

## Questions and Answers

### July 24, 2006

1. *Under the Technical Response, is our answer only to directly respond to the points in questions a through e, or does it also need to specifically lay out how we would fulfill the service requirements as well?* (Jim Kelly, J.P Morgan Securities Inc.)

Please be advised that the provisions of Section 5(a)(4) captioned "APPROACH (PLAN TO ADDRESS THE SERVICES REQUIRED FROM THE VENDOR)" state that "the Vendor must provide a detailed description of how the Vendor plans to approach each service requirement." Sections 5(a)(4)(a) - (e) do not describe service requirements per se as does Section 4 captioned "Services Required From the Vendor". Sections 5(a)(4)(a) - (e) do however, require detailed Vendor responses.

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2. *Are joint proposals allowed?* (Courtney C. Shea, Siebert, Brandford Shank & Co., LLC; Martha Wooding, Merrill Lynch & Co.)

Joint proposals are allowed.

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3. *Can we get a copy of the analysis used by the Governor to determine the value of the Lottery?* (Martha Wooding, Merrill Lynch & Co.)

Proposals are being sought from firms that have evaluation expertise. The successful vendor(s) will be provided with any relevant background information in the possession of GOMB.

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4. *If joint proposals are not permitted what would be the responsibilities of a subcontractor in terms of filing the forms in the appendices?* (Martha Wooding, Merrill Lynch & Co.)

Joint proposals are allowed.

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5. *Could the Lottery provide bidders with internal projections for future revenues and expenses?* (Martha Wooding, Merrill Lynch & Co.)

Any such analysis will be provided to the successful vendor(s).

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6. *Can supplemental material such as previously conducted research and case studies on issues presented in the RFP be included in bidder responses? And will they have any bearing on the final determination?* (Martha Wooding, Merrill Lynch & Co.)

Bidders are encouraged to incorporate all relevant material into their responses.

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7. *Are the Required Attachments counted against the page count?* (Martha Wooding, Merrill Lynch & Co.; Yi Gu, Goldman, Sachs & Co.)

Per the RFP, “any attachments you create” count against the 30-page maximum. Any forms in the RFP do not count against the maximum.

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8. *Pursuant to the 19% BEP utilization goal in Attachment E(2), will joint proposals be accepted? Are they either encouraged or discouraged? Specifically, will firms be penalized if they do not participate in a joint proposal?* (Stephen J. Bierer, Loop Capital Markets, LLC)

Joint proposals will be accepted. Bidders are not required to submit joint proposals and will not be penalized if they do not submit a joint proposal. However, by submitting a proposal, all bidders agree to be bound by the RFP provisions describing the State’s efforts to maximize the involvement of covered persons and firms under the Business Enterprise for Minorities, Females, and Persons with Disabilities Act. Such firms may be included in one or more firms’ utilization plan(s).

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9. *The RFP provides that Vendors responding to all elements of this RFP must submit four pricing options in a form similar to that attached hereto as Part I of Attachment J. Our standard fee methodology differs from the formats included in the attachments. Are we able to submit our Price Proposal under an alternative formats, including a blend of the alternatives?* (Neha S. Shah, J.P. Morgan Securities Inc.)

*Regarding the price proposal, would it be acceptable to submit pricings solely for Alternative 4? As an investment bank, we do not typically set up our fee structure in an hourly fashion, such as those provided by consulting firms.* (Yi Gu, Goldman, Sachs & Co.)

Section 5 of the RFP states, “Failure to adhere to this format will affect our evaluation and may result in disqualification of the proposal.” All pricing information must be submitted in a form substantially similar to Attachment J.

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10. *Relating to the performance bond mentioned on page 5 of the RFP, when and how will the State determine if such a bond is necessary? While this does not pose as an issue to us, we would like to know the details in advance so that we can better prepare the process internally to comply with the State's requirements and needs. (Yi Gu, Goldman, Sachs & Co.)*

The State has not yet determined whether such a bond may be necessary; however, the State retains the right to require a performance bond based on any perceived risk.

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11. *Regarding the price proposal, to the extent that an IPO is selected as the State's financing strategy, should the response include various deal-related fees such as NYSE/NASDAQ listing fees, SEC registration fees, and Sarbanes-Oxley compliance related expenses, etc? (Yi Gu, Goldman, Sachs & Co.)*

Yes.

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