



December 17, 2008

New York State Division of Lottery Finance Office  
Attn: Gail P. Thorpe, Contracting Officer  
One Broadway Center  
Schenectady, NY 12301-7500

Dear Ms. Thorpe:

GTECH Corporation is pleased to submit the enclosed Price Proposal to the New York Lottery in response to the Request for Proposals for a Full Service Lottery System, Contract #C080005.

GTECH is proud of its long standing partnership with the New York Lottery and we look forward to the opportunity to continue our successful partnership. In this spirit we welcome a detailed evaluation of our offering. The New York Lottery currently pays GTECH 1.2850% of online sales and .7400% of instant sales for a combined effective rate of approximately .99% of total lottery sales. Our base offering contained in the enclosed Price Proposal results in a 17% discount to the current combined effective rate. In addition, GTECH's specified option for a statewide telecommunications network is 40% less expensive than the Lottery's current network while, at the same time, providing a dual communication solution for the New York City retailers.

In addition to the annual operational savings, the New York Lottery will receive the highest quality products and services available in the industry. With more terminals, more flat panel monitors, more compelling graphics, using proven leading edge technology over faster networks, the New York Lottery will be strongly positioned to surpass its requirements and meet future growth challenges. We encourage you to carefully evaluate the value of our offering within this context, as not all offerings and vendors are interchangeable.

All prices included in our Price Proposal will remain valid for 18 months from the proposal submission date. GTECH will abide by all terms and conditions as set forth in the RFP and any resulting contract.

We look forward to demonstrating GTECH's capabilities, as described throughout our proposal, and are prepared to answer any questions the New York Lottery may have. We would be privileged to continue to earn your business.

Sincerely,

A handwritten signature in black ink, appearing to read 'A Eland', with a stylized, cursive script.

Alan Eland

Senior Vice President, GTECH Americas

## **4.5 COST QUOTATION SHEET**

**1. Base System Pricing:** Vendors are required to quote the Base System as a percentage of net Lottery sales, carried to four (4) decimal places. Pricing must include the marketing support fee of 1.7%.

Price Quoted as a Percentage of Total Net Sales 2.5195%.

**2. Lottery-Specified Options:** Vendors are required to provide a cost or indicate N/C (No Charge) for Specified Options.

**A. Player Advertising Display (3.2.1.3.A).** The terminal must support an additional LED display attachment suitable for displaying advertising and game information to players within the store. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 500 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$3.31

**B. Player Transaction Display (3.2.1.3.B).** The terminal must support an additional display attachment suitable for displaying advertising and game information to a player within the store. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 500 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$1.78

**C. Self Service Validator (3.2.1.3.C).** The Self Service Validator must allow players to check both on-line and instant tickets for winners. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$3.83

**D. Flat Panel Display (3.2.1.3.D).** The Flat Panel Display must be suitable for displaying advertising and game information to players within the store. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 500 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$3.28

**E. In-Store Wireless Signage (3.2.1.3.E).** The retailer terminals must support a wireless signage feature capable of displaying information regarding jackpot amounts, winning numbers, advertisements, or Lottery authorized announcements to add to conventional signage. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$6.16

**F. Quick Draw Monitors (3.2.1.3.F).** The Lottery requires pricing for additional monitors in a mix of 20" and 26", including hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$9.28

**G. Combined Self-Service Terminals (Section 3.2.4.2).** Lottery requires kiosks that combine the features of an instant ticket vending machine and an on-line self-service terminal. The price includes hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit, based on 3,000 units installed from start-up.

Weekly per unit \$46.39

**H. Wireless Connection for Combined Self Service (Section 3.2.4.2).** The price includes hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit, based on 3,000 units installed from start-up.

Weekly per unit \$1.18

**I. Communications Network (Section 3.3).** Vendors must propose a telecommunications network that will fully support an Internet Protocol (IP) based solution and will support Protocol Independent Multicast (PIM). The price includes hardware and software installation and service, quoted as a weekly fee per retailer location, based on every retailer being installed from start-up.

Weekly per unit \$19.62

**J. Wireless Temporary Terminals** (Section 3.3.1.10). Vendors must propose eight wireless temporary terminals as part of the base price. As a Specified option, pricing for additional terminals, in groups of four must be provided.

Weekly per unit \$N/C

**K. Keyless Validation** (Section 3.4.4.6). The Lottery requires a secure validation mechanism requiring no more than a bar code scan for specified prize levels. Validating instant tickets with no keystrokes required by the retailer or player. The price includes hardware and software installation and service, quoted as a weekly fee per unit, based on every retailer being installed from start-up.

Weekly per unit \$ N/C

**L. Additional On-line Retailer Terminals** (Section 3.2.1). As part of the specified options, Vendors must propose additional on-line retailer Terminals. Prices are quoted as a weekly fee per unit based on groups of 500 terminals amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit \$31.32

**3. Lottery-Invited Options:** Vendors are not required to submit cost information for Invited Options.

**A. Pre-Paid Gift Card Processing** (Section 3.2.1.2.CC). The terminal may be equipped with a reader or reader/writer that permits the use of pre-paid gift cards. The price includes hardware and software installation and service, but not the cards, quoted as a weekly fee per unit based on every retailer being installed at start-up.

Weekly per unit: Barcode Format \$ N/C – Magstripe Format \$0.32

**B. Quick Draw Monitors** (3.2.1.3.F). The Lottery requires pricing for additional larger monitors such as a mix of 32" and 40" that may have advanced features, including hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$13.09

**C. Quick Draw Annunciator Boards** (Section 3.2.1.3.G). The Lottery requires additional annunciator boards. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 50 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$ \_\_\_\_\_

**D. Cash Drawers** (Section 3.2.1.3.H). The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 250 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$ \_\_\_\_\_

**E. Wireless Terminal Peripherals** (Section 3.2.1.3.1). The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 100 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per unit: \$4.38 (Player Advertising Display or Self Service Validator)

**F. Alternative Retailer Play Devices** (Section 3.2.4.3). Play capability at retailer locations NOT through a conventional lottery retailer terminal. The price includes hardware and software installation and service (maintenance and repair or replacement), quoted as a weekly fee per unit based on groups of 50 amortized over 36 months or the remainder of the contract, whichever is less.

Weekly per device: \$110.95 or \$9.19 based on groups of 1,000

**G. Technology to Assist Visually Impaired Retailers** (3.2.4.5) Terminals, peripherals, or integrated software designed to facilitate the use of terminals by visually impaired retailers or their staff. The price includes hardware and software installation and service (maintenance and repair or replacement) quoted as a weekly fee per unit based on groups of 50 amortized over 36 months or the remainder of the contract, whichever is less. Solutions for both clerk activated terminals and Self-Service Terminals are desired.

Weekly per unit for Clerk Operated Terminals: \$130.83

Weekly per unit for Self-Service Terminals: \$\_\_\_\_\_

**H. Advanced Communications** (Section 3.3.5). Advanced communications options that may further improve the reliability and/or performance of the network beyond the baseline design. The price is to be quoted as additional one-time start-up and weekly fees over the communications fee included in the baseline, from start-up.

One-time \$\_\_\_\_\_

Weekly Total \$\_\_\_\_\_

**I. Real Time Accounting for Instant Tickets (Section 3.4.4.10).**

Technology and/or methods that permit retailers to account for instant tickets as they are sold. The price includes hardware and software installation and services, based on a minimum of one thousand (1,000) retailer installations at start-up, quoted as a weekly fee per unit (retailer).

Weekly per unit \$ \_\_\_\_\_

**J. On-Line Subscription System (Section 3.4.12).** A system for enrolling New York Lottery players for future drawings is invited. Any quote must include costs for system delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$12,644.42 (based on 36 months)

**K. Player Registration (Section 3.4.13).** A system for enrolling New York Lottery players is invited. Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$ \_\_\_\_\_

**L. Retailer Website (Section 3.4.14).** At a minimum, content should include transactional accounting; sales information; and retailer application, manuals, training materials, and historical reports. Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$3,173.00 (based on 36 months)

**M. VIP Website (Section 3.4.15).** Among other features, the website may include points systems for player rewards programs, internet-enabled games (not internet wagering), player contests, and capture of player email addresses for various email functionality. Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$ \_\_\_\_\_

**N. Checkwriting System (Section 3.4.17).** Any quote must include costs for delivery, operation, and maintenance. The price is a weekly fee.

Weekly \$262.31 (based on 36 months)

**O. Lottery Chain Selling Initiative** (Section 3.5.11). Weekly fees as a percentage of sales to implement a Chain Selling Initiative.

Weekly Fee as a Percentage of Terminal Sales: 6.00%

GTECH welcomes the opportunity to continue the Lottery's planned pilot program with a major chain to install and service a combined Self-Service On-line Instant Terminal subject to the third party vendor and the retailer agreeing on payments between themselves.

#### **4. Offered Options:**

The Vendor **shall** attach sheets for any Vendor-offered optional items. Clearly identify the items offered and the terms under which they are offered. Vendors are not required to submit any Offered Options.

- A. Hand-Held Terminals:** Portable palm –sized terminals that sell and check on-line tickets. Per Unit Price: **TBD**
  
- B. Lottery to Go™:** Altura-based marketing toll that sells both instant and on-line games from one secure machine. Per Unit Price: **TBD**
  
- C. Auto-Lotto Machine (ALM):** Our next generation lottery vending solution. Per Unit Price: **TBD**
  
- D. Instants to Go™ 24:** The best-selling instant-game ITVM on the market. Per Unit Price: **TBD**
  
- E. Instants to Go™ 4:** Space saving instant-game ITVM. Per Unit Price: **TBD**
  
- F. Instants to Go™ 2:** Space saving instant-game ITVM. Per Unit Price: **TBD**
  
- G. Lotto to Go™:** Altura based self-service terminal that sells on-line lottery games. Per Unit Price: **TBD**
  
- H. Full Travel Key Pad:** Per Unit Price: **TBD**
  
- I. Additional 40” Monitors for use as Quick Draw Annunciator Board:** Per Unit Price: **TBD**
  
- J. New Media (section 3.5.9)** Next Generation interactive gaming. Price: **TBD**
  
- K. Wintainer:** Clerk assisted self-service instant terminal. Price: **TBD**
  
- L. Instant Showcase:** Stand-alone counter top device that securely displays instant tickets. Per Unit Price: **TBD**

- M. Players Club Card:** Allows for lottery winnings to be credited to an affinity card. Price: **TBD**
- N. V-Pro:** Functionality that allows remote turn on/off of terminal. Price: **TBD**
- O. X-Series Host in lieu of P-Series for ES:** Price: **No Cost**
- P. UPC Price Book:** Price: **TBD**
- Q. Daily re-activation and Bulk re-activation:** Price: **TBD**
- R. Inventory Balancing Tool for Instants:** Per Unit Price: **TBD**
- S. Early conversion of the Communications Solution:** As an Offered Option, we offer early conversion of the communications network. If the specified option for transport network is selected, GTECH can convert retailers to the new network and terminal months before the system conversion date. As our conversion methodology calls for early installation of the new terminal on the new network, the Lottery can move from the current, legacy network to the new IP network, at the proposed specified option weekly price, taking advantage of both technical and financial benefits of the new network.
- T. Alternate Terminal Offering:** As a no cost Offered Option, the New York Lottery may select any other clerk operated terminal from GTECH's family of terminals including the Altura currently in the field in New York in lieu of the GT1200 being proposed as part of the base system pricing. Such terminals would be compliant with the specifications set forth in Section 3.2 of the RFP and shall be provided in blocks of 100 up to 20,000.  
Per Unit Price: **This Offered Option shall be included in the base system pricing.**

**U. GTECH Instant Ticket Printing:** GTECH's subsidiary, GTECH Printing Corporation (GPC), has high-quality instant game design capabilities and instant ticket printing expertise. GPC has the industry's newest, fastest, and most advanced press that allows for scheduling and planning flexibility and game design freedom, as well as an experienced and growing game production staff in every critical area of game development, programming, manufacturing, marketing, and packaging and shipping. Price: **TBD**

**V. Video Central System:** Price: **TBD**