

10 THINGS U.S. LOTTERIES NEED TO KNOW ABOUT

SPORTS BETTING

1. PASPA

Professional and Amateur Sports Protection Act of 1992

It is unlawful for a state or state-owned entity to "sponsor, operate, advertise, promote... a lottery, sweepstakes or other betting, gambling, or wagering scheme based on... one or more competitive games in which amateur or professional athletes participate and moreover bans states from licensing or authoriz[ing] by law or compact" any such gambling activities.

The U.S. Supreme Court's overturn of PASPA would bring major changes to the U.S. gaming market.

Exempt: Oregon, Montana, Delaware and Nevada

This federal law is currently under review by the U.S. Supreme Court from case filed by the State of New Jersey challenging the constitutionality of the law.

Even if PASPA is overturned, the Wire Act would continue to impose limitations on interstate sports betting and would require careful navigation in the context of mobile and internet intrastate wagers.

2. Lotteries Regulate 70% of Legal Sports Betting Globally

\$135B in Legal Sales (2016)

60+ Countries Worldwide Allow Legal Sports Betting

9 of Top 10 Countries for Sports Betting Sell Thru Lotteries



3. U.S. Sports Betting Current Situation

\$150B Estimated Illegal Sales per year

\$4.9B Legal Sales in Nevada (2017)

7% CAGR in Nevada since 2005

4. U.S. Lotteries Are Naturally Positioned to Regulate the Sports Betting Channel

220,000

U.S. Lottery Retailers Large Distribution Network

Brand integrity, responsible gaming controls and distribution networks are valuable to maximizing regulated sports wagering

\$22.5B

U.S. Lottery Contributions to Beneficiaries (2016)

70%

Global Legal Sports Betting Regulated by Lotteries

5. Scientific Games: Market Leading Sports Betting Supplier Globally

25+

Lottery Sports Customers
Local sports solutions teams across the globe on 4 continents

20+

Years Experience
with a history of successful sports solutions and customer growth

100%

Regulated
Scientific Games has only conducted business with lotteries and operators in regulated sports betting markets

6. Sample U.S. Consumer Acceptance of Sports Betting



Majority Approve
of legalizing betting on pro sporting events, versus 1993, when a federal law went into effect banning the practice in most of the country and 44% of Americans approved



34x Larger Illegal Market

- 2018 Super Bowl
- \$138.5M or 3% of total bets placed legally in Nevada
- \$4.6B or 97% of total bets placed illegally across the U.S.



35x Larger Illegal Market

- 2016 NCAA Men's Basketball Tournament \$262M or 3% of total bets placed legally in Nevada
- \$9.2B or 97% of total bets placed illegally across the U.S.

7. Current U.S. Legislative Action Sports Impact to the U.S. Lottery Industry

CALL TO ACTION:
If PASPA is overturned or modified, the U.S. gaming landscape will change. Lotteries must educate stakeholders in advance of legislation, or risk future funding for beneficiaries.

19* STATES with Sports Bills Pending

ONLY 3* STATES with Sports Bills that Include Lottery

8. "Legalized U.S. sports betting will dramatically change the gaming landscape. If lotteries do not participate, they will face significant threat to future beneficiary funding from increased gaming competition."

– Pat McHugh, Senior VP Global Lottery Systems, Scientific Games

9. SCIENTIFIC GAMES



- Now offering #1 global sports betting platform
- 2 billion+ sports bets in 2016
- Trusted supplier to 150+ lotteries globally
- Fastest growing lottery systems supplier in U.S.

*As of press time. Subject to change based on state legislative activities.

2. and 3. Source: GBGC 4. WLA, NASPL 6. Source: August 14-21, 2017 Washington Post-UMass Lowell poll of 1000 adults. "AGA," Americans to Wager More than \$4.6 Billion Illegally on Super Bowl 52 | AGA, 30 Jan. 2018, www.americangaming.org/newsroom/press-releases/americans-wager-more-46-billion-illegally-super-bowl-52. "AGA," March Madness Betting to Total \$9.2 Billion This Year | AGA, 14 Mar. 2016, www.americangaming.org/newsroom/press-releases/march-madness-betting-total-92-billion-year.

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