotteries in the U.S. and Canada can now get sticky with one of the world's most recognized and loved candy trademarks—reaching generations of adults who recall the sweet and spicy penny confection from their childhood.

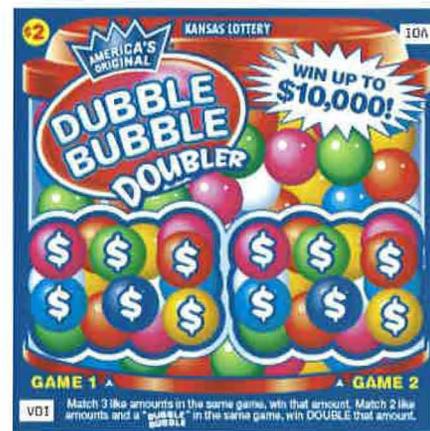
Serving as the cornerstone of our nostalgic-based brands, Pollard Banknote brings Dubble Bubble®, America's Original bubble gum since 1928, to the lottery industry. Now over 80 years old, the brand is still going strong. It enjoys a nationwide presence, with more than 200,000 points of distribution in the United States alone. Dubble Bubble® is also sold in more than 60 countries on six continents.

Dubble Bubble® has undergone a makeover since 1998, when new ownership sought to develop a new image for the brand. A big element in its rejuvenation has been the re-launch of its famous bubble-blowing contest. It's a nod back to the 1950s, when the company first began sponsoring such contests, which became so popular that they were eventually televised.

We've also established mass multi-media marketing campaigns with the Baltimore Orioles Major League Baseball team, enabling additional promotions like second chance draws, live on-field bubble-blowing contests, Orioles ticket discounts, and more.

As the Maryland, Kansas, and Michigan lotteries have discovered since launching *Dubble Bubble Doubler* (we've chronicled Maryland's resounding success within the next subsection entitled **Instant Games: Promotional Support**), adding this nostalgic, high-profile property to an instant game lineup is an easy chew.

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Client Reference: Pollard Banknote and Dubble Bubble®

DUBBLE BUBBLE®		
LOTTERY	GAME NAME(S)	DETAILS
Maryland Lottery	<i>Dubble Bubble Doubler</i>	<ul style="list-style-type: none"> • Record-breaking sales results: best-selling \$2 game in the Lottery's history, with a 10 week index of 207 • Included mass marketing and promotions campaign launched in partnership with the Baltimore Orioles • Multiple television, radio, and print ads used for promotional campaign • Other promotions include second chance draw, live on-field bubble-blowing contests, Orioles ticket discounts, point of sale, and more • Reprint requested due to major success
Kansas Lottery	<i>Dubble Bubble Bucks</i> <i>Dubble Bubble Doubler</i>	<ul style="list-style-type: none"> • Accompanied by POS material • The Lottery hosted an event at the Kansas State Fair where drawings were conducted—awarding Dubble Bubble® merchandise prize packages • 10-week index: 108 • 10-week index: 151



DUBBLE BUBBLE®		
LOTTERY	GAME NAME(S)	DETAILS
Michigan Lottery	<i>Dubble Bubble Bucks</i>	<ul style="list-style-type: none"> • This game only had nine weeks of sales • The eight-week index for <i>Dubble Bubble Bucks</i>: 106 • Online second chance drawing held for a chance to win one of 40 Dubble Bubble® prize packs • Staff and player e-blasts announcing the game were sent out prior to launch • Promotional giveaways were conducted at the Red Wings, Pistons, and Grand Rapids games throughout November: • Employees of the various arenas handed out free Dubble Bubble® tickets, t-shirts, and bubble gum
DC Lottery	<i>Dubble Bubble Doubler</i>	<ul style="list-style-type: none"> • 10-week index: 112

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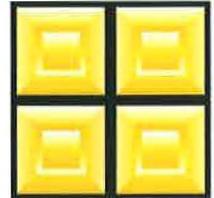
TETRIS®



The Tetris® game is one of the most popular electronic games of all time and boasts hundreds of millions of players. Following its humble beginnings in Russia, this timeless puzzle game became a worldwide phenomenon enjoyed by all. Because of its unique yet simple randomness, it is always a fresh experience and is never the same game twice. As easy to learn as it is

addictive, it keeps both the casual and seasoned pro entertained for hours.

The object of the game is to position the falling Tetrimino shapes across the bottom of the Matrix. Tetriminos are distinct shapes created from four Minos (blocks) joined together into seven different patterns. The Tetriminos must be rotated as they fall and positioned across the bottom—leaving no open spaces. When an entire horizontal line fills with Minos, the line clears from the Matrix. If lines are not completely filled with Minos, they will not clear from the Matrix, and the Tetriminos will continue to stack up higher and higher. If the stack of Tetriminos reaches the top of the Matrix, the game is over.



Tetris®: The Historical Record

Tetris® was created by Alexey Pajitnov in 1984, while working in the USSR as a computer programmer. Pajitnov often programmed games to test new equipment using simple tasks. In his spare time, he developed a computer game inspired by the classic geometric puzzle board game "Pentominos," whose objective was to fit 12 different geometric-shaped pieces formed out of five squares into a box.

The genius of Pajitnov's computer game design was to have players arrange puzzle pieces in real time by having them "fall" faster and faster from the top of the screen. Pajitnov reduced the program to seven distinctive playing pieces made from four squares, making the game easier for players. He called it Tetris® (after "tetra," the Greek word for four, and tennis, his favorite sport).

After giving the game to his colleagues, it became an instant and hugely addictive hit, spreading like wildfire throughout the Soviet Bloc's computer literate. Pajitnov's unique creation would soon emerge from the Soviet Union to become one of the most widely played electronic games ever made.

In fact, Tetris® has become so popular that it has become one of the Top 10 selling iPhone and iPad apps in the Apple online store.

Tetris® Tidbits

- The Tetris® game is one of the most popular electronic games ever created.
- From its humble beginnings in Russia, it became a worldwide phenomenon.
- The Tetris® game is loved globally by all ages and all cultures.
- The Tetrimino is an icon of video gaming loved by millions.
- It's challenging, addictive, and always a fresh, fun experience.
- Tetris® is the perfect puzzle game.
- Hundreds of millions of units sold.
- Over 100 million paid mobile downloads since 2005.



Guinness World Records Ranks the Tetris® #2

Tasked with selecting the best console games of all time, contributors to the *Guinness World Records 2009 Gamer's Edition* reviewed hundreds of releases to compile a list of the top 50 titles based on their initial impact and lasting legacy.

In second place, the panel of experts selected the world's most ported video game ever: Tetris®. The game is presently available on at least 59 different gaming platforms and received its high ranking because of its simplicity and devilish addictiveness.



Tetris® and Pollard Banknote: A Perfect Fit for Fashioning Revenue Growth

Since its invention over 25 years ago, countless Tetris® versions have appeared on nearly every platform or device possessing a control button and a screen—from personal computers, game consoles, and arcade machines to mobile phones and media players.

No other electronic game has demonstrated the longevity and universal appeal of this simple yet immensely addictive puzzle game.

With upcoming launches of Tetris® in the US (New Jersey) and Canada (Loto-Quebec), Pollard Banknote urges the Texas Lottery partner with us by introducing this exciting product to its players. Instantly recognizable, beguilingly basic, and altogether enthralling, a Tetris®-themed ticket could be just what's needed to stack the odds in the Lottery's favor and position it for repeated success year after year.

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FROGGER®



Even with no promotional campaign, the British Columbia Lottery Corporation's Frogger® instant ticket sold out completely.

Who can forget the joy of standing in a busy arcade, pockets weighed down by quarters, guiding frogs past cars and crocodiles to arrive safely home?

Now the same thrill experienced by playing the classic Frogger® arcade game is available in an instant ticket.

Frogger® was developed in 1981 by Konami Digital Entertainment, Inc., and released by Sega Corporation. Its great popularity in arcades was quickly followed by a hugely successful transition to home systems, such as the Atari 2600™.

Three decades later, interest in the game remains strong, with versions and sequels still available on multiple platforms. As early as 2006, Frogger® had earned \$10 million worth of mobile downloads.

With versions and sequels available for current platforms, such as the Microsoft Xbox 360®, Windows Phone 7®, Sony PlayStation 3®, Apple iPhone® and iPod Touch®, and Nintendo Wii™ and DS™. Men and women 18 to 45 years old will surely hop to it to snap up Frogger® tickets.

Just like the video game, the instant game features vehicles, turtles, and logs, and will have people hopping across a highway and a stream—this time scratching the familiar symbols in a dash for cash. But instead of just three or five frog lives per round, customers will have many more chances to win with each ticket.





The video game's online market also makes for exciting cross-promotional opportunities – such as the launching of the Frogger® online Interactive Game.

Further, the newly imprinted QR codes treats the instant ticket player to second chance draws and the opportunity to win other prize via the online Frogger® video games via the upcoming micro-website launch.

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Client Reference: Pollard Banknote and Frogger®

FROGGER®		
LOTTERY	GAME NAME(S)	DETAILS
BCLC	<i>Frogger</i>	<ul style="list-style-type: none">• 100% sell-through in nine weeks—a record for the \$3 category• Completely sold out even without promotional support of any kind (no interactive online game or other support)• Frogger was a multiscene game featuring 12 scenes

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ATARI®

Is your lottery ready to set a new high score? A pioneer in arcade games, home video games, and even home computers, Atari® initiated a revolution in entertainment nearly 40 years ago. Today, the Atari® name and logo are among of the most familiar brands in the world, and now this legendary name is making its lottery industry debut via Pollard Banknote's recent licensing agreement.



Since the launch of the iconic game *Pong* in 1972, Atari® has launched 80 instantly recognized games—including *Centipede*, *Missile Command*, *Break Out*, and *Asteroids*, cementing an emotional hold on fans worldwide that is still felt today. From the 30- to 40-somethings who defined the first generation of gamers all the way to today's gamers, Atari® is an instantly recognizable and respected brand.

Gaming is an established and important part of consumers' lives. In early 2008, the NPD Group, a market research company, released a report indicating that the average age for a video game player is about 30 years old—a number that is slowly increasing as children who grew up playing Atari® games continue playing as adults on current gaming systems. A 2005 study showed gender equalization in the distribution of gamers, with a 57% male 43% female split, while the latest data reports that 72% of people aged six to 44 in the U.S. played video games in 2007.

The Atari® brand is an integrated part of pop culture. Recent nods to Atari® in movies, TV shows, and commercials provide proof of its lasting appeal. A major motion picture depicting the life of Atari® founder Nolan Bushnell—played by Leonardo DiCaprio—is confirmed to be in development for future release. With that kind of star power, this movie will provide a heightened awareness among players that lotteries can use to maximize the impact of the Atari® instant ticket at retail.

Ultimately, Pollard Banknote is confident that the width and depth of the Atari® brand's consumer products provides lotteries with ample opportunities for exciting Atari®-themed merchandise prize packages as part of their prize structures.

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KEITH KIMBERLIN

Pollard Banknote has teamed up with Lo Coco Licensing to offer the Keith Kimberlin brand—one of the world's best known animal photographers—to lottery customers. By combining vibrant colors, precious pets, and an emotional appeal, these images are certain to excite the hearts of lottery players harboring similar pet-loving sentiments.

Keith Kimberlin has been setting the gold standard in the realm of pet photography since 1965. Our ability to present products featuring his stunning photographs makes us uniquely qualified to help our customers best address this market segment. People everywhere are increasingly embracing his signature techniques, and we're convinced this brand will appeal to the broadest possible player demographic.

An extensive licensing program offers almost limitless prize package options. The brand is licensed in over 50 countries and is showcased on such products as stationery, calendars, coffee mugs, puzzles, greeting cards, housewares, computer accessories, apparel, and much more. Leading retailers throughout the world, including both Wal-Mart and Target, have allocated valuable shelf space to Keith Kimberlin merchandise, firmly embedding the brand within the consumer culture and bolstering the prospect of a successful introduction into the lottery industry.

The brand's extensive library of custom images provides tremendous latitude in the types of games a lottery can offer its players. Their multiple product lines can be coordinated with seasonal offerings like Holiday, Valentine, and Birthday tickets to generate even more viable options. Together with such compelling thematic elements, a host of promotional ideas can be incorporated to help maximize player interest, including pet tags, multiscene collector packs, and amateur photography contests.

And people do love to spoil their pets rotten - spending on pets has doubled in the last 12 years to \$38 billion per year. This becomes an exceptional opportunity to utilize the latest QR Code Promotion to have players who scan the instant ticket snap a photo of their pet to enter the terrific second chance drawing and photo contests. People's undeniable affection for their pets combined with their natural enthusiasm to obtain pet-themed products translates well in branding this extensive licensing program while provides endless prizing options.

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KEITH KIMBERLIN





Client Reference: Pollard Banknote and Keith Kimberlin

KEITH KIMBERLIN		
LOTTERY	GAME NAME(S)	DETAILS
Kansas Lottery	<i>Stocking Stuffer</i>	<ul style="list-style-type: none"> • 10-week index for \$2 <i>Stocking Stuffer</i>: 198 • 10-week index for \$2 <i>Doggy Dough/Kitty Cash</i>: 156 • In conjunction with the 2008 launch of <i>Doggy Dough/Kitty Cash</i>, Kansas's online pet photo contest created high website traffic with 8,042 votes for the cutest pet in Kansas
	<i>Doggy Dough/Kitty Cash</i>	
Maryland Lottery	<i>Hugs & Kisses</i>	<ul style="list-style-type: none"> • Five-week index for <i>Hugs & Kisses</i> (2007): 157 (five week index used due to quicker than expected sellout) • 10-week index for <i>Hugs & Kisses</i> (2008): 105
	<i>Hugs & Kisses</i>	



KEITH KIMBERLIN		
LOTTERY	GAME NAME(S)	DETAILS
New Jersey Lottery	<p><i>Kitty Cash / Doggy Dough</i></p> <p><i>I ♥ Cats/I ♥ Dogs</i></p>	<ul style="list-style-type: none"> • <i>Kitty Cash/Doggy Dough</i> game was accompanied by an online pet photo contest, which created high website traffic (750 weekly visits during the contest vs. 450 weekly visits pre-contest) • Winners received a professional photo shoot of their pet by Keith Kimberlin himself • <i>I ♥ Cats/I ♥ Dogs</i> game was accompanied by an online pet photo/video contest where players submitted photos or videos of their cat or dog • Semi-finalist winners received greeting card packages with a photo of their pet and a \$200 pet store gift card. Two Grand Prize winners received one (1) \$450 Visa® Gift Card (with winners pet image) and one (1) Grooming Package for their pet • Players had the opportunity to vote for whether they prefer cats or dogs, and running tallies were posted on the second chance draw Web pages. This rivalry kept players in tune with the contest and created high traffic volumes
Illinois Lottery	<i>Pooches & Smooches</i>	<ul style="list-style-type: none"> • 10-week index for <i>Pooches & Smooches</i>: 144 • An above-average performer for the Illinois Lottery



KEITH KIMBERLIN		
LOTTERY	GAME NAME(S)	DETAILS
Minnesota Lottery	<i>Kitty Cash/ Doggie Dough Doubler</i>	<ul style="list-style-type: none"> • 10-week index for <i>Kitty Cash/Doggie Dough Doubler</i>: 112 • Accompanied by an online "Cutest Pet Photo Contest" • Semi-finalist winners each received a \$150 Visa® Gift Card featuring their pet's photo & \$100 worth of <i>Kitty Cash Doubler/Doggie Dough Doubler</i> tickets • Players were able to vote for what they thought was the cutest cat and the cutest dog in the online contest, which resulted in 7,016 votes being cast • Grand Prize winners (one cat & one dog winner) each receive an exclusive professional photography session with Keith Kimberlin, hotel accommodations, gift packs, and a \$500 Visa gift card • Total pet entries into contest: 6,095 • A bonus draw was held to extend the length of the online promotion. This bonus draw was a random draw conducted from all qualifying entries received to award one more cat and dog a prize. They each received a \$500 Visa® Gift Card



KEITH KIMBERLIN		
LOTTERY	GAME NAME(S)	DETAILS
Michigan Lottery	<i>Bow Wow Bingo</i>	<ul style="list-style-type: none"> • Accompanied by an online dog photo contest where players submitted photos of their dog • Five (5) qualifying dog entries were selected as semi-finalist winners, and each received a \$250 Visa® Gift Card featuring their dog's photo • One (1) Grand Prize winner was selected and received a professional photography session for their dog with Keith Kimberlin plus a \$500 Visa® Gift Card

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HOLD 'EM POKER

Hold 'Em Poker has become a wildly popular game with the exposure of professional and celebrity poker tournaments on television. Pollard Banknote's exclusive play style was first focus-tested by the New York Lottery, where it ranked higher in focus groups when compared to competing Hold 'Em Poker design concepts. Bolstered by this response, the Lottery launched *New York Poker*. The sales results speak volumes: during its initial 12-week run, this game sold over \$37 million, putting it right near the very top of the Lottery's other \$5 offerings for the same launch period.

A Minnesota Moment: Hold 'Em Really Hooks 'Em



The Minnesota Lottery first employed Pollard Banknote's exclusive play format in 2008, launching *Minnesota Hold 'Em*

Championship Poker in July of that year. The game performed considerably well compared to other \$5 games offered statewide, averaging \$434,327 per week over a 10-week period.

Bolstered by this success, the Lottery turned to Pollard Banknote to print a follow-up game in the Hold 'Em-style format that features an online component incorporating the Lottery's Player's Club—which Pollard Banknote helped orchestrate.

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EMI

Pollard Banknote is proud to offer its worldwide licensing agreement with music-industry giant EMI. This acquisition allows the Texas Lottery to leverage the EMI brand to appeal to younger-generation customers whose tastes run the musical gamut.



The goal? Create an emotional connection with the coveted 18-to-34-year-old demographic through music and media.

EMI is the world's largest independent music company. They operate in 50 countries worldwide and represent over 1,000 artists spanning all musical tastes and genres—including such renowned artists as Coldplay, David Bowie, Keith Urban, John Lennon, Joss Stone, and many, many more.

This exciting brand offers a wealth of innovative promotional opportunities. The Texas Lottery can increase sales with integrated instant ticket/music campaigns

utilizing sweepstakes, digital music downloads, and in-person appearances by select artists.

Lottery-branded websites can be deployed—allowing consumers to access exclusive content and EMI's library of over 296,000 songs available for digital download. With these sites, the Lottery would have access to customer data and preferences captured online for personalized and segmented campaigns. Media such as musical radio spots, artist-endorsed billboards, iconic POS displays, and in-store audio can also be integrated to drive traffic online and generate sales.

Our agreement with EMI includes a vast array of compelling second chance draw options, the likes of which could include concert tickets, backstage passes, VIP trips to the GRAMMY Awards Party and the Country Music Awards, and even the chance for a lucky winner to record their own CD track!

By melodiously blending gaming together with music and entertainment, EMI instant tickets from Pollard Banknote are guaranteed to tear up the sales charts!

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ULTIMATE GETAWAY TRAVEL GAMES

Travel continues to be one of life's most desired experiences, so it's no surprise that some of the most successful games in many lottery jurisdictions have included a travel component. Pollard Banknote has developed its own series of exciting travel-themed tickets aimed at motivating target demographics at retail. Since luxury travel is one of the most sought-after experiences, the unique premise of our product is that each player can choose a preferred travel experience from one of many alternate destinations.

Fulfillment of these trips and travel coordination is a full turnkey solution arranged by Pollard Banknote on behalf of the Lottery with Continental Travel Group – we organize the

getaway, and the player does the rest!

We also provide a Caribbean-themed instant ticket for the New Jersey and Michigan Lotteries, and are coordinating 1,600 Las Vegas vacation trips as well.

Client Reference: Pollard Banknote and Ultimate Getaway Travel Games

ULTIMATE GETAWAY TRAVEL GAMES		
LOTTERY	GAME NAME(S)	DETAILS
Texas Lottery	<i>Ultimate Vegas Getaway</i>	10-week sales index: 119
Massachusetts Lottery	<i>Ultimate Vegas Getaway</i>	10-week sales index: 115

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GREASE™

Listen up! If you love the musicals, then you'll be "hopelessly devoted" to our latest licensed property. That's right: Pollard Banknote has acquired the worldwide licensing rights allowing us to offer instant games based on the smash hit *Grease*—and we think they're bound to sell like "greased lightning"!



Grease the musical first hit the stage on Valentine's Day of 1972 at the Eden Theater in New York. The musical later moved to Broadway and—by 1979—*Grease* became the longest-running show in Broadway history. In 1978, *Grease* the movie was released into U.S. theaters, starring John Travolta and Olivia Newton-John. This runaway hit and cultural phenomenon delighted countless audiences, becoming the highest-grossing movie musical ever (at over \$400 million). The movie resonated with the younger generation of late-'70s moviegoers and stills holds the intriguing record of more concessions sold than any other film in motion picture history.

It wasn't just the movie that struck a chord with audiences around the world; the hit single "You're the One That I Want," from the movie soundtrack, shot to #1 on the UK charts—staying there for nine weeks in 1978. The single also secured the top spot on the U.S. Billboard Hot 100, selling over 2 million copies.



The Grease™ brand continues to be as popular as ever. In 2006, NBC aired the reality series "Grease: You're the One That I Want!," designed to cast the lead roles of Sandy and Danny in a \$10 million Broadway revival of the musical directed and choreographed by two-time Tony Award winner Kathleen Marshall. The show attracted over 8 million viewers every week and generated ticket sales eclipsing \$9 million for the Broadway revival.

The instantly recognizable imagery associated with Grease™ makes for an ideal backdrop on a lottery ticket, offering an abundance of merchandise opportunities such as classic DVD movie collections, movie soundtracks, t-shirts, cups, tote bags, buttons, and commemorative T-Bird and Pink Lady jackets. Second chance draw options include home theater packages and the chance to win an exclusive trip to New York to watch *Grease* on the Broadway stage.

"Grease is (still) the word"—more than 30 years later! We enthusiastically invite the Texas Lottery to capitalize on the original movie's enduring appeal with a Grease™-themed instant ticket.

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R.J. MCDONALD

A well-known wildlife artist for the past 25 years, R.J. McDonald's work can be found in some of the most impressive art collections in the United States. McDonald's realistic limited editions hang in the homes of U.S. congressmen, the Chief Justice of the United States Supreme Court, state governors and senators, movie stars, and business leaders.

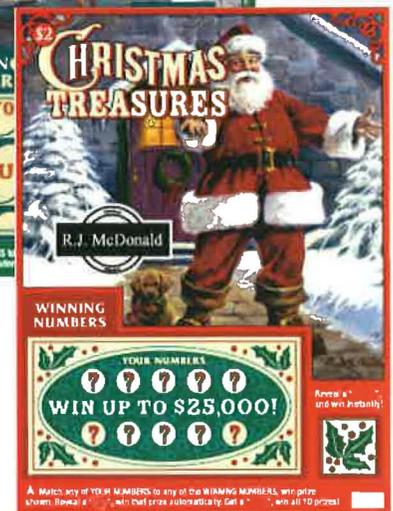
McDonald was honored by Ducks Unlimited as their "National Artist of the Year" in 1981, as well as being named their "Artist of the Year" in 2005.

Among other accomplishments, McDonald's work has raised over \$15 million to help conservation groups through the sale of his prints and paintings.

His beautiful color paintings have a nostalgic and distinguished feel that capture the true beauty of nature. An R.J. McDonald Wildlife instant ticket will appeal to scratch-off players captivated by nature's charm.

With a wide variety of paintings and prints available for these games, players will be encouraged to collect their own array of McDonald's stunning designs. McDonald has also expanded his portfolio to include portraits of Santa Claus, an iconic symbol of the holiday season. Capturing the true spirit of Christmas, McDonald's portraits bring the legend of Father Christmas to life.

Pollard Banknote's agreement with Lo Coco Licensing allows lotteries to create a Christmas-themed game—a perfect holiday gift or stocking stuffer certain to bring smiles to players' faces on Christmas morning.



Client Reference: Pollard Banknote and R. J. McDonald

R.J. MCDONALD		
LOTTERY	GAME NAME(S)	DETAILS
Maryland Lottery	<i>Holiday Treasures</i>	10-week sales index: 104





SINGLE, DOUBLE, TRIPLE PLAY BINGO™

This exclusive product is based on the popular Double Play Bingo format, a proven favorite in bingo halls everywhere. Our enhanced version of instant bingo multiplies a player's chance to win by providing two or three numbers in some squares on the bingo card. The player only needs to match one number to mark that square. This format provides some additional excitement and play value to the bingo category, directed in part at revitalizing interest among lapsed players. **The Maryland Lottery is a recent jurisdiction to offer SDTP Bingo. Launched in August 2008, Pollard Banknote helped to promote this game via a comprehensive how-to-play tutorial together with an online version of the game.**

Client Reference: Pollard Banknote and Single, Double, Triple Play Bingo™

SINGLE, DOUBLE, TRIPLE PLAY BINGO™		
LOTTERY	GAME NAME(S)	DETAILS
Maryland Lottery	<i>Single, Double, Triple Play Bingo</i>	10-week sales index: 131
Michigan Lottery	<i>Single, Double, Triple Play Bingo</i> <i>Single, Double, Triple Play Bingo</i>	<ul style="list-style-type: none"> 10-week sales index: 110

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WORDJONG®

WordJong® is an exciting fusion between two classic pastimes, combining the challenging wordplay of Scrabble® and Mahjong, the tile-matching game from China.



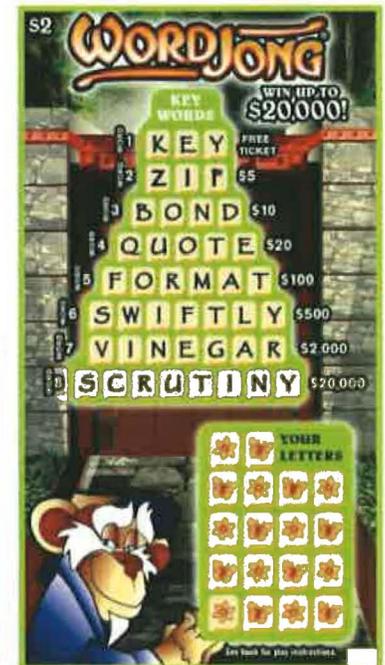
Online WordJong® gives you letter tiles you remove from the board Mahjong-style to spell big words for bonus points. In the online game, each set of tiles is a new game to play, with dozens of tile layouts to enjoy.

Similarly, the instant game is simple yet involved, and offers a new experience with each ticket. Letters in the play area can be used to spell words from a list to win the prize indicated by that word. With a solid fan base, the WordJong® instant game promises to bring in a new player, as well as offer a novel game to those who already enjoy *Sudoku* and *Crossword* by combining many of their play characteristics.

A leading casual online game since its launch in 2004, WordJong® has been downloaded over 3 million times. Players enjoy the game not only on their PC or their Nintendo Wii™ or DS™ systems, but also on an iPhones®, iPod Touch®, or other mobile platforms. This makes for an exciting range of online components and cross-promotional opportunities for the instant ticket.

As a perfect complement to *Crossword* and *Sudoku*, Pollard Banknote's range of WordJong® instant games will be a natural match for the female over-35 demographic, and will be ideally suited as a part of a Pollard PlayBook™.

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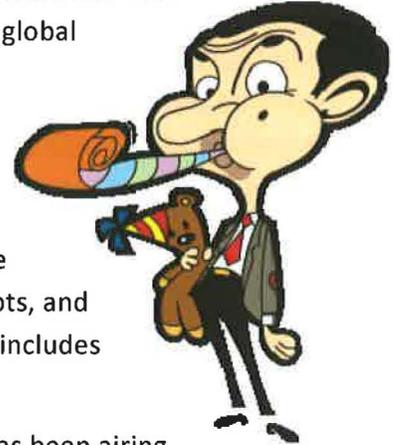


MR. BEAN™

Pollard Banknote has given lottery tickets a whole new face. And it's a funny face.

Pollard Banknote has acquired the rights from The Sharpe Company Inc. to offer instant games based on the animated *Mr. Bean™* — the hilarious and popular comedic character that has become a global phenomenon over the past two decades.

This beloved, familiar character is instantly recognizable and always evokes a smile. *Mr. Bean™* is a perfect fit for an instant ticket because the brand is associated with the type of side-splitting, universal humor that appeals to a wide demographic. The imagery presents a number of comedic, eye-catching ticket concepts, and the brand also offers a well-developed merchandise program that includes DVDs, books, and promotional packages to entice players at retail.



Since debuting in 1990, the original *Mr. Bean™* live-action series has been airing consistently in more than 200 countries — becoming the highest rated UK comedy of the 1990's. Five years after the 1997 release of the film *Mr. Bean – The Ultimate Disaster Movie*, *Mr. Bean™* was transformed into a hugely successful animated series that is now seen in over 65 countries. In North America alone, *Mr. Bean™* has sold more than eight million DVDs and videos to date. 2007's release, *Mr. Bean's Holiday*, grossed more than \$160 million.

The *Mr. Bean™* name has spawned merchandising licences for over 200 products in all major sectors including stationery, plush, and apparel in 20 territories. Furthermore, *Mr. Bean's Diary* was published in hardback, paperback, and mini edition - achieving over one million units of sales in the UK while reaching No. 1 in the Bestseller's chart.

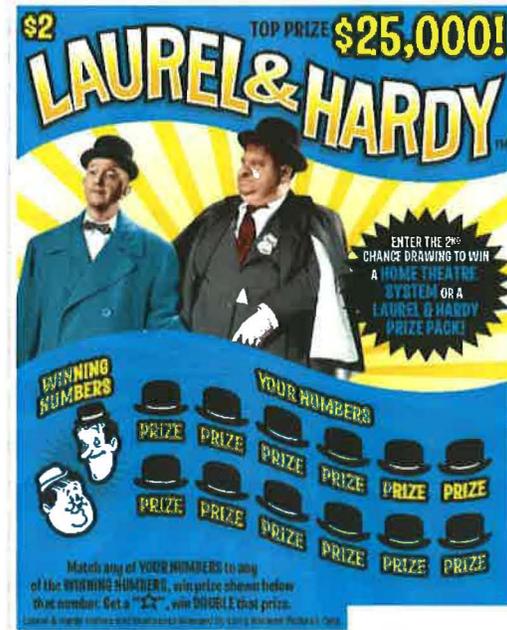




LAUREL & HARDY™

Laurel & Hardy™ present yet another fine gaming option. A multi-year deal with Larry Harmon Pictures Corporation gives Pollard Banknote the worldwide rights to offer the Laurel & Hardy™ brand to the lottery industry. This license offers tremendous opportunities to serve up slices of sheer comedic genius to interested audiences hungering for the taste of a pure classic mixed with a tantalizing ticket design.

Laurel & Hardy™ adds to our growing inventory of properties aimed at targeting nostalgic players with engaging, established, yet still-relevant game concepts. In the comedy segment, Laurel & Hardy™ remains at the forefront of the genre. It's a robust, recognizable brand with an almost assured ability to attract an especially coveted segment at the retail level.



The Laurel & Hardy™ brand continues to enjoy a surging popularity, having already sold out their official 2012 calendars, and confirming a much anticipated convention show later this year as well.

Primarily due to Madison Avenue's abiding push to elevate the brand's profile, the pair's likenesses frequently appear in current print and television campaigns that generate millions of impressions annually. The ongoing rotation of popular titles both in television syndication and on cable television networks (like American Movie Classics, Turner Classic Movies, The Hallmark Channel, and The Family Channel) further enhances the brand's recognition factor. In addition, many films have now become readily available for purchase on DVD.

Fan and trivia websites (including their Facebook page) flourish, and there's even an official Laurel & Hardy™ appreciation society called the "Sons of the Desert," named after a fraternal society found in the popular 1933 Laurel & Hardy™ classic of the same name.

Since the society's inaugural meeting in New York in 1965, chapters have formed all across North America and Europe, and even as far afield as Australia.

Fellow comedians and comedy insiders pegged the twosome as the seventh-greatest comedy act ever, making them the most popular duo in the poll as well as one of the top 100 entertainment icons of the century. Furthermore, *Parade* magazine reported that nearly 7,000 respondents made their pick for Laurel & Hardy™ as the most dynamic comedy duo ever. The beloved, bumbling pair beat out other legendary comedy couplings like Lucille Ball and Desi Arnaz, Bud Abbott and Lou Costello, and Dean Martin and Jerry Lewis.

The catalog of features and shorts starring Stan Laurel and Oliver Hardy reveals a veritable treasure trove of instantly identifiable classics that have since become deeply ingrained in the Western world's cultural milieu. And with titles like *Hog Wild*, *Flying Deuces*, *Another Fine Mess*, *Pack Up Your Troubles*, *Blotto*, and *Block Heads*, the possibilities for some especially exciting instant tickets seem nearly inexhaustible.

Pollard Banknote is excited to reveal a recent contractual negotiation that now lets us feature actual photographs of Stan Laurel and Oliver Hardy on any upcoming games we print (see the sample ticket on the previous page).

This enhancement presents opportunities to offer never-before-seen pictures of this enduring comedy team to the nostalgia-motivated players that we believe form an integral part of the Texas Lottery's loyal customer base.

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SUDOKU

Pollard Banknote offers a set of patented instant ticket play styles based on the popular puzzle. The challenge in Sudoku seems deceptively easy: fill in the squares of a 9 x 9 grid so each row, column, and 3 x 3 box contains the numbers 1 through 9. Like the best puzzles, Sudoku has simple rules yet is a mind-teasing and habit-forming endeavor.

We explain the benefits of our patented Sudoku alternative marking system in **8.34 Offered Options**.

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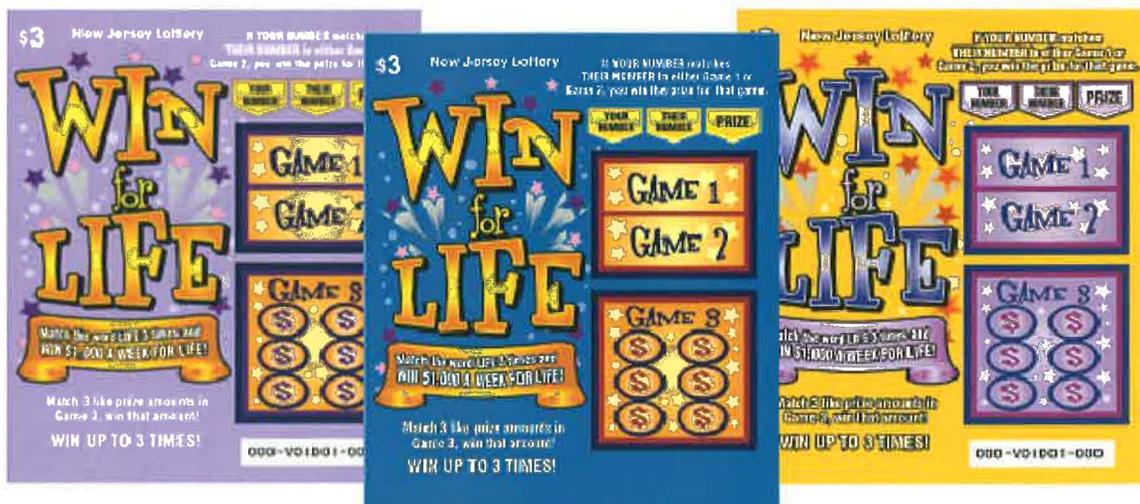


WIN FOR LIFE™ GAMES

Pollard Banknote's trademarked Win For Life™ products offer players a chance to win an annuity prize — a series of guaranteed future payments — that ensures a lifetime of financial security and a coveted change in lifestyle.

Win For Life™ games make ideal core products for lotteries due to their perceived high value, their availability throughout the year, and the flexibility they provide when introducing alternate scenes and colors.

Successful sales results in many jurisdictions (like New York, New Jersey, Illinois, Connecticut, etc.) attest to the universal appeal of these exciting and innovative annuity games.



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8.33 INVITED OPTIONS

8.33.1 DIE CUT TICKETS

We were the first printer with the capability to print a wide variety of die cut shapes, and we're still a leader today in the variety and complexity of shapes available.

Through considerable research and development efforts and experience, we've mastered the technology necessary to produce sophisticated die cut shapes. We can develop and print virtually any shape, including hearts, dollar signs, Christmas trees and stockings, juke boxes, footballs, lady bugs, clover leaves, roulette wheels, flower pots, barrels, figure eights, lips, treasure maps, Volkswagen Beetles, corazonadas (four hearts joined to form a flower shape), skilletts, and rabbits.



Pollard Banknote has produced tickets in a wide variety of die cut shapes since 1989, and we always produce these tickets to be highly vendible.

8.33.2 ADDITIONAL INSERTS

Pollard Banknote can offer additional insert options. Brad Thompson would be happy to discuss these with the Lottery upon award.

8.33.3 POUCHED TICKETS

Pollard Banknote can package as many as 12 million pouches per month (144 million annually). Typically, pouches' striking designs move players to higher price points and allow for value-added gaming - providing one more innovative marketing tool to enhance instant games. Pouches can broaden a game's appeal and promote gift giving.

We offer several types of pouch material, including shrink-wrapped or transparent cellophane wrap, metalized foil Mylar® with a clear back, and paper with a clear back. We can also fold tickets, allowing multiple single tickets to be offered in a convenient pouch. Foil and paper pouches can accept printing of high quality graphics, which stand out and catch the eye of impulse buyers.

Given our established expertise in this area, we hereby declare that we already have in place the marketing, staffing, training, equipment, and hardware and software requirements to offer these games to the Lottery. In short, these pouched products have long constituted part of our standard operating procedure.

ACTION PACK® (INTEGRATED POUCHES)

Action Pack® is an integrated lottery pouch offering the benefit of a pouch game, but at a much lower cost. Unlike a conventional lottery pouch, an Action Pack® uses the tickets themselves to create the pouch. The application consists of two layers of recyclable card stock laminated together to form a pouch.

This lower cost and more environmentally friendly alternative to the conventional pouch offers the same merchandising advantage (large front area to communicate game attributes), similar security characteristics, and plenty of ticket space for offering multiple games.



Inserting Process

Using equipment at our Barrhead plant, Pollard Banknote also has the ability to insert lottery tickets into envelopes that can be custom-designed and printed. The envelope could house a lottery game along with an additional piece that would complement the game for the player. Think of a CD or DVD that relates to a licensed television or film property, for example.

Pouch-Related Patents

As the industry leaders in presenting compelling pouched products to our clients, it should come as no surprise that we've secured several patents associated with these efforts. From our Action Pack® exploits to our specialized process that let's us offer interconnected, fan-folded pouches allowing for easy dispensing from plastic counter dispensers, Pollard Banknote is ready to answer the Texas Lottery's call for a Vendor deeply rooted in furnishing these kinds of products to its loyal playership.

8.33.4 HOLOGRAMS

We are capable of producing a range of tickets with holographic images, but many lotteries now prefer to use other similar technologies such as holographic stock or our Scratch FX® technology, discussed in **8.34 Offered Options**.

8.33.5 CONTINUOUS IMAGING

Pollard Banknote is capable of offering this service and offers a quotation in **Attachment H Sealed Cost Proposal**.

8.33.6 FOUR-COLOR PRINTING ON BACK

We can easily accommodate four-color printing on ticket backs. Almost any front/back color combinations are feasible provided the aggregate number of colors employed does not exceed the number of available print stations.

8.33.7 PERFORATED STUB TICKETS

Pollard Banknote can also print tickets with either horizontal or vertical stubs, with or without imaging. Stubs are an option our clients are increasingly exploring. Stubs may help, for example, promote specific events, or raise awareness of initiatives such as conversion of mail-in second chance draws to online.

8.33.8 SCORED TICKETS

Pollard Banknote can manufacture tickets with a score line (i.e., an indented line) anywhere on a ticket. Many customers have successfully drawn on this technique to transform lottery tickets into greeting cards, reinforcing the notion that lottery tickets make ideal gifts. In this scenario, tickets are folded over to create a "card," complete with a place to put the name of the giver and receiver.

8.33.9 SCENTED TICKETS

Scented tickets inject fun into the instant game category, freshening their appeal as a novelty item. A distinct scent that's released with a ticket's scratch-off portion adds to its uniqueness, quickly conveying the game's theme.

We've printed Mother's Day tickets with a perfume scent, Valentine's Day tickets with a cinnamon scent, Christmas tickets with a peppermint scent, as well as maple syrup and coffee scents. We currently offer approximately 150 different scents.

CASINO MILLIONS
WIN UP TO \$2,000,000!
OVER 1,000 PRIZES OF \$1,000!
plus entry into Grand Prize Finalist Drawing!
6 DIFFERENT INSTANT CASINO GAMES!WIN UP TO 24 TIMES!
MICHIGAN LOTTERY \$20

VOID IF REPERATED
PRIZES MUST BE CLAIMED BY JUNE 6, 2005.
Instant prizes of \$20, \$25, \$30, \$40, \$50, \$60, \$75, \$80, \$100 and \$500 may be paid by any Lottery retailer.
Prizes of \$1,000 will be paid at any Lottery Office or licensed Claim Center, or may be claimed with a Ticket Receipt Form from any Lottery retailer.
The \$2,000,000 prize will be paid at the Lottery's Lansing Office.
Approximate overall odds are 1 in 2.10.
All tickets, transactions and winners are subject to Lottery rules, directives and claims and any prospective and uniform changes thereof. Liability for void ticket is limited to replacement of ticket or refund of retail sales price.
This ticket is a bearer instrument.
If you bet more than you can afford to lose, you've got a problem.
Call 1-800-270-7117 for confidential help. Availability of prizes subject to prior sales.

CASINO MILLIONS GRAND PRIZE DRAWING INSTRUCTIONS:
1. Winners of \$1,000 will be automatically entered into the grand prize finalist drawing after the ticket has been presented to a Lottery Office or licensed Claim Center at least two calendar days prior to the finalist drawing.
2. From the completed pool of qualifiers, five finalists will be selected for the grand prize drawing in which a single \$2,000,000 prize will be awarded. Odds of being selected as a finalist depend on the actual number of \$1,000 winners claimed two calendar days before the finalist drawing.
3. The dates and locations of both the finalist and grand prize drawings will be announced by the Lottery at least 30 days prior to each event. For the finalist drawing, tickets must be presented at a Lottery Office or licensed Claim Center at least two calendar days prior to the drawing to be eligible.
4. The \$2,000,000 grand prize winner will receive their prize in annual payments over a 20-year period unless, within 60 days from the date they claim their grand prize, they request the Cash Option method of payment.

WINNER'S SIGNATURE _____
NAME (PRINT LEGIBLY) _____
MICHIGAN LOTTERY REVENUE
SUPPORTS EDUCATION
www.michigan.gov/lottery
GAME NO. 857
CASINO MILLIONS

1-59610-9997-4
0-657-VOID00-000



8.33.10 BREAK-OPEN TICKETS

Pollard Banknote is the single largest supplier of break-open tickets to lottery jurisdictions in North America. Our facility in Council Bluffs, Iowa (American Games, Inc.), has been manufacturing break-open tickets since 1979. Our employees have extensive experience designing and printing these products. As such, Pollard Banknote has intimate knowledge and extensive experience in the manufacturing and marketing of these products.

Though marketing of break-opens was not requested in the present RFP, we include a brief write-up on this in **8.34 Offered Options**.

Clients around the world are drawing upon our unique break-open offerings to realize their sales goals. In Michigan, for example, Pollard Banknote not only successfully launched the entire product line, but turned it into the highest grossing lottery break-open jurisdiction in the U.S.

Currently, Pollard Banknote and our associated companies secure gaming products and services in more than 65 jurisdictions spanning the globe. We count more than 50 lotteries as our current customers, including many lotteries in the United States. Partnering with lotteries of all sizes and all objectives, we have gained expertise that will directly apply to manufacturing and implementing an all-inclusive break-open services program geared to maximize ticket sales for the Texas Lottery.

Every benefit of our expertise, our experience, and our understanding of lottery markets—and the related bingo and social markets as they pertain to break-open sales—will be at the Texas Lottery's service. The insights derived from this extensive experience, our commitment to unsurpassed customer service and integrity, and our fresh perspective on Texas's unique marketplace combine to offer the Lottery a high-performance partner dedicated to driving revenue growth.

Pollard Banknote has enjoyed long-standing relationships with a number of state divisions and lotteries as their break-open ticket manufacturer. We take our work with lotteries very seriously. We believe that the trust placed in our company by these important clients is a testimony to our creative ability and our dedication to quality performance in all phases of our business.

Typically, our break-open tickets are the industry-standard width of 1 7/8" and a length of:

- 2 ½" long with three (3) windows
- 2 5/8" with either three (3) larger windows or five (5) smaller windows
- 3 ¼" tickets with one (1) large window
- 3 ¾" with three (3) large windows or five (5) smaller windows
- 3 7/8" with five (5) windows; or
- 4 ¼" long tickets with 5 windows.

If the Texas Lottery wishes to produce break-open tickets with specifications other than those listed above, we would be happy to discuss this.

In addition to these traditional break-open tickets, we can supply a range of enhanced break-open products from our Fusion® range such as Double Play®, Pull Tab Plus®, and Scratch Tab tickets. We discuss these in **8.34 Offered Options**.

Below, we present a summary of our break-open manufacturing activity for the Lottery's consideration.

ARIZONA LOTTERY

Since November 2010, Pollard Banknote has been operating the break-open product line for the Arizona Lottery. Using our proprietary SureTrack Lottery Management System, Pollard Banknote is automating and efficiently managing inventory, ordering, sales, retailer accounts, shipping, and other distribution tasks. Services offered by Pollard Banknote to the Arizona Lottery include:

- Market research, ticket design testing, ticket portfolio management
- Ticket printing, transportation, and warehousing
- Inventory management and control
- Retailer invoicing and collections
- Retailer recruitment
- Retailer ticket ordering through a 24-hour inbound/outbound Tel-Sell ordering system
- Overnight delivery of tickets to retailers via a seamless supply chain

INDIANA (HOOSIER) LOTTERY

We first began supplying the Hoosier Lottery with break-open tickets in August 2006. The contract was for a term of four years with an option for the Lottery to extend for two additional one-year periods. Most recently, we were awarded a contract renewal in 2010.

The tickets produced for the Lottery are cross-redeemable. Unlike traditional break-open tickets that can only be redeemed at the place of purchase, cross-redeemable tickets can be redeemed at any break-open ticket retailer, and feature a similar security device to the type used in instant scratch-off tickets. This allows the Lottery to validate tickets via their own central computer system.

The cross-redeemable feature enables the Lottery to track winners and potentially increase sales, since players are given the flexibility to purchase multiple tickets for themselves or as gifts without having to worry about redeeming them at the point of purchase.



To date, we have printed over 50 million tickets for the lottery and continue to ship new games into Indiana.

IOWA LOTTERY

In 1987, Pollard Banknote started developing break-open ticket games as a new product for the Iowa Lottery. Since that time, we have enjoyed an uninterrupted working relationship with Iowa and feel a sense of accomplishment in playing a major role in the development of their thriving break-open ticket business both with our games and player/retailer-friendly vending machines.

To date we have produced well over one hundred games for Iowa. Approximately seven years ago we upgraded our capabilities to produce all of the Iowa games with bar coding that facilitates game tracking and management.

On average, we have supplied the Iowa Lottery with approximately 60 to 70 million tickets a year for the past few years. Over the twenty-year working relationship, we have delivered well over a billion tickets.

In 2008, the Iowa Lottery awarded Pollard a new 2 year contract with up to three 1-year renewals. We are currently exercising the renewal periods.

MASSACHUSETTS LOTTERY

Pollard Banknote was one of the multiple suppliers awarded a new contract with the Massachusetts Lottery in 1999. Originally, we were privileged to participate in their break-open ticket test program in March 1991, their orientation sessions in July 1991, and have been a supplier since that time.

In 2008, we were awarded a 3-year contract with the Massachusetts Lottery. To date, we have produced well over 165 million tickets for the Lottery.

MASSACHUSETTS CHARITABLE GAMING DIVISION

In July 1995, Pollard Banknote won an Emergency Procurement bid to provide tickets for the Charitable Gaming Division of the Massachusetts State Lottery. Subsequently, we won a contract as one of MSLC Charity Games' multiple vendors. We currently produce the popular Sevens game. To date we have produced over 140 million tickets for this lottery jurisdiction.

Most recently, in 2008, we were awarded a contract extension.

MICHIGAN LOTTERY

In October of 2003, Pollard Banknote and its affiliate American Games received a contract for the production, warehousing and distribution of the Lottery's new line of break-open tickets. From 2003 through to 2008, we printed all Michigan Lottery break-open ticket games (154 games, totaling over 245 million tickets) provided direction on payouts,

managed and fulfilled all requirements of distribution at our Ypsilanti facility. In addition to production and distribution, at the request of the Lottery, we also provided outbound telemarketing call services to existing break-open ticket retailers and potential break-open ticket retailers. Outbound calls solicit orders for break-open tickets, provide sales guidance, and provide new game information to retailers.

In 2008, we were awarded a new five-year contract with a possible three 1- year extensions for the production of all Michigan Lottery break-open tickets that feature validation barcodes. The tickets produced for the Lottery are cross-redeemable. Unlike traditional break-open tickets that can only be redeemed at the place of purchase, cross-redeemable tickets can be redeemed at any lottery retailer, and feature similar security as used in instant scratch-off tickets. This allows the Lottery to validate tickets via their own central computer system.

The cross-redeemable feature enables the Lottery to track winners, increase top prizes and potentially increase sales, since players are given the flexibility to purchase multiple tickets for themselves or as gifts without having to worry about redeeming them at the point of purchase.

RHODE ISLAND LOTTERY

In May 1997, Pollard Banknote was first awarded a contract with the Charitable Gaming Division of the Rhode Island Lottery. During two contract terms through August 2000 we produced approximately 25 million tickets for them.

In both 2004 and 2007, we were selected and awarded back-to-back contracts with the Rhode Island Lottery.

In 2010, we were awarded a contract renewal.

WISCONSIN LOTTERY

Pollard Banknote currently supplies Wisconsin Lottery with their break-open tickets. Pollard Banknote has enjoyed a longstanding relationship with Wisconsin and continues to produce a numbers of game concepts for Wisconsin on an annual basis.



8.34 OFFERED OPTIONS

Please note: as indicated within **1.7. Trade Secrets or Competitive Information**, Pollard Banknote has declared the following **Marketing Support for Break-Opens** discussion confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 552.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

The following market-specific strategies reveal sensitive strategic information, the disclosure of which would injure Pollard Banknote in the marketplace.

Confidentiality Claimed
PIA §552.110





- CONFIDENTIAL INFORMATION ENDS HERE -

Confidentiality Claimed
PIA §552.110

LOTTERY MANAGEMENT FOR BREAK-OPENS

Our *SureTrack* vending system allows for a full distribution and inventory-tracking solution. For the Arizona Lottery, for example, we developed a break-open distribution website with online ordering and reporting capabilities, www.arizonatabs.com, and an Interactive Voice Response (IVR) system.

POLLARD BANKNOTE'S PATENTED TRANSLUCENT MARKING SYSTEM

Widely accepted as an industry standard, Pollard Banknote's translucent marking system is quite simply the very best extended play marking system available today. Compared to other marking systems that create a blue or gray "smear" when scratched, or systems that hide the corresponding game data under opaque latex, our translucent marking system scratches clean, is easy to understand, and enhances the marketability of an extended play product.

Once scratched, the translucent latex automatically marks the player's progress through the game; the player can readily determine if they have won.

This convenient marking system turns potentially confusing games into games that are easy and fun to play and, consequently, into sales successes.

Feedback from lotteries and players alike consistently indicates that our superior marking system offers significantly higher quality and playability for extended play games like Bingo and Crossword that have generated billions of dollars for our customers worldwide.

Our patented process eliminates some of the most common complaints about competitors' alternatives: marking systems that are hard to use, winning patterns that are difficult to

discern, and opaque-only systems that can result in out-of-sync play data that does not match.

In contrast, Pollard Banknote's patented marking system:

- Is simple to use
- Is intuitive for players
- Requires no extra ticket space
- Makes winner identification quick and easy
- Eliminates the potential for mismatched data caused by out-of-sync printing

Pollard Banknote first implemented its translucent scratch-off process in 1991, printing Bingo tickets for the WCLC. Bingo's success as an extended play game in every one of our customers' markets verified in our minds that the most successful extended play games, in addition to creative graphics and a solid prize structure, have three things in common:

- They are based on concepts that are familiar to players
- They are played in exactly the same way as the concepts players are familiar with
- Once played, winner identification is quick and easy





However, anyone who has ever developed an extended play instant game using traditional printing technology knows that these essential ingredients are very difficult to incorporate into a “player-friendly” design. Traditional printing methods are simply too restrictive to take advantage of many games that players enjoy as regular entertainment and would love to play as lottery tickets. Pollard Banknote’s patented translucent scratch-off has demonstrated its ability to transform familiar games (whose complicated mechanics are difficult to communicate) into highly successful, easy to play instant games. Bingo’s success is just one example of this. As an instant game, Bingo is virtually identical to the actual game. In the actual game, a player’s enjoyment is derived from interacting with the great many numbers and the related anticipation of these numbers falling into the necessary winning patterns.

Translucent scratch-off allows instant Bingo to duplicate the actual game’s interaction with the numbers and the related anticipation of winning by making it possible for players to keep track of all the numbers they scratch. Winner identification is quick and easy, even after several minutes of play.

The convenience of our innovative, patented process allows lotteries to sell the best instant Bingo game available in the lottery industry; but it also allows the Lottery to pursue additional extended play games available in an ever-increasing variety of play styles, including: Battleship, Monopoly, Keno, Clue, Crossword, Winning Combination, Solitaire, Cribbage, Hidden Treasure, and various racing theme games.

The translucent coat (applied to the secondary play area—or multiple Bingo Cards) is a scratchable material pigmented to modify the appearance of the underlying base color.

Rubbing this secondary play area provides a visual distinction that allows the player to easily mark and identify “called” numbers revealed by scratching the opaque material covering the primary play area. By scratching the translucent layer, the original color of the base graphic color is revealed, providing an excellent contrast and making winning or losing readily evident. This convenient marking system has turned potentially confusing games into games that are easy and fun to play.

The game card is simple, effective, and cost-efficient because it requires printing of the playing numbers only once; they can be viewed through the translucent layer.

Ever since the inception of our translucent marking system in the early 1990s, we have applied this capability to transform familiar but intricate games into highly successful, easy to play instant games.

Our superior programming ensures the randomization process for bingo ticket faces creates “virtually unique” tickets. Our programming takes advantage of all possible ticket face combinations allowable by the ticket’s constraints so virtually no two tickets within a Bingo order will have the same combination of numbers and players’ cards. Our competitors may

mention the maximum number of ticket faces they can offer: we have no maximum. The more tickets we print, the more faces that are generated.

Unquestionably, one of the principal keys to our company's continuing dominance in this category concerns the fact that our in-house programmers have reached an envied and unequalled level when it comes to solving Crossword variability concerns. They've crested new horizons in critical, complementary areas: virtually no two tickets in a single order are identical, for example; and they've enhanced the software to the point that a standard Crossword game can now boast over 1,000 grids with over 1 million different patterns of words fitting within them.

Ultimately, the Texas Lottery can be confident that Pollard Banknote has the programming expertise to generate a virtually endless variety of ticket combinations. We have run tests with 3 million simulated Crossword tickets, for example, and 99.54% of them were unique. The same level of uniqueness also applies to Bingo.

Together with our programming expertise, our patented translucent marking system completes the one-two punch that has catapulted our extended play products into the sales stratosphere. As mentioned previously, **our Crossword games currently represent 57% of the \$3.75 billion in annual Crossword sales in the U.S. market.**

Pollard Banknote's innovative, patented process allows lotteries to sell the best Crossword games available in the industry, a fact that we're happy to bring to Texas.

We have also worked with many of our clients to develop other innovative extensions to the Crossword sub-brand, including the New York Lottery's successful *Make-A-Cashword* game, the Kansas Lottery's *Bonus Crossword*, the Michigan Lottery's *Super Red Hot Cashword*, the Ohio Lottery's *Doubling Star Cashword*, the Iowa Lottery's *Wild Crossword*, the OLG's *Crossword Express*, and the BCLC's *Mega Crossword* and *Deluxe Crossword*.





Combination of Popular Play Styles and Themes

As a loyal Bingo player who equally enjoys Slots action, what could be better than merging the two for a truly unique entertainment experience? Or maybe the thrill of the same old Crossword game has dulled your appetite for Crossword games? A new twist on an old favorite would certainly reinvigorate interest, would it not?

Pollard Banknote has developed the ticket designs and programming required to bring these original creations to market.

Extension of Translucent Latex to Shaped Play Areas

Given the popularity and success of extended play games, like Crossword, we have developed the ability to apply our translucent latex marking system to add a new design dimension to extended play games. As shown in the artwork below, these games add a unique element to the ticket, making them stand out as something unique and special—a sure bet to attract both established and new extended play gamers.



Spectrum Translucent

The addition of four-color process images to our industry-leading translucent latex marking system can also offer players the industry's preferred extended play marking system with added graphic appeal. Examples of this exclusive eye-catching artistic effect appear below:



In these examples, the art enhances the look of a ticket at a low price point without adding significantly to printing costs.

Pollard Banknote's Sudoku Marking System: A Compelling Option

This patented alternative marking system, already launched by the New York Lottery and the Iowa Lottery, enhances the game's playability by giving players the ability to correct any numbers they mismark. For fun, players can first try to solve the puzzle in pencil.

If a number is mismarked, players can use the pencil's eraser or else rub a finger over the mismarked number until the darkened area disappears.





The unique surface allows numbers to be marked darker or lighter to suit the player's preference simply by applying more or less pressure with the marking device (whether coin or pencil).

Since the surface is translucent, it allows the base colors to be seen. This new system offers a unique, ultra-authentic variation on the wildly popular number puzzler Sudoku, allowing players to work in pencil on top of the play area and erase any errors without damaging the substrate — before scratching the ticket to see if they're a winner.

Concluding Considerations

Pollard Banknote recognizes the necessity of keeping core games fresh and exciting for players. Sales of core games must be monitored closely. Adjustments to these games' features and graphic treatments must be introduced regularly yet cautiously.

For example, efforts to boost Crossword and Bingo should be structured carefully to add freshness to the game without alienating the regular players who continue to support the game. The Lottery may consider introducing more variations or theme extensions that offer some of the same play and prize structure elements, but feature completely new graphic treatments or play elements.

Well-received game variations, of course, complement the core games as ongoing products, enhancing total revenue for the Crossword or Bingo sub-brand. Ultimately, the longevity and success of many of our clients' extended play products is in no small part attributed to the combination of our translucent marking system and our heralded programming approach. We can assure the Lottery that our emphasis on top-quality data programming applies to every extended play game we create. Further, we make sure the level of uniqueness and variety, which is always evolving, is applied to each of these games.

At the end of the day, each printing company can claim supremacy in this vital segment, but in the final analysis the Lottery—not any Vendor—must choose the product that best suits its own discerning, sophisticated players. We humbly put ourselves forward as a Vendor who warrants serious consideration as the one who meets this requirement most effectively.

QUICK LINK™ BAR CODE TECHNOLOGY

Pollard is pleased to present to the Texas Lottery as an Offered Option our exclusive Quick Link™ technology, featuring quick response (QR) codes in conjunction with scratch tickets. This technology offers an easy, quick way for players to enter second chance draws on the go.



Riding the wave of increasing smartphone use, our patent-pending Quick Link™ technology allows the use of QR codes (two-dimensional bar codes) and other bar codes on instant tickets. Anyone with a device such as an Android phone, iPhone, iPod Touch, iPad, or BlackBerry can scan a QR code to instantly display text, send SMS, connect to a wireless network, or open online content in the phone's browser.

Quick Link™ codes can be located on the front or back of tickets, and may be either under latex or on uncovered stock.

Printing these codes on tickets will allow technophiles not only to enter second chance draws through a mobile device; it will also allow winners to share their experience through social networking with our Social Instants™ program, outlined subsequently.

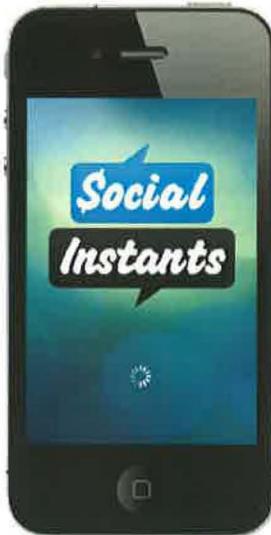
In the near future, Quick Link™ bar coding technology may be used for winner self-verification.

In the meantime, Quick Link™ codes on tickets or POS can refer to the Lottery's app, where players can access interactive content. Quick Link™ codes could also be used for retailer incentives, if a Lottery's terminals are set up to handle them.

Because Quick Link™ technology is standalone and easy to implement, and requires little-to-no integration into Texas's current marketing plans.



SOCIAL INSTANTS™: INTEGRATING SOCIAL MEDIA



Social Instants™ can attract new markets like never before, and it can generate word-of-mouth at an unprecedented rate. Pollard Banknote is the only partner to deliver that to the Texas Lottery.

— Doug Pollard, Co-CEO

The number of people connected to social media networks and smartphone technology is on the rise. Social Instants™ incorporates this trend within the instant ticket market, resulting in significant revenue-boosting opportunities for participating lotteries. By deftly pairing product innovation with social marketing strategy, Social Instants™ maximizes the popularity of instant tickets with the younger, emerging demographic while spurring sales growth within previously established market segments.

SOCIAL INSTANTS™: WHAT IS IT?

Social networks are a rapidly expanding, highly communicative, and increasingly important marketing opportunity for lotteries worldwide. While Social Instants™ is designed to expand the Texas Lottery's overall player base, attracting the elusive, tech-savvy 18-to-34-year-old demographic is of particular interest. Our patent-pending Social Instants™ concept is a unique enhancement within the instant ticket product category that invites new and dynamic play experiences. We designed Social Instants™ to fuse the entertainment of instant tickets with the powerful influence of social media and mobile technology.



Lotteries are increasingly interacting with their players online, yet face challenges when implementing effective social media strategies aimed at augmenting instant ticket sales. Enter Social Instants™, an astute, tangible, and cutting-edge solution for the Texas Lottery that monetizes its investment in social marketing and media. Don't think of Social Instants™ as just another printed product; instead, it's our unparalleled sub-brand paired with select games that capitalizes on the social marketing trend, adding both retail and consumer value while generating more sales for your organization. Only one aspect of Social Instants™ is embedded on the actual ticket: the QR code. This feature quickly allows players' winning experiences to be broadcast to their peers, thereby amplifying the crucial perception that anyone can win at any time.

THREE KEY BENEFICIARIES OF SOCIAL INSTANTS™

The Texas Lottery

- Monetize the Lottery's investment in social media.
- Attract new customers and fortify the existing base.
- Maximize revenue via increased player participation and purchases.



Retailers

- Players can find retailers via smartphone maps.
- Team play directs more players back to retailers.
- Dynamic advertising of in-store winners is proven to drive sales at participating locations.



Players

- Players receive motivational winner awareness messaging from trusted peers.
- Second chance draws are orchestrated for all non-winning tickets.
- More incentives, chances to win, and entertainment value via team play.



Three Ways Social Instants™ Works

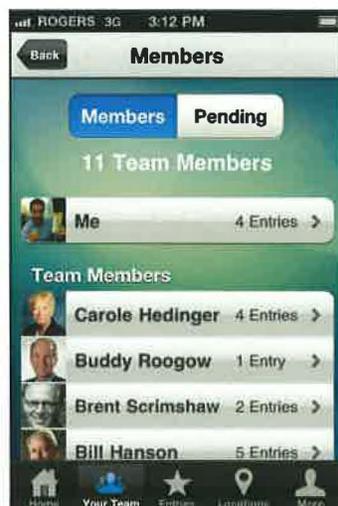
Using Pollard Banknote's patent-pending Quick Link™ technology, players use their smartphones to scan the QR code printed on the actual instant ticket.

Pollard Banknote's Social Instants™ mobile application (app) seamlessly connects with this QR code.

Our user-friendly Quick Link™ technology is ultra-convenient—and it's easy for everyone to learn and to navigate—prompting players to participate and interact in the three key ways summarized below.



1. Share winning experiences and photos via social media outlets and the Texas Lottery's website.
2. Enter second chance draws using non-winning tickets.
3. Recruit friends/family to participate in team play.



THREE STRATEGIES TO MONETIZE YOUR SOCIAL MEDIA INVESTMENT

EXPLODE

When players themselves broadcast their excitement through social media outlets (winner awareness messaging), it sparks motivation in other players to participate far more than typical corporate advertising.

This serves as optimal word-of-mouth advertising, generating increasing numbers of followers who directly link to and promote your Lottery.

Players are typically enthusiastic about involving people they know to join their instant ticket teams—who in turn will invite their own friends and family to sign up thereafter.

INVITE

Interactive teammate invitations serve as tempting promotional fodder. They can be displayed on the Lottery's website, on personal social media pages, on customer-facing screens at retail, on electronic signage, and much more.

The previously limiting player/retailer relationship expands beyond basic instant ticket purchase and play.

DRIVE

Adding the Social Instants™ app for second chance draws will help the Texas Lottery strengthen its retailers' brick and mortar bases—especially at a time when retailers are unnecessarily fearing instead of welcoming the introduction of Internet gaming.

Point-of-Sale (POS) promotion of smaller-value winners (not just jackpot winners) allows people to more readily identify with these sorts of positive gaming associations, thus motivating them to play instant games sold at that specific retailer.

THREE REASONS SOCIAL INSTANTS™ WORKS

The Concept

The younger demographic appreciates invitations from trusted sources when it comes to learning about and trying new products/services. They are also highly attached and attuned to their mobile devices and their social media networks. Pollard Banknote views this current cultural reality as an opportunity to significantly contribute to our clients' sales efforts by focusing on the digital media with which these tech-savvy trendsetters are most often associated.



Research clearly demonstrates that players are motivated by the wins of others, especially those they know or those with whom they can easily identify. Social Instants™ quickly facilitates player-initiated messaging at the height of their winning experience. This winner awareness messaging is perceived as more credible—and thus more persuasive—than

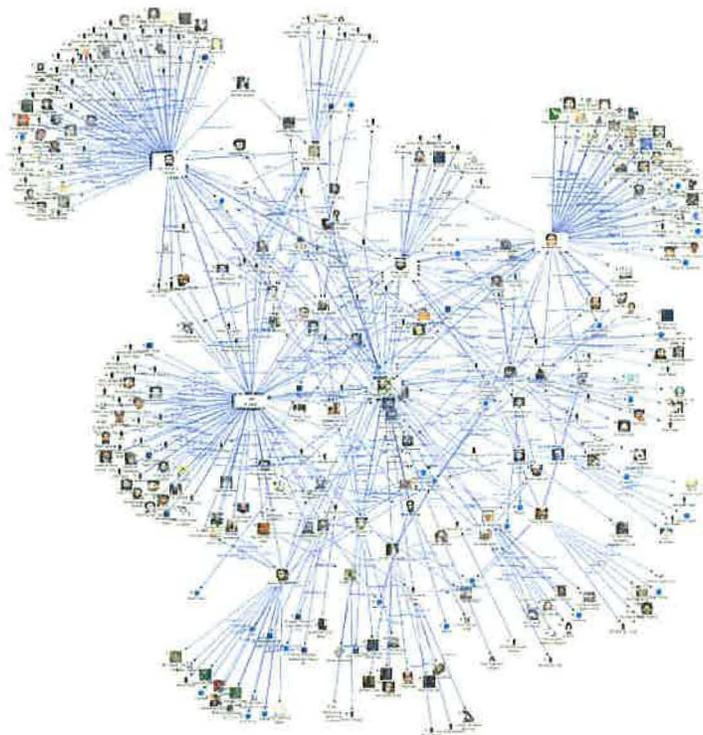
traditional Lottery-initiated advertising efforts. Further, our Social Instants™ app allows players to use whichever method of social media communication they favor: Facebook, Twitter, Google+, e-mail, and/or text messaging.

We encourage the Texas Lottery to cut through all the advertising 'noise' out there by directly associating its products with the most relevant hi-tech tools the younger demographic has embraced, among them smartphones, social media, and QR codes. Pollard Banknote will work closely with the Texas Lottery as we introduce our integrated approach to instant ticket promotion and sales that we believe can potentially transform the way the Lottery attracts new customers while maximizing opportunities with its existing players.

The Math

To illustrate the power of social media networking—and the potential impact a proper program could have on Lottery operations—consider the following:

- The average Facebook user has 130 friends.
- Discount approximately 80% of that number for those:
 - Under 21 years of age
 - Outside the jurisdiction
 - With overlapping friend bases
 - With shared Internet connections
 - That don't regularly read messages posted to Facebook
 - That don't act on the message
- Out of the approximately 26 friends remaining, 18 will likely act on the posted Facebook message.
- Assume that all 18 friends trying Social Instants™ subsequently post a message to their own 130 friends. This kind of progression suggests that tremendous potential exists for encouraging huge numbers of social media advocates to actively participate in the Social Instants™ phenomenon.



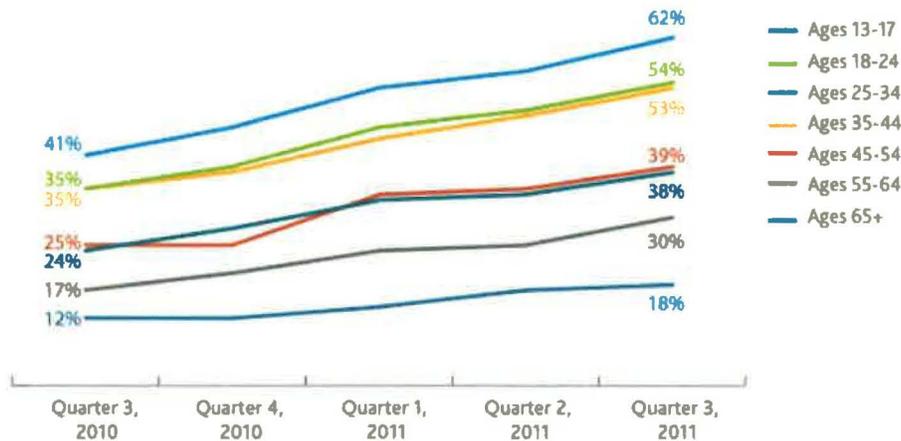
The Statistics

Focusing on the market of 18 to 34 year-olds alone:

- 63% currently own a smartphone.
- Nearly 90% are registered with Facebook.
- They are more willing than any other demographic to broadcast all ranges of winning experiences.
- 64% have played a traditional lottery game.
- Close to 50% would share their picture on the Internet if they won—without extra incentive.
- 52% have played traditional instant games within the past year (the highest participation rate among lottery games).
- 68% would invite their friends to play if awarded free lottery tickets (or other comparable incentives).

Smartphone Penetration By Age Group

Q3 2010 - Q3 2011, U.S.



Source: Nielsen

nielsen

As demonstrated by the above graphic, smartphones are becoming increasingly relevant in the marketplace. Ultimately, Social Instants™ leverages social media channels via these smartphones to engage and entice current players while attracting new ones. Even moderate users of this technology have proven extremely communicative concerning everyday events in their lives, which would certainly include posting captivating messages about winning instant ticket experiences. Pollard Banknote's agenda is simple: to capitalize and expand on this already favorable environment.



PROPOSED ROLLOUT PROCESS

We believe the most effective Social Instants™ rollout would begin by appealing to the Texas Lottery's most active and influential online advocates (evidenced by their Lottery-related posts on sites like Twitter, Facebook, and YouTube, or (of course) the Lottery's own VIP Club. These users would be encouraged to post attention-grabbing headlines that educate their contacts about the availability and appeal of Social Instants™, subsequently igniting interest in these followers to become involved themselves.

This scenario sets the stage for an explosive growth of player participation via a limitless word-of-mouth advertising push, and it directly feeds into the monetization of the Texas Lottery's social media strategy of an expanded customer base and heightened interest/activity in its products—all of which can lead to marked increases in instant ticket sales.

Pollard Banknote recommends supplementing and solidifying this marketing buzz through promotional events, retailer education programs, electronic retailing (e-tailing) initiatives, and other reliable push/pull marketing strategies. Examples include:

- Display advertising, digital/electronic signage, and other vividly designed POS promotions within retailer locations to generate awareness of Social Instants™ and of winning experiences.
- Special promotions (such as 2-for-1 and/or free initial instant ticket coupons) given to first-time customers, loyal/repeat customers, and customers who actively recruit large numbers of new instant ticket players.
- Social Instants™ videos, second chance draws, and promotions/advertisements can be linked to the Texas Lottery's website (e.g., jackpot announcements, new game launches, and coupons).
- The Texas Lottery should actively market directly to their online advocates. For example, the Lottery could provide incentives to players for posting their winning stories/videos/photos to social media sites, mentioning their favorite retailers and Social Instants™ games, and referencing the Lottery's website, etc.

When these kinds of innovative social media promotions are partnered with dependable push-and-pull marketing techniques, explosive new levels of word-of-mouth are reached, resulting in instant ticket sales spikes that would have otherwise remained off the proverbial table.

SOCIAL INSTANTS™: SUCCESS STRATEGY SUMMARY

Social Instants™ is the ideal solution to promote traditional instant tickets to today's tech-savvy consumers. The integration of social media and smartphones is inarguably altering the instant ticket landscape, and Pollard Banknote is already set to meet this technological revolution head-on. The potential upside of offering players such an animated experience with their instant ticket purchases is almost boundless.

PLAYON™ LOYALTY/REWARDS CLUB

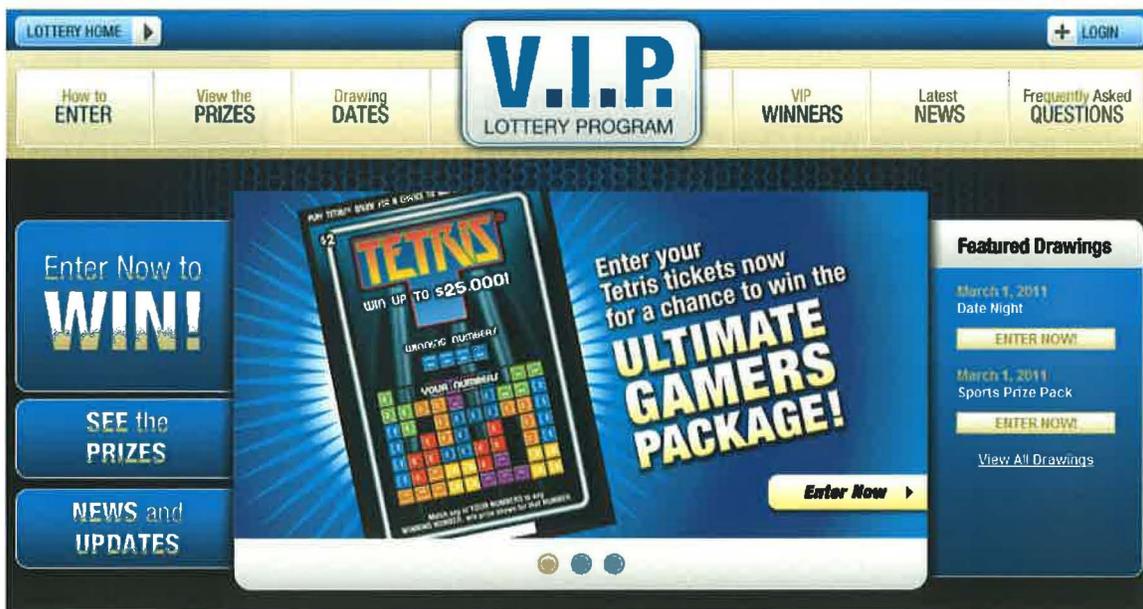


How to get more mileage out of your instant tickets? How can the Lottery best attract casual impulse buyers while similarly rewarding core gamers?

The PlayOn™ loyalty club solution offers the Lottery both a loyalty/rewards programs and unique play-for-fun interactive games. Additionally, the Lottery has a chance to obtain demographic information for future targeting of tickets, online games, and promotions. The PlayOn™ complete VIP solution is customizable and can be provided as a turnkey online platform.

Pollard can create a totally integrated package and enhance it with the necessary tools, promotions, and interactive games necessary to tap into new sales and a new player base, while retaining and incentivizing current players and members.

The addition of a rewards system to the VIP Player's Suite builds loyalty and increases visits to the site, introducing "permission-based" marketing to the player. This allows both the Lottery and Pollard Interactive to gain unique and valuable information from users, such as demographics and buying patterns. The Lottery can use this information to make informed decisions about its online and printed offerings, plan coupon offerings and campaigns, and better target games and cross-promote various Lottery products.



Pollard can help the Lottery plan campaigns, undertake strategy analyses, and conduct media research using databases, tracking cookies, demographic information (such as geography and login times/pages clicked/games purchased), and other techniques. We can plan and deliver direct-response marketing campaigns using search engines, banner ads, e-mail, SMS, viral marketing, social media, and mobile marketing.



Built into our program is integration with Google Analytics. This service offers complete tracking of user behavior, and measurement tools such as amount of time users spend on the website, traffic source tracking, ecommerce reporting, and other advanced analysis tools. This will help not only to maximize return on investment, but also to gear and offer specific programs.

Our rewards solution improves efficiencies in and the impact of database target marketing efforts. Our program offers the unique opportunity to poll Vermont players directly by asking them to respond to focus-testing of ticket concepts, to enter surveys, and to provide other insight and feedback valuable to both the Lottery and Pollard Interactive in our collective effort to boost the Lottery's sales and revenues.

Our CMS (content management system) is designed to be flexible so that even non-IT staff with little or no specialized technical training can update page content, thus reducing staff overhead.

WEBPLAY™ GAMES

Patent-pending WebPlay™ website tie-in games can extend the life of scratch tickets by providing related play on a lottery's website, and could be accessed through an app. WebPlay™ games effectively add value to instant tickets with dynamic, interactive online play, while still supporting the Lottery's network of brick-and-mortar retailers.

A great example of a WebPlay™ website tie-in game is the Cashword instant game featuring Word Slots™.

After playing the Cashword with Word Slots™ ticket, a player can logon to a lottery's website and enter a code that appears under the play area to gain access to the Word Slots™ online game. The online game consists of a special slot machine. Each valid ticket entry gives the player three "pulls" of the virtual arm to set the wheels spinning. When the wheels stop, they'll display a word. If the Word Slots™ word matches the bonus word on the ticket, the player wins an additional prize.



SCRATCH FX®



Pollard Banknote's Scratch FX® process—an industry first—lets lotteries replicate the look of either foil or holographic foil using recyclable paper stock. Patented in the U.S. and Canada, and patent-pending in other countries, Scratch FX® tickets present an environmentally friendly alternative to traditional products featuring these attributes. Scratch FX® can be applied to both the base graphic and overprint areas of a ticket, allowing great customization of games to achieve maximum impact at retail. Silver and holographic hues allow lotteries to cater to the color palates of their discerning players.

The results to date have been undeniably impressive: our Scratch FX® products have collectively contributed over \$1.3 billion in sales to participating jurisdictions.

SPECTRUM SCRATCH FX®

Pollard Banknote's continuing quest to create uniquely compelling products has resulted in a notable enhancement to the company's exclusive Scratch FX® process: the development of Spectrum Scratch FX®.

This advancement involves four-color printing overtop of cold foil. This newfound ability to print any desired color onto foil boasts at least four benefits: first, it means that Pollard Banknote can now successfully mimic the look of colored foil; second, opportunities to incorporate more elaborate graphics designs are greatly enhanced; third, we're now able to "knock out" the grid and play areas; and finally, the potential exists for this product to completely replicate/replace the company's current holographic stock—at a much cheaper price.

SHINE FX™

This bright innovation from Pollard Banknote employs a third-generation Scratch FX® process to achieve a holographic effect never before seen on an instant ticket.



Shine FX™ uses our Scratch FX® cold foiling equipment to micro-emboss the front of a ticket, causing light to refract from its surface. These games literally shine—cutting through all the clutter in a crowded retail environment, catching the consumer's eye, and triggering an impulse purchase. You'll have to see it to believe it!

DAZZLING TICKETS! DAZZLING RESULTS!

Many lotteries have achieved unbelievable success using Pollard Banknote's patented Scratch FX® process. To date, 24 lotteries worldwide have launched a total of 109 Scratch FX® offerings. For the Evaluation Committee's consideration, we present a few of these successes below.



Michigan

Never afraid to be an early adopter, the Michigan Lottery enjoyed significant sales upon its entry into Scratch FX® territory. A few notable results include the following:

- In February 2007, our Scratch FX® enhancement was introduced in Michigan with \$2,000,000 *Explosion*, which indexed at 114.
- The \$10 game *Super 7s* offered loads of \$77 prizes and indexed at 111.
- In 2009, *Million Dollar Mega Play*—another \$10 game featuring Pollard Banknote’s patented Scratch FX® process—indexed at an impressive 221.



New Jersey

The New Jersey Lottery, another of our major clients, realized terrific sales upon its foray into Scratch FX[®] territory. Consider the following:

- Selling for \$10, Million Dollar Doubler comprised the Lottery's first-ever Scratch FX[®] game. Players immediately embraced this offering, as evidenced by its 10-week sales that indexed at 192.
- \$1,000,000 Explosion—the Lottery's first \$20 Scratch FX[®] game—earned a 10-week sales average that topped \$1.47 million per week, comparing very favorably to the \$10 price point average of \$750,500 over the first 10 weeks, and indexed at 189.

Minnesota

Scratch FX[®] has proved to be remarkably successful for our newest primary client. The Minnesota Lottery's \$20 category—employing Pollard Banknote's patented Scratch FX[®] process—represented 18% of the Lottery's instant sales in FY 2009, even exceeding sales of the \$10 category. Notable successes include:

- Minnesota's first Scratch FX[®] ticket—\$500,000 Spectacular—launched in February 2008. This \$20 game was an immediate success, shattering sales records with an average of almost \$1.5 million per week in its initial 10 weeks on the market. \$500,000 Spectacular indexed at an incredible 257!
- Due to the success of \$500,000 Spectacular, the Minnesota Lottery followed up with another \$20 Scratch FX[®] game—\$500,000 Extravaganza—later that year. This game also enjoyed marked success in the marketplace, indexing at 219 and averaging \$1.25 million per week in its initial 10 weeks on the market.



Oregon

In the past several years, the Oregon Lottery has printed several stunning and successful Scratch FX[®] games, including *Winner Wonderland*, a holiday-themed Scratch FX[®] offering at the \$10 price point. This game also surpassed expectations with 10-week sales that indexed at 128.



THE REVIEWS ARE IN...

"Scratch FX® has been an excellent addition to a number of our games. The Arizona Lottery has worked with Pollard Banknote to design truly eye-catching \$5 and \$10 tickets that have performed exceptionally well. We have been quite pleased with the return on investment of this feature. Our players quickly learned that games that feature Scratch FX® are special and offer extra value. It's a subtle, but very effective way to differentiate our premium tickets."

Karen Emery, Deputy Director, Policy
Arizona Lottery

"We were thrilled with the look of the ticket and, more importantly, so were our players! The return on investment for this added feature more than exceeded our expectations."

Jennifer Canfield, Director of Operations
Minnesota State Lottery

"GuldQuick caught the eye and attention of our players and has been our best selling instant ticket this year."

Pia Harbo, Marketing Manager
Danske Spil (Denmark)

"High priced tickets are an extremely important and successful part of our instant ticket line-up, and Scratch FX® is a perfect and effective way of giving these products that premium appearance."

Avi Levy, Hishgad Brand Manager
Mifal Hapayis (Israel)

REFLEXIONS™

RefleXions™ is a Pollard Banknote innovation that offers clients an economic alternative to holographic stock. The distinct patterns embossed on the foil substrate—think of bubbles, leaves, or the circular effect made on machined aluminum—provide an intriguing backdrop for a game's theme or artwork. It's like foil went out and got some new threads!

This effect was put to good use on the New Jersey Lottery game Gold Rush, which indexed at 152.

EMBOSSING

This ticket feature really makes an impression. Stamping the paper stock creates a permanently raised effect. The raised areas, which can be monetary symbols or many other kinds of symbols, bring another dimension to a ticket, conveying value, high quality, and richness.





POLLARD BANKNOTE'S PATENTED FUSION® GAMES

Pioneered by Pollard Banknote, these patented, custom-developed tickets are created by laminating together either two layers of recyclable card stock, two layers of foil stock, or a combination of recyclable card stock and foil. Fusion® games present another opportunity to bring forward fresh instant ticket concepts while at the same time justifying higher price points.

A growing number of lottery clients have discovered the benefits of our dynamic Fusion® games lineup, a blend of unique ticket concepts that include: Scratch Tab™ (latex play areas under perforated “windows”), Double Play® (combination scratch and pull tickets), Action Pack® (integrated pouches, which we cover in **8.33 Invited Options**), Pull Tab Plus® (variable imaged break-open tickets), and Pollard PlayBook™ (multi-game packet).

The verdict so far? Our Fusion® games have generated sales in excess of \$1 billion—with our Double Play® Fusion® products accounting for over \$500 million of that total.

Scratch Tab™ (Latex Play Areas under Perforated “Windows”)

Scratch Tab™ games offer players big value, often in an oversized ticket. This holiday-themed calendar concept enables lotteries to offer unique, high-value seasonal tickets that are visually impressive, offer lots of game play, and easily justify higher price points. The Scratch Tab™ can also be adapted to a variety of different themes and ticket sizes. The BCLC has been very successful with this concept and has launched it three times. It was successful each time, and it complemented their Christmas lineup—since it had sufficiently unique properties to make sales of the product largely incremental. Based on this success, the BCLC is currently exploring adding even more value to the concept and increasing the price point further. More details will be available shortly on the results of the discussions.

Double Play® (Combination Scratch and Pull Tab Ticket)

Double Play® is a combination instant scratch-off/break-open ticket with a full scratch-off game on one side and a full break-open game on the other side of the same ticket. This product makes it possible for lotteries to offer a ticket in the instant game lineup that would appeal to break-open players and all players looking for increased play value and the excitement of additional play action. We have designed this product to be compatible with both manual dispensers and ITVMs. We provide full validation capability for both games (front and back) and 100% accountability of all tickets. This ticket is recyclable, or can be printed on foil stock, and can be sold in the same retail locations as instant tickets. Security levels are comparable to existing instant and break-open products with enhanced security available for the break-open portion.



Pull Tab Plus® (Variable Imaged Pull Tab Tickets)

As the name implies, the Variable Imaged Pull Tab ticket is a break-open with variable imaged data and a bar code. This provides full validation capability (identical to conventional instant tickets), 100% accountability of all tickets, and enhanced security features, significantly reducing the opportunity for defrauding. It is fully compatible with manual dispensing machines.



The Pollard PlayBook™ (Booklet Format)

The Pollard PlayBook™ is a new concept in instant lottery gaming in which layers of laminated stock are combined to create an attractive booklet of themed games. The Pollard PlayBook™ brings multiple games together in a unique booklet format, enabling players to try a number of different games at once. A variety of game types can be fused into the Pollard PlayBook™, including games that implement our patented translucent marking system.

Ideal for lotteries looking to introduce extra-value games at higher price points, this new game format will open many doors for instant ticket marketing strategies. The games included in the Pollard PlayBook™ may center around a single theme (such as a booklet of crossword-themed tickets), or may be designed around similar booklet concepts—for example, one Pollard PlayBook™ might mimic a newspaper, offering a sports section, a horoscope section, and a crossword puzzle. The idea here is that players would be getting a collection of play experiences in a new and exciting way and that the “collection” could be a number of different simple play format games. In France, for example, extended play concepts have not been traditionally well received, but placing multiple quick-play format scratch-off areas has been La Française des Jeux’s way of appealing to the people who want to play more on one ticket and who are willing to pay for a higher-priced ticket as a result. The Pollard PlayBook™ concept takes this idea one step further.

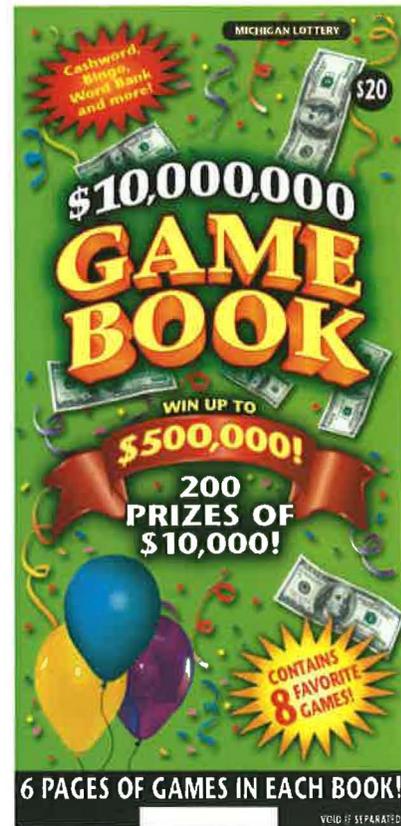
BCLC was the first NASPL lottery to launch a *Scratch & Win PlayBook™* in this Fusion® format. And within the U.S. market, the Michigan Lottery was the first out of the gate, setting the bar even higher by introducing a \$20 offering in 2007 entitled *\$10 Million Game Book™*.

SPARKING SUCCESS: FUSION® GAMES GENERATING STRONG SALES

Numerous lotteries are adding Fusion® games to their lineups, and the success stories are adding up. The following is a small sampling of some of our successes.

BCLC

- This was the first lottery to launch a Scratch Tab™ game—Countdown to Christmas. It went on sale at the \$10 price point.



- *Countdown to Christmas* realized new potential for \$10 products when it sold out in just four weeks.
- Scratch Tab™ reinvigorated the price category, and the Lottery now introduces a \$10 game at least once every year.

To date, the Lottery has launched an unprecedented three Scratch Tab™ Christmas calendars.

Atlantic Lottery Corporation

- The Lottery's first Double Play® game, *Twice Lucky*, was launched in 2004.
- *Twice Lucky* sold out in six weeks, generating more than \$1.5 million in revenue.
- The Lottery's second *Twice Lucky* game sold through 75% in just ten weeks.
- The Lottery launched a third *Twice Lucky* game in January 2005.

Arizona Lottery

- The Arizona Lottery launched its first Double Play® ticket, \$50,000 Double Play®, in June 2010. The game's initial 10-week sales averaged over \$535,000 per week and indexed at 182. The Lottery launched a second \$50,000 Double Play® game later that year.

Idaho Lottery

- The Idaho Lottery launched *Holiday Countdown*, a Scratch Tab™ oversized ticket, in November 2005 and a second one, *Holiday Magic*, in November 2006.

Indiana Lottery

- The Indiana Lottery launched \$100,000 Double Play® in early 2009. The game was so successful that it sold out in less than 10 weeks. \$100,000 Double Play® 2 was launched later that year, indexing at 150 over the initial 10 weeks of sales.

Maryland Lottery

- The Lottery has launched two Double Play® games.
- *Break the Bank* Double Play® was launched in 2004. Sales averaged \$444,000 per week, topping the \$384,000 weekly average of all \$5 games. *Break the Bank* was the Lottery's top-performing \$5 game ever.
- Sales of *Lucky 7's* Jackpot Double Play® average \$449,000 per week, outperforming the very strong sales of *Break the Bank*.



Michigan Lottery

- The Michigan Lottery has launched a variety of Fusion[®] games over the years, including Double Play[®], Action Pack[®], and Pollard PlayBook™ games.
- *\$10 Golden Pack Action Pack[®]* was launched in September 2004.
- *Break the Bank Double Play[®]* was launched in August 2005 and sold out in four weeks.
- In 2007, the Michigan Lottery launched the Pollard PlayBook™ game *\$10,000,000 Game Book*, which indexed at a respectable 113. Its 10-week sales averaged over \$740,000 per week.

Minnesota Lottery

- The Minnesota Lottery is the most recent lottery to take a gamble with Pollard Banknote's patented Pollard PlayBook™—and what a payoff! Launched in January 2010, *Casino Game Book* achieved average weekly sales of over \$741,000 in its first 10 weeks on the market and indexed at 130. Subsequently, the Minnesota Lottery launched a second Pollard PlayBook™ game, *Casino Collection Game Book*, in August 2010.

New Jersey Lottery

- The New Jersey Lottery has launched several Double Play[®] games at the \$5 price point.
- The Lottery's first \$5 Double Play[®] game, *Cash Bonus Double Action™*, sold 50% higher than typical games offered at this price point.
- The Lottery subsequently established these games as a sub-brand, with periodic launches throughout the year. Other popular titles have included:
- *Money Maker Double Action™* (launched in July 2003). Its 10-week sales average approached \$850,000 per week.
- *Big Cash Double Play™* (launched in January 2004). Weekly sales averaged almost \$800,000.
- *Super Blackjack Double Play™* (launched in July 2004). Its 10-week sales averaged \$731,000 per week.

Kansas Lottery

- Back in 2001, the Kansas Lottery became the first lottery to launch Pull Tab Plus® games.
- To date, the Lottery has sold more than 30 Pull Tab Plus® games at the \$1 and \$2 price points.
- Pull Tab Plus® games have provided Kansas with incremental sales from an entirely new product line.
- For FY 2007, this advantageous environment has realized \$9.4 million in Pull Tab Plus® sales (up 42% over the previous fiscal year).

Virginia Lottery

- The Virginia Lottery has joined the growing list of lotteries saying “Yes!” to Pollard Banknote’s patented Double Play® game format. After 10 weeks on sale, Money Maker Double Play®—the Virginia Lottery’s first-ever Double Play® game—proved to be a strong seller. The \$5 game produced sales 35% above the Lottery’s average \$5 game. The Lottery launched its second Double Play® game in 2006.

Wisconsin Lottery

- The Wisconsin Lottery has launched several Pull Tab Plus® games since October 2004. As well, they’ve have had wonderful success with Pollard Banknote’s Double Play® product.
- The Lottery first introduced *Cash Bonus Double Play®* and *Break the Bank Double Play®* in early 2007. Their third such offering, *Cash Greetings Double Play®* launched in time for the 2007 holiday season.
- A fourth ticket celebrating the Lottery’s 20th anniversary, *20 Grand Years Double Play®*, launched in May 2008 and indexed at 124.
- In 2009, the Wisconsin Lottery launched their most successful Double Play® offering to date with *Pinball Double Play®*. In its first 10 weeks of sales, the game indexed at a respectable 137.



POLLARD PERFORMER FOR ARIZONA: DOUBLE PLAY® DELIVERS

The Arizona Lottery's compelling \$50,000 Double Play™ product presented players with an appealing option that translated into some seriously impressive returns for the Lottery.



Launched in April 2010 and indexing at 179 over its initial 10-week period, \$50,000 Double Play™ is a testament to what can happen when innovative game ideas and innovative printing techniques combine to give players a compelling and approachable offering that packs a major punch at retail.

SPECIALTY INKS FOR MAXIMUM IMPACT

Along with the base graphics and overprint color options described earlier, the composition of advanced inks in combination with the right equipment and production expertise can yield even more powerful effects. Pollard Banknote's Research & Development department is actively investing in inks and associated printing techniques to make the most of the following:



COLOR SHIFTING

Ink changes colors when viewed from different angles.

GLOW IN THE DARK

Ink shines in the dark just like Glow in the Dark stars.

TEXTURED VARNISH

Varnish adds an embossed effect to the surface. It can be applied with or without tint.

PEARLESCENCE

Pearlescent pigments belong to a new versatile group of effect pigments that provide a kaleidoscope of possibilities.

PUFF

Like textured varnish, puff creates an embossed effect. However, the difference between the two is that puff is applied in full color.

MULTIPLE PLAY AREAS

Our finishing process accommodates multiple play areas with no restrictions on placement. Multiple play areas continue to excite players while at the same time making higher price point tickets possible and conveying value for the price.

PLAY AREA ON TICKET BACK

This technique allows for stunning graphics on the ticket front, uncluttered by play areas—an excellent option whenever a ticket theme demands maximum visual impact.

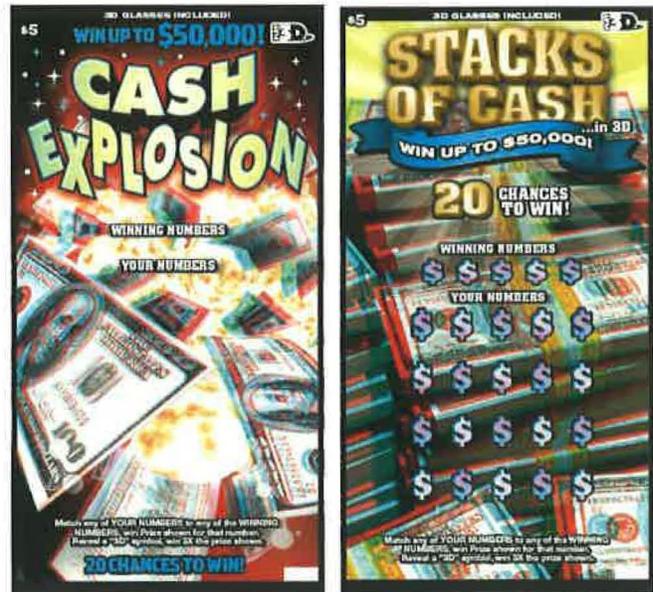
PLAY 3D™

Pollard Banknote has always taken great pride in our product vision—and that includes three-dimensional vision! We are leading the industry with the introduction of Play 3D™ instant games.



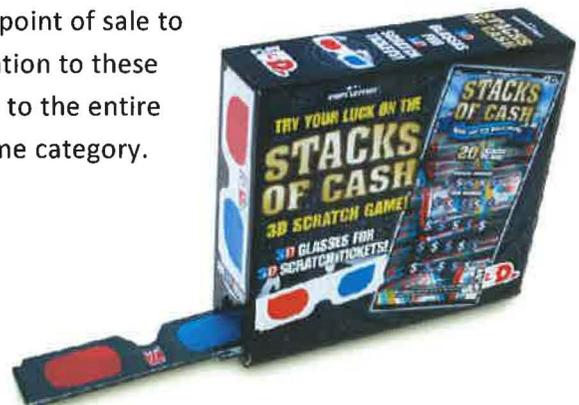
Play 3D™ games create added value for consumers with a cool 3D effect. Besides offering a novel form of excitement in their own right, 3D tickets could help attract the coveted 18-34 year old demographic by positioning the Lottery as a relevant, on-trend entertainment option.

With the widening popularity of 3D movies and TV sets/computer monitors, the appearance of lenticular 3D smartphones requiring no glasses (such as the HTC® Evo 3D™ and LG® Optimus 3D™), and the spread of 3D among video game players (Nintendo® 3DS™, NVIDIA® 3D Vision™, iZ3D Inc., Bit Cauldron Corp., to name a few providers and products), 3D tickets promise to make a great tie-in to online instant games. 3D games open up intriguing possibilities for online 3D add-ons to instant tickets, cross-promotions, exciting prize opportunities, and even licensed products.



In addition to providing an on-trend entertainment option, 3D games present an opportunity to expand the Lottery's retail presence to areas apart from the instant game

display with the use of creative 3D glasses merchandising ideas. For example, glasses can be displayed in the checkout lanes, gift card rack, or other locations throughout the store, serving as additional point of sale to draw attention to these games and to the entire instant game category.



PASSIVE (TRADITIONAL) GAMES AND HYBRID OFFERINGS

Pollard Banknote has provided a variety of passive games to lotteries throughout the world. We have developed the ability to produce attractive pouches used to package instant tickets, enhance marketing appeal, and extend the life of passive tickets by offering fixed draw dates.

For our Canadian customers, Pollard Banknote has also produced many instant games containing their own draw component involving large cash prizes. These offerings achieve their best results when launched during the holiday season, culminating in a New Year's Eve draw.

Because of their play value and the draw's large top prize, these games have typically sold at higher price points. While the Texas Lottery already offers a wide range of price points, this option may become more relevant to the Lottery as price points climb in the future. Loto-Québec, for example, had great success with this concept at \$100.

This idea can also be adapted to tying the draw numbers to a special online game. This creates a bridge from instant games to online games to create a better-rounded product line.

AN INNOVATIVE DISPENSER FOR INSTANT TICKETS

Pollard Banknote brings lotteries and retailers a patented dispenser that takes advantage of a game's sales potential where it counts most: right at the point of sale.

Generic dispensers have a couple of limitations: they accept only tickets that fall within a narrow range of sizes, and their promotional value is minimal (as the product itself is often concealed within the dispenser). Our cardboard device is customizable to promote a single game in two distinct ways. First, it acts as a point-of-sale piece guaranteed to catch the eye of an instant ticket consumer. It's been designed to incorporate any type of graphical messaging, whether it be the novel aspects of a particular product, special play features, or intriguing game pricing. The graphics can appear not simply on one side of the piece but on all sides—including the top and bottom of the piece. As a result, our dispenser is perfect for enterprising retailers who look to dazzle their customers with drop-down ceiling advertising. Second, the dispenser can house a great range of tickets sizes—tall, short, wide, whether one book or several. So this display piece maximizes the impact of a specific game—whether it's brand new on the market, a premium product, or a ticket with uncommon dimensions. These are distinct advantages over competing dispensers.





Pollard Banknote has also worked with customers to design and develop dispensers that are particular to their own needs. We designed and produced this dispenser (at right) for the An Post National Lottery in Ireland. It shows a graphical representation of the tickets, and holds envelopes for the purchaser to use as part of the gift-giving experience—while the retailer keeps the live tickets in a secure

place. In this second year of offering the Christmas Countdown calendar, the Lottery has seen sales jump on the strength of the high visibility of this display and the provision of the gift envelope.

This dispenser has also paid off in Wisconsin, where the Lottery ended distribution of its game Cash Bonus Double Play™ on March 13, 2007, once all top prizes had been redeemed. More than 91% of the game (\$6.2 million) was sold in 40 days. The Lottery reports an interesting element in this strong performance: three of every four retailers sold the game via this special dispenser from Pollard Banknote, exceeding the Lottery's projections for the dispenser's use. In the Lottery's words, the dispenser was "a very important component."

The United States Patent and Trademark Office has issued U.S. Patent No. 7,021,493 for the device, which remains in effect until 2024.

□□



This fold-over game concept is designed to provide additional value for players through the use of extra game areas that "play off" the main game area. Players scratch the slots games on the ticket front and play as usual. Then, they simply fold the ticket along vertical score line to reveal additional play areas. By combining symbols from the front play area with symbols from the ticket back, players double the number of games available!



Double Draw Poker

Another Play Around™ fold-over game, Double Draw Poker offers players extra draw cards to help them build a winning poker hand. After the initial deal is scratched, the player simply folds the ticket along the score lines to align extra draw cards. These cards are combined with the first two cards of each hand, providing extra opportunities to beat the dealer's hand.

□□□





OTHER OFFERED OPTIONS

We can also offer the Texas Lottery a range of services and add-ons, including but not limited to:

- Integrated Overprints
- Spectrum Overprints
- Multi-Color Imaging
- Spot Varnish
- Specialty Varnishes
- Scored and Folded Tickets
- Split Game Balancing Requirements
- Full Accountability Game Balancing
- Synchronization of Game Data to Base Graphics or Overprint Graphics
- Complicated Programming
- Additional Ticket Samples
- Additional ITVM/POS Cards, Bulk-Packed

Brad Thompson would be pleased to discuss the potential benefits of any of these features with the Lottery.

□□□



ATTACHMENT A PROPOSER COMMITMENT

Attached, please find a signed copy of **Attachment A Proposer's Commitment**.

□□□



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**ATTACHMENT D-1
BACKGROUND INFORMATION CERTIFICATION**

Texas Government Code §466.155

Pursuant to Texas Government Code §466.103, the Executive Director of the Texas Lottery Commission may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code §466.155.

Pollard Banknote Limited

(Company Name)

certifies that it has reviewed Texas Government Code §466.155 and that it would not be denied a license as a sales agent pursuant to said section.

(signature of person authorized to contractually bind the Proposer)

Doug Pollard

(printed name)

Co-Chief Executive Officer

(title)

January 25, 2012

(date)



ATTACHMENT B

FINANCIAL COMMITMENT AND RESPONSIBILITY

As Pollard Banknote Limited intends to fund the entire venture, no certification by a parent corporation is necessary, and therefore we have not enclosed Attachment B.

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ATTACHMENT C HUB SUBCONTRACTING PLAN

Please find our HSP attached in a separate binder entitled **HUB Subcontracting Plan**.

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ATTACHMENT D-1 BACKGROUND INFORMATION CERTIFICATION

Pollard Banknote has read Attachment D, V.T.C.A, Government Code Section 466.155, and we enclose a signed copy of **Attachment D-1 Background Information Certification**.

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**ATTACHMENT D-1
BACKGROUND INFORMATION CERTIFICATION**

Texas Government Code §466.155

Pursuant to Texas Government Code §466.103, the Executive Director of the Texas Lottery Commission may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code §466.155.

Pollard Banknote Limited

(Company Name)

certifies that it has reviewed Texas Government Code §466.155 and that it would not be denied a license as a sales agent pursuant to said section.

A handwritten signature in black ink, appearing to read "D. Pollard", written over a horizontal line.

(signature of person authorized to contractually bind the Proposer)

Doug Pollard

(printed name)

Co-Chief Executive Officer

(title)

January 25, 2012

(date)



ATTACHMENT H SEALED COST PROPOSAL

Attached in a separate sealed envelope, please find **Attachment H Sealed Cost Proposal**.

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APPENDIX A FINANCIALS

Attached to the original copy of this RFP only, and included in the attached CD, please find our complete annual reports for the two previous fiscal years for which full reports are available (FY 2009 and FY 2010). For FY 2011, we have provided official documentation that discloses financial issues summing up our most recent fiscal year.

Within this FY 2011–specific document, we provide the following three items:

- Management's Discussion and Analysis (MD&A)
- Financial audit performed by KPMG
- Assorted financial disclosures

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APPENDIX B

DISASTER RECOVERY

Please find attached a sample disaster recovery plan.

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

This sample Disaster Recovery Plan reveals sensitive information about production and operations and constitute Pollard Banknote trade secrets used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.

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Confidentiality Claimed
PIA §552.110

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

Confidentiality Claimed
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APPENDIX C

QUALITY CONTROL AT POLLARD BANKNOTE

Please find attached our discussion of quality control methodologies.

Please note: as indicated within 1.7. Trade Secrets or Competitive Information, Pollard Banknote has declared the following narrative confidential. The specific statutory basis for our claim is offered below.

Specific Statutory Exemption:

Texas Code Title 5 Subtitle A Section 522.110 of the Public Information Act states:

"INFORMATION EXCEPTED FROM REQUIRED DISCLOSURE: TRADE SECRETS; CERTAIN COMMERCIAL OR FINANCIAL INFORMATION. (a) A trade secret obtained from a person and privileged or confidential; by statute or judicial decision is excepted from the requirements of Section 552.021. (b) Commercial or financial information for which it is demonstrated based on specific factual evidence that disclosure would cause substantial competitive harm to the person from whom the information was obtained is excepted from the requirements of Section 552.021."

Supplemental Rationale:

This Quality Control narrative reveals sensitive information about production and operations and constitute Pollard Banknote trade secrets used to further a business advantage over competitors who do not know or use it, and the disclosure of which would injure Pollard Banknote in the marketplace.



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APPENDIX D

SECURITY AT POLLARD BANKNOTE



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APPENDIX D SECURITY AT POLLARD BANKNOTE

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