

Celebrating
the Spirit of

INNOVATION

in Pennsylvania

In a U.S. state whose history and landmarks are an enduring symbol of American freedom, innovation and firsts continue for one of the nation's highest performing and most technologically innovative lotteries.

Earlier this summer, just months after the Commonwealth of Pennsylvania's 2017 legislation cleared the way for monitor games, iLottery, iGaming, fantasy sports and sports betting in the state, the Pennsylvania Lottery moved forward with new sales channels and new products as part of its modernization initiative to generate funding to benefit older Pennsylvanians.

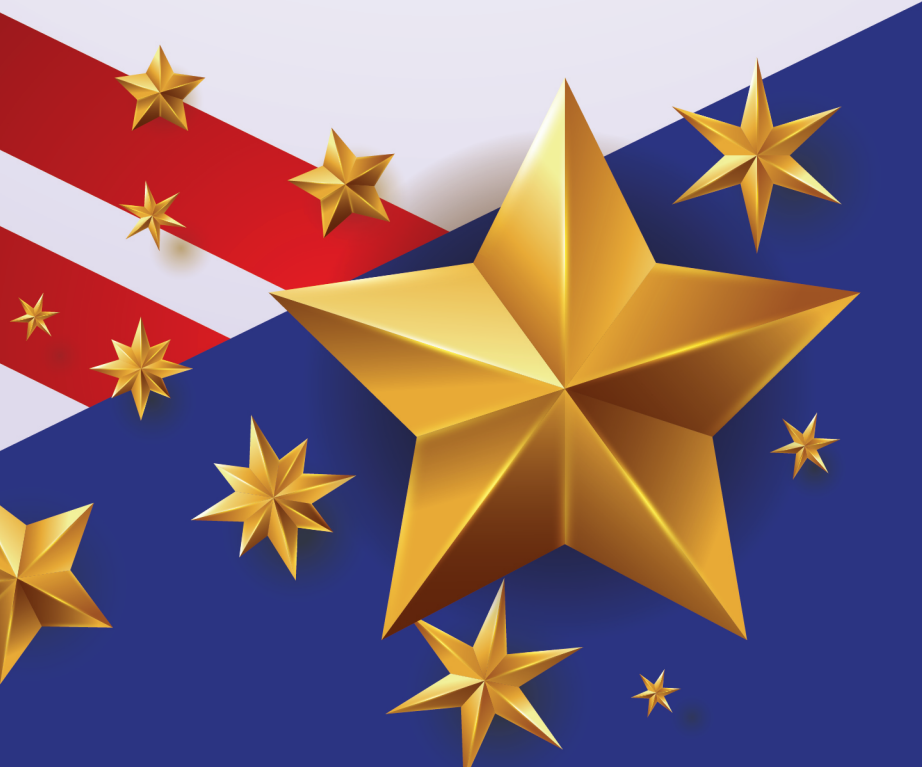
Living up to its highly respected reputation as a technology pioneer, in just a few short months the Pennsylvania Lottery and its longtime technology provider, Scientific Games, launched Keno, iLottery online/mobile games and coming soon...virtual sports.

Keno – A Fast, Fun Addition

Legend has it that the game of Keno originated many centuries ago in China, saved an ancient city, and its widespread popularity helped build the Great Wall of China. Today, although Keno is played in many different ways, the basic game hasn't changed. Players choose numbers ranging from 1 through 80, and 20 numbers are randomly drawn.

Keno is offered by lotteries around the world, including 19 U.S. lotteries. In May, the Pennsylvania Lottery announced "Keno – It's Here!" The fast-paced game gives players a chance to win \$100,000 or more. Drawings are held every four minutes and can be watched on TV monitors at select Pennsylvania Lottery retailers, or viewed online.

"Keno is part of our continuing effort to modernize our business and grow new revenues to benefit older Pennsylvanians," says Pennsylvania Lottery Executive Director Drew Svitko. "We're excited that our players have welcomed the game in such an enthusiastic way."





Players are enjoying Keno at more than 9,300 retailer locations. Monitors are installed at 1,300 locations, including restaurants, drinking establishments and convenience stores, with new monitor locations being added each day. Scientific Games' technology teams installed the Keno monitors, working for several months with retailers being selected by the Lottery, and upgrading the Lottery's current gaming systems technology.

"The open architecture of the Pennsylvania Lottery's gaming system gives the Lottery the flexibility to quickly bring new products like Keno, new distribution channels, and cashless payments to market so that its offering is exciting and relevant for players, and continues to drive funding to benefit older Pennsylvanians," says Pat McHugh, Senior Vice President, Lottery Systems for Scientific Games.

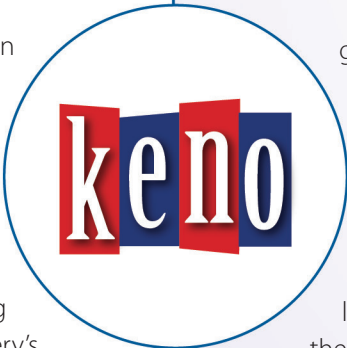
A key component of the Pennsylvania Lottery's game entertainment expansion, Keno has generated more than \$8.5 million in incremental funding in its first two months as the rollout of monitors and selection of new retailers at prime locations continue (*as of press time*).

iLottery Online/Mobile Games

Three weeks after the successful launch of Keno, the Pennsylvania Lottery continued its game entertainment expansion by offering a selection of online/mobile games to players in the state for the first time. With this innovative move, the Lottery became the seventh in the U.S. to offer iLottery.

Offering chances to win up to \$250,000, the new digital lottery games may be played on a computer, tablet or mobile device. The game titles include: *Big Money SLINGO*®, *Bigfoot*, *Cash Buster Towers*, *Cash in the Lamp*, *Crossword Cash*, *Foxin' Wins*®, *Monster Wins*®, *Robin Hood*, *Super Cash Buster*, *Super Gems*, and *Volcano Eruption*®. Players can try demo versions of the interactive games at www.pailottery.com.

"iLottery reflects a business need to meet our players where they already are," shares Svitko. "Our online/mobile



games are a fun, new way to play and win from home or while on the go. It's also part of our plan to introduce Pennsylvania Lottery games to new players."

The iLottery offering began with a soft launch to VIP Players Club members, then was made available to any player in the state 18 years or older. There are responsible gaming controls in place, aligned with the Internet Responsible Gaming Standards developed by the National Council on Problem Gambling.

Svitko explains that while the Pennsylvania Lottery fully understands the increasing competition from other forms of entertainment consumers have readily available on their phones, games sold in stores will continue to be the foundation of the Pennsylvania Lottery's business.

"We want our existing retailers to understand that building awareness of Pennsylvania iLottery can be good for their bottom line," Svitko adds. "In other states that offer online games, there has been growth in lottery game sales at retail."

So with their loyal retailer network in mind, the Lottery and Scientific Games incorporated an affiliate marketing program for its 9,400 retailers to drive enrollment in the new iLottery online platform. This unique program from third-party





provider Income Access lets the retailers and other businesses earn a share of profits. For 24 months, qualified partners can earn a profit share for each iLottery player they refer.

The Pennsylvania Lottery iLottery program represents the first launch combining Scientific Games' leading lottery digital products with those from the company's recent acquisition of NYX Gaming Group, a well-known leader in digital and sports betting platforms, games, and services.

"Scientific Games continually invests to deepen the breadth of technology, content and managed services we offer our customers," says McHugh. "We are thrilled to combine Scientific Games and NYX market leading capabilities to offer entertaining digital games to Pennsylvania Lottery players, and an affiliate program that continues to support lottery retailers.

A History of Industry Firsts

The company has a long history of innovating industry "firsts" for the Pennsylvania Lottery, including first lottery self-service terminal offering a full portfolio of lottery game entertainment (instant, draw and *PlayNow Games*™, high-frequency games and other lottery products), first integration to a national gift card supplier network, and the first Payment Card Industry (PCI)-certified card and mobile payment options. Most recently, the first self-service machine in a reduced-size 54" height custom developed for Walmart SuperCenters launched in the state, accepting both cash and cashless payments.

"Our gaming systems technology is at the core of the Pennsylvania Lottery's modernization initiatives. Our systems allow for easy integration of new products, sales channels and third-party content and platforms, with data security and integrity still priority number one," says McHugh.

He shares that speed-to-market is leading many customers' new business initiatives – and new regulations like sports betting in the U.S. – are coming in to play. Solutions begin with how the infrastructure of the system is architected and how the software is developed. With that agility, a lottery can easily plug in new games, distribution channels, iLottery, plus virtual and real sports betting.

Coming Soon...Virtual Sports

In fall 2017, Governor Tom Wolf authorized the Pennsylvania Lottery to develop virtual sports games. Another ground-breaking project for the Lottery and Scientific Games, the offering appeals to Pennsylvanian's passion for all things sports -- and betting is enabled by secure lottery technology.

Popular in Europe, virtual sports look and feel like high-definition games where sporting events are played out using computer-generated graphics. Players can bet on virtual events like horse racing, football and soccer. Secure random number generators determine the outcome. Different from real-world sporting events, virtual sports events can take place at frequent intervals throughout the day – even up to every five or 10 minutes.

The Pennsylvania Lottery's virtual sports offering (coming summer 2018) is called *Xpress Sports*, initially featuring *Xpress Car Racing* and *Xpress Football*. Integrated through Scientific Games' central gaming system, sports betting platform and retail TV monitors in Pennsylvania, the offering is from third-party virtual sports company Inspired Entertainment.



Xpress Car Racing features racecars numbered 1-12, and players can wager \$1 to \$20 on what order the first three cars will finish. *Xpress Football* allows players to select from two teams on wagers such as touchdown run on first through fifth play, touchdown pass on first through fifth play, turnovers or field goal. Elements of the game change every draw, such as teams, home or away, starting line for the drive, defense and offense strengths, etc. Players can wager from \$1 to \$20 per drive.

Featuring advanced graphics and animation, scheduled virtual events will be streamed into a mixture of retail venues and bars and taverns throughout the state via two dedicated channels throughout the day.

"Just as Keno has done, virtual sports games will help us to attract new players and recruit new types of retailers," says Svitko. "Football and car racing are among the most popular sports in Pennsylvania, so these new products have tremendous potential to generate new revenue."

In addition to serving as the Pennsylvania Lottery's longtime technology provider, Scientific Games' legacy company produced the Lottery's first instant game in 1975. Since 1997, the Pennsylvania Lottery's instant game sales have grown from \$400 million to more than \$2.7 billion annually, ranking the Lottery No. 1 in the U.S. for instant game per capita sales for states competing with land-based casinos.

"We are proud of our accomplishments supporting the Pennsylvania Lottery. We have a long tradition of investing in highly successful games, technology, and services that generate the highest possible returns for the Commonwealth," shares McHugh.

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