



Request for Qualifications

Pennsylvania Lottery Private Management Agreement



Response Required by May 1, 2012

Issued: April 2, 2012

I. OVERVIEW

A) INTRODUCTION

The Commonwealth of Pennsylvania (the “Commonwealth”) is exploring a Private Management Agreement (“PMA”) with respect to the Pennsylvania Lottery (the “Lottery”). To identify qualified bidders to compete for the opportunity to enter into a PMA with the Department of Revenue (“Revenue”) for operation of the Lottery, the Commonwealth, acting through the Department of General Services (“DGS”), is conducting a bidder prequalification process in accordance with Section 532 of the Commonwealth Procurement Code (62 Pa.C.S. §532).

The Lottery, which has generated over \$21.5 billion in cash flow since inception in 1971, is the only U.S. lottery that exclusively directs all proceeds to fund programs for older residents. The Commonwealth’s primary policy objective in seeking a Private Manager (the “Private Manager”) is to strengthen future funding for programs for older Pennsylvanians funded by the Lottery by maximizing a growing, cash-flow annuity in a responsible manner.

In exploring a PMA, Pennsylvania is committed to structuring a relationship that is commercially viable for a Private Manager, but also protects the Commonwealth’s interests and the reputation of the Lottery. Pursuant to the terms of any PMA, it is envisioned that the Private Manager will assist in the management of the day-to-day operations of the Lottery and its core functions, including game development, supply of goods and services, marketing and advertising, among others. It is envisioned that an effective Private Manager will offer the Commonwealth a competitive advantage in operating the Lottery by accelerating innovation and managing programs, procedures, and other business processes in a more efficient manner. In part, the selected Private Manager’s compensation will be correlated with its success in increasing the Lottery’s cash flow.

At all times, the Lottery will continue to be conducted by the Commonwealth pursuant to applicable law. The Lottery will exercise actual control over all significant business decisions, and will retain the authority to direct and countermand the operating decisions of any Private Manager. The Lottery will have ready access to all information regarding operations, and will continue to retain full ownership of all lottery assets, including its intellectual property.

B) REQUEST FOR QUALIFICATIONS

By issuing this Request for Qualifications (“RFQ”), the Commonwealth seeks to register and begin the qualification process for prospective Private Managers that desire to compete for the opportunity to enter into a strategic relationship with the Commonwealth. This strategic relationship will then establish a plan for, and commitments to, increasing Lottery cash flow for eligible programs for older Pennsylvanians. The issuance of this RFQ begins a “blackout period” whereby potential Bidders and their representatives are prohibited from communicating or otherwise contacting Commonwealth officials regarding this project, except as provided herein. Sections II and III of this RFQ provide an introductory description of the Lottery and include highlights of the possible PMA. Section IV summarizes the required bidder qualifications. Section V lists the RFQ submission requirements and procedures for those seeking to bid on the PMA.

For the purposes of this RFQ, the following definitions will apply:

- “Bidder” or “Team” means an individual, a company, or a consortium of individuals and/or companies formed to undertake the PMA transaction.
- “Team Member” means a member of a Team.

Those interested in bidding on the PMA should respond to this RFQ no later than Tuesday, May 1, 2012 at 3:00 pm Eastern Daylight Time. The Commonwealth may determine in its discretion whether to accept any responses that are not received by the date and time set forth in this paragraph.



I. OVERVIEW (CONT.)

C) PROCESS SUMMARY

If a decision is made to engage a Private Manager for the Lottery, such management services will be procured, as all services are procured, in accordance with the Commonwealth's Procurement Code and Handbook. The procurement will take place in phases, with the first phase being the release of this RFQ, which will identify potential bidders to the Commonwealth.

Once the Commonwealth ascertains which RFQ submissions pass the specified criteria in Section IV, such Bidders will be deemed qualified by Pennsylvania ("Qualified Bidders"). There will be no restriction as to the number of Qualified Bidders.

Once the pool of Qualified Bidders is established, the Commonwealth will engage in a multi-step sealed bidding process, also known as an Invitation for Bid ("IFB"). The first step of the IFB will include a due diligence process with each of the Qualified Bidders, which enables the Commonwealth to explore the various ways to maximize cash flow, examine the business plans of each Qualified Bidder, their character, fitness and suitability for such a transaction, and to develop a PMA that preserves and sustains the established integrity, value, and tremendous success of the Lottery while maximizing cash flow for the benefit of programs that serve older Pennsylvanians. The second step would be the issuance by the Commonwealth of an invitation for priced bids, where the Qualified Bidders are presented with a PMA that was developed during the first step of the IFB process and given the opportunity to provide the Commonwealth with a priced bid for these Lottery management services. At the conclusion of the process, the Commonwealth may award the contract to the Qualified Bidder that is responsive, conforms in all material respects to the requirements of the IFB, and proposes the highest responsible commitments for maximizing cash flow for programs for older Pennsylvanians.

The Commonwealth reserves the right to modify or terminate this RFQ solicitation and/or any IFB procedures at any stage if it determines such action to be in its best interests. The receipt of proposals or other documents at any stage of the RFQ or the IFB process will in no way obligate the Commonwealth to enter into any contract of any kind with any interested party.

D) PMA EVALUATION TEAM

The Commonwealth has assembled a team comprised of individuals from various agencies including the Departments of Aging and Revenue, DGS, the Pennsylvania Lottery, the Governor's Budget Office, the Governor's Policy Office, and the Governor's Office of General Counsel, to explore the feasibility of a PMA. To assist the Commonwealth in this process and because the complexities of such a transaction necessitate it, the Commonwealth has hired an independent financial advisory firm, Greenhill & Co., LLC (the "Financial Advisor"), and a law firm, DLA Piper LLP (US) (the "Legal Advisor") (collectively, the "Advisors"), which have experience and expertise with regard to such transactions. A decision whether to proceed with the transaction will be made by the Commonwealth team in consultation with its Advisors. Likewise, if a decision is made to engage a Private Manager for the Lottery, selection of such Private Manager will be made by the Commonwealth in consultation with its Advisors.

II. LOTTERY DESCRIPTION

A) SUMMARY

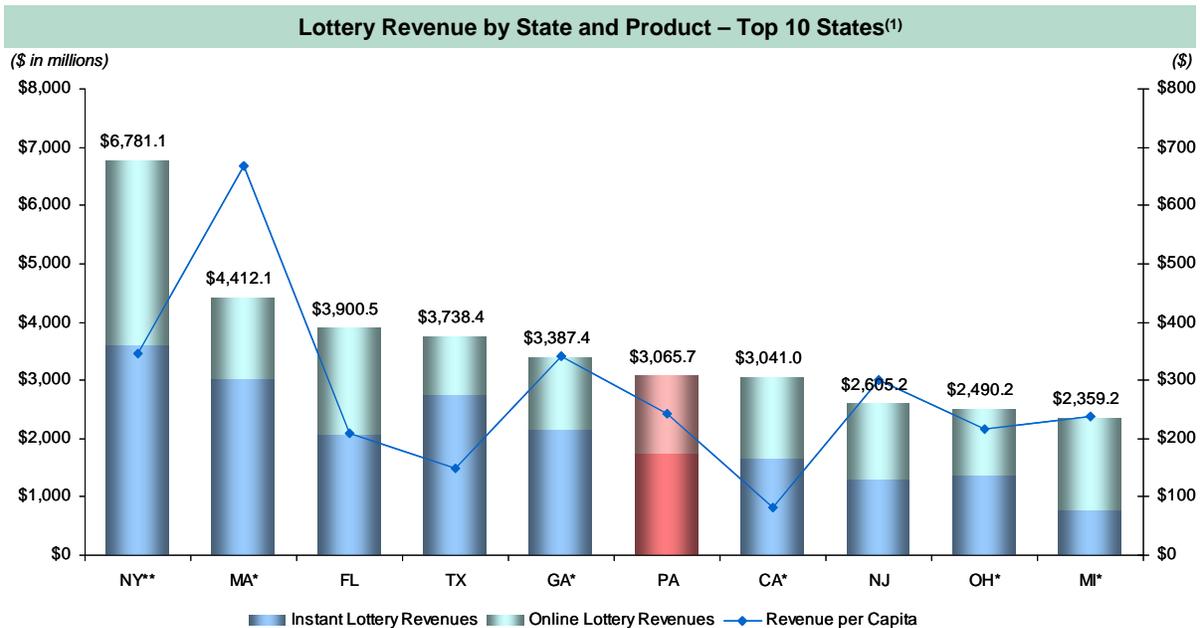
The Commonwealth operates a state-wide Lottery that consists of various games using pre-printed tickets (“Instant Games”) and computer sales terminals (“Terminal-based Games”). For the fiscal year ending June 30, 2011 (“FY11”), Pennsylvania’s lottery ranked 6th nationally by sales with total revenue of \$3.2 billion and 8th nationally in revenue per capita of approximately \$252/person. Currently, the Lottery has 233 employees and enjoys relationships with over 9,000 retailers throughout the Commonwealth.

Since its inception in 1971, the Lottery has contributed more than \$21.5 billion in services for older Pennsylvanians through Revenue’s Property Tax / Rent Rebate program; a free and reduced fare transit program; the low-cost prescription drug programs PACE and PACENET; a Department of Public Welfare program providing long-term living services; and 52 Area Agencies on Aging throughout the Commonwealth, including full- and part-time senior community centers across the state. The Lottery remains the only lottery in the nation that exclusively targets all of its proceeds to programs for older residents.

By law, the Pennsylvania Lottery must contribute at least 27 to 30 cents of each dollar earned to such programs and at least 40 cents of each dollar to players in the form of prize money. In FY11, the Lottery contributed about 29.9 cents of each dollar to programs for older residents, while about 61 cents of each dollar was returned to players in the form of prize money.

For the purpose of comparison, an overview of the Lottery’s revenue and revenue per capita is illustrated below in Figure 1 for FY10. In the U.S., the top 10 state lotteries accounted for approximately 66% of total national sales. In FY10, Pennsylvania represented 5.7% of total national sales.

Figure 1:



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

Note: *Includes Keno Only

**Includes Keno and VLT

(1) FY2010 Total Sales (Excludes VLT); FY ends June 30 for all U.S. States, except New York (March 31), Texas (August 31) and Michigan (September 30)



II. LOTTERY DESCRIPTION (CONT.)

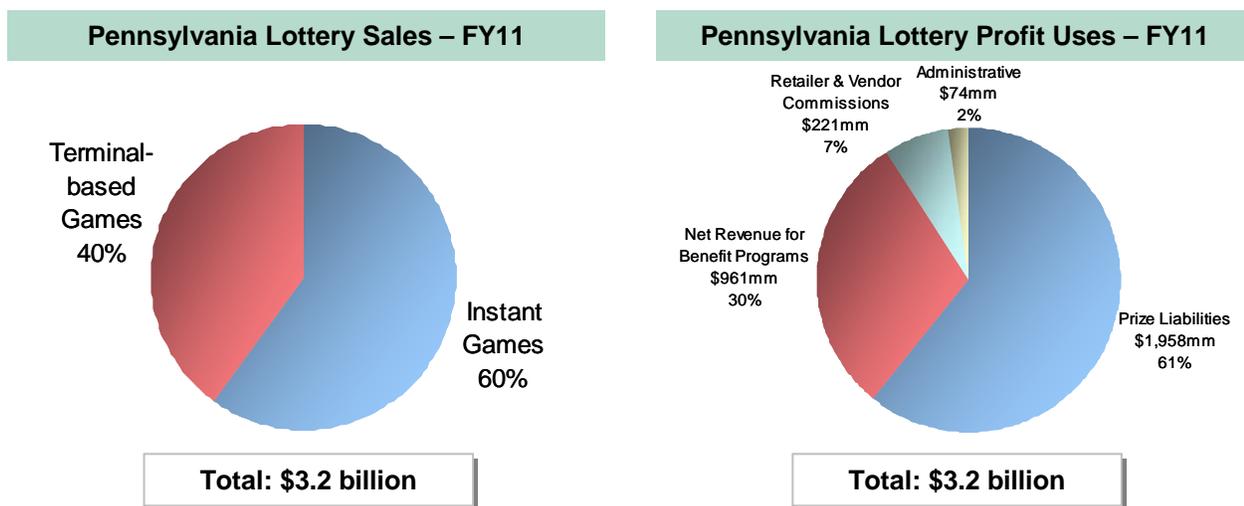
B) SALES OVERVIEW

The Lottery has consistently generated stable, growing cash flow, with historical Net Revenue margins of nearly 30%. In FY11, total revenue was \$3.2 billion with approximately \$961 million in Net Revenue. Instant games generated \$1.9 billion in sales, accounting for 59.9% of total revenue. Instant ticket sales have demonstrated a 5-year compounded annual growth rate (“CAGR”) of 3.1% and have driven overall Lottery revenue growth of 1.1% since FY07. In recent years, instant ticket sales dropped 0.5% from FY09 to FY10 but then grew by 9.9% from FY10 to FY11.

Terminal-based Games, which collectively generated 40.1% of total FY11 revenue, include Daily Number, Big 4, Powerball, Cash 5, Mega Millions, Match 6 and Quinto, among others.

The breakdown of FY11 Lottery sales and expenses can be found below in Figure 2.

Figure 2:



Source: FY11 Pennsylvania Lottery Annual Report

C) OPERATING EXPENSE OVERVIEW

As outlined in Figure 2 above, Lottery prizes are the primary component of operating expenses, accounting for nearly \$2.0 billion, or 61% of revenue. From FY10 to FY11, prize expenses increased by 4.9%, primarily due to an increase in overall sales. Lottery sales are created through a network of retailers, whose commissions and bonuses, when combined with that paid to vendors, comprise approximately 7% of Lottery operating expenses. Retailer and vendor commission expenses also increased in FY11 due to the overall increase in Lottery sales. Administrative expenses in FY11 remained flat compared to FY10, totaling \$74 million, or 2% of revenue. Overall, in FY11 the Lottery's Net Revenue margin remained constant when compared to FY10 at 29.9%.

II. LOTTERY DESCRIPTION (CONT.)

D) HISTORICAL FINANCIAL PERFORMANCE

The Lottery's historical financial performance from FY07 to FY11 is illustrated in Figure 3 below.

Figure 3:

(\$ in millions)

	Fiscal Year					FY07-11 CAGR
	2007	2008	2009	2010	2011	
Revenue						
Instant Games	\$1,704	\$1,707	\$1,758	\$1,749	\$1,922	3.1%
% Growth	7.3%	0.2%	3.0%	(0.5%)	9.9%	
Terminal-based Games	1,373	1,382	1,331	1,317	1,286	(1.6%)
% Growth	(7.4%)	0.7%	(3.7%)	(1.0%)	(2.4%)	
Total Revenue	\$3,076	\$3,089	\$3,088	\$3,066	\$3,208	1.1%
% Growth	0.2%	0.4%	(0.0%)	(0.7%)	4.6%	
Expenses						
Prize Liabilities	\$1,833	\$1,845	\$1,853	\$1,867	\$1,959	
Retailer & Vendor Commissions	253	248	224	207	221	
Administrative	75	82	74	77	74	
Total Expenses	\$2,160	\$2,175	\$2,150	\$2,151	\$2,253	1.1%
% of Revenue	70.2%	70.4%	69.6%	70.2%	70.2%	
Net Operating Revenue	\$916	\$914	\$938	\$915	\$955	1.0%
% Margin	29.8%	29.6%	30.4%	29.8%	29.8%	
Other ⁽¹⁾	33	15	(27)	1	6	
Net Revenue (EBITDA)	\$949	\$928	\$910	\$916	\$961	0.3%
% Margin	30.9%	30.1%	29.5%	29.9%	29.9%	
% Growth	(1.9%)	(2.2%)	(1.9%)	0.6%	4.9%	

Source: Pennsylvania Lottery Annual Report

Note: (1) Includes Interest and Miscellaneous Items

Since FY07, the Lottery's Net Revenue has largely stagnated. At the same time, funding needs for important programs for older Pennsylvanians (from Lottery proceeds) have continued to grow. Through a PMA, the Commonwealth desires to re-establish the growth trajectory of the Lottery's cash flow.

II. LOTTERY DESCRIPTION (CONT.)

E) PROJECTED FINANCIAL PERFORMANCE

The Lottery's projected financial performance from FY13 to FY17 is illustrated in Figure 4 below. Budgeted figures for FY12 are also provided to highlight Revenue's expectations for the current fiscal year.

Figure 4:

(\$ in millions)

	Fiscal Year						FY13-17 CAGR
	2012(B)	2013	2014	2015	2016	2017	
Total Revenue	\$3,300	\$3,348	\$3,385	\$3,410	\$3,423	\$3,435	0.6%
<i>% Growth</i>	2.9%	1.5%	1.1%	0.7%	0.4%	0.4%	
Total Expenses	\$2,326	\$2,362	\$2,389	\$2,408	\$2,418	\$2,427	0.7%
<i>% of Revenue</i>	3.2%	1.6%	1.2%	0.8%	0.4%	0.4%	
Net Revenue (EBITDA)	\$974	\$986	\$996	\$1,002	\$1,005	\$1,008	0.5%
<i>% Margin</i>	29.5%	29.5%	29.4%	29.4%	29.4%	29.4%	
<i>% Growth</i>	1.4%	1.3%	0.9%	0.6%	0.3%	0.3%	

Source: Department of Revenue

From FY13-17, total Lottery revenue and Net Revenue are expected to grow at 0.6% and 0.5%, respectively. The 0.5% projected growth in Net Revenue through 2017 may not keep pace with cost increases and demand for current Lottery-funded programs. In addition, a Legislative Budget and Finance Committee Report recently concluded that should Lottery sales fall on the low end of projections, current funding may not be adequate to meet all program needs.¹

¹ Pennsylvania Lottery Funding of Programs and Services for Older Pennsylvanians, A Report in Response to House Resolution 2011- 106, Legislative Budget and Finance Committee (A Joint Committee of the Pennsylvania General Assembly), January 2012.

III. OPPORTUNITY HIGHLIGHTS

Given its scale and unrealized growth opportunities, the Commonwealth believes that the Lottery represents a premier U.S. lottery sector opportunity. More specifically, it is anticipated that a Private Manager may add significant value in terms of better overall asset management resulting in incremental cash flow for important programs for older Pennsylvanians. Key highlights of a Lottery PMA include:

1. Largest U.S. Lottery to Pursue a Private Management Agreement

- While numerous other jurisdictions are exploring lottery management transactions, Pennsylvania is the only U.S. state currently in the market with a formal bidding process. Among other benefits, a PMA will allow the Commonwealth to maximize long-term funding benefits for eligible programs for older Pennsylvanians.

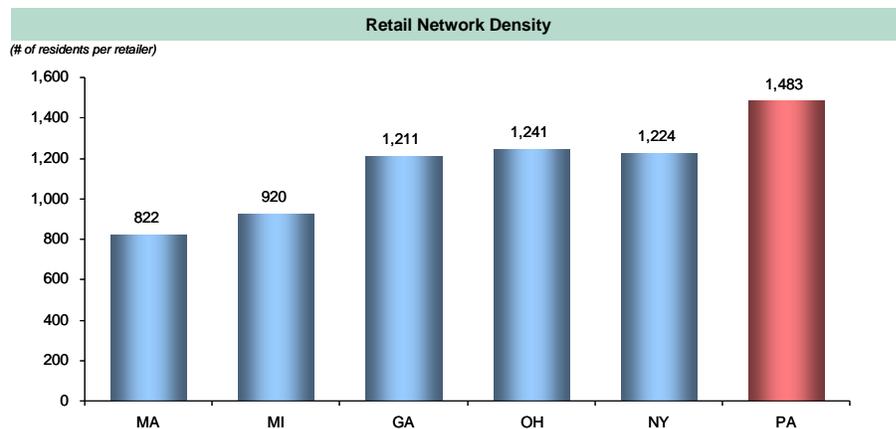
2. 6th Largest U.S. Lottery by Sales with Demonstrable, Sustained Growth

- From FY01 to FY11, total Lottery revenue grew by over \$1.4 billion (from approximately \$1.8 billion to \$3.2 billion). This FY01-FY11 revenue CAGR of 5.9% demonstrates the attractive underlying fundamentals of the Lottery. The Lottery has continued to show steady performance since its founding in 1971.

3. Achieving Improved Retail Network Density

- The Lottery has significant potential to achieve optimal retail network density. As of FY10, Pennsylvania had a Residents-per-Total-Retailers ratio of 1,483:1, a ratio higher than key peers such as Massachusetts, Michigan, Georgia, Ohio and New York.

Figure 5:



Source: La Fleur's 2011 World Lottery Almanac; Note: All retail data FY10, except GA (FY09)

4. Accelerating Innovation and Operating Improvements

- Significant opportunities exist for improved management of the Lottery, including the implementation of player reward / loyalty programs, more focused marketing and general cost containment, among others. Leveraging global best practices, a Private Manager can accelerate lottery innovation for Pennsylvania and optimize its portfolio of games.

5. Flexible Approach to Contract Terms to Maximize Value for Pennsylvania

- The Commonwealth may approach select PMA terms with a degree of flexibility in the form of seeking the views of all Qualified Bidders during due diligence in order to have full information with respect to the pricing of key contract provisions.

IV. BIDDER QUALIFICATION REQUIREMENTS; EVALUATION CRITERIA

This RFQ is open to prospective Bidders capable of meeting the requirements highlighted in this section and detailed further in Section V. Upon receipt, all RFQ submissions will be reviewed for completeness in accordance with the submission requirements highlighted in Section V of this RFQ. At the end of the completeness review, the Commonwealth will assess each Bidder's qualifications, principally in the areas of: (i) technical capability; (ii) financial capability; (iii) social responsibility; (iv) acknowledgment of probity; and (v) acknowledgment of certain legal provisions. The Commonwealth may allow changes in the composition of a Bidder if the Bidder is comprised of more than one entity (e.g., joint venture, partnership, etc.); however, any such changes must obtain prior approval by the Commonwealth. Failure to obtain such approval may result in disqualification from the process.

A) TECHNICAL CAPABILITY

The evaluation of technical capabilities will address whether a Bidder has the operational and technical capacity to maintain the Lottery at a higher standard than is currently achieved by Revenue.

Specifically, the Commonwealth requests that each Bidder describe its experience in managing lotteries, including the results achieved in terms of growing revenue and cash flow. For each lottery, specify the dates of management, whether management pertained to all or part of the lottery (and, if the latter, which parts), and the revenue and cash flow of each lottery during the applicable management period. Importantly, a Bidder must have management experience in connection with a government lottery, where the revenue of said lottery is in excess of \$1 billion (US) per year. For purposes of clarification and without limitation, a company serving as an online or instant ticket contractor for a state lottery satisfies the management experience required by the preceding sentence.

B) FINANCIAL CAPABILITY

The evaluation of financial capabilities will address whether the RFQ submission adequately responds to the financial capability requirements of the PMA with respect to the following areas:

- Financial capability to furnish and deliver the Commonwealth one or more irrevocable letters of credit in an aggregate amount of \$100 million or greater to secure the Private Manager's obligations under any PMA; and
- General credit quality of the proposed counterparty.

C) SOCIAL RESPONSIBILITY

The evaluation of these areas will address the extent to which a Bidder demonstrates strong community relations and an ability to work with community leaders on areas of social impact. High ethical standards in the Bidders' conduct of its current business are required. In addition, Bidders must provide evidence of their willingness to redeploy funds into the community to support educational and social-community infrastructure as well as responsible-gambling initiatives.

D) PROBITY

The Commonwealth, through its Advisors, may conduct a full background investigation of Bidders once qualified. All Qualified Bidders shall fully cooperate with the Commonwealth and the Advisors at all stages of the investigation. The Commonwealth may deem a lack of timely cooperation as a failure to submit a responsive bid. Further discussion of the necessary forms that will require completion is provided in Section V of this RFQ. Bidders must acknowledge the probity requirements in their RFQ response.

V. RFQ SUBMISSION REQUIREMENTS AND PROCEDURES

A) COMMUNICATIONS PROTOCOL

Prospective Bidders that anticipate responding to this RFQ shall indicate their indication as soon as possible by providing contact information via e-mail to the persons listed below. All questions or requests for information regarding this RFQ must be directed to the below representatives of the Commonwealth's Financial Advisor. Consistent with the "blackout period" described in Section I of this RFQ, prospective Bidders (including partners, members, officers, employees and agents) are prohibited from communicating or otherwise contacting Commonwealth officials with respect to the PMA procurement process. All prospective Bidders are advised that unauthorized contacts may result in elimination of a party from this RFQ process.

Robert K. Collins
Managing Director
Greenhill & Co.
Phone: (312) 846-5020
rcollins@greenhill.com

Andrew Deye
Vice President
Greenhill & Co.
Phone: (312) 846-5017
andrew.deye@greenhill.com

B) NO LIABILITY FOR COSTS

The Commonwealth and its Advisors are not responsible for costs or damages incurred by Bidders, subcontractors, or other interested parties in connection with the solicitation process, including but not limited to costs associated with preparing responses, qualifications, and proposals, and of conducting due diligence or participating in any conferences, oral presentations, or negotiations.

C) FORMAT AND REQUIRED INFORMATION FOR RFQ SUBMISSION

All RFQ submissions should follow the format outlined below and should not exceed **40 pages**, not including Appendix A – Financial Qualifications. No other Appendices should be included.

- A. **Cover Page (Identify all Team Members)**
- B. **Cover Letter (2 pages Maximum)**
- C. **Table of Contents**
- D. **Executive Summary (Optional)**
- E. **Bidder Information**

- a. Description of Bidder: Provide a description of the Bidder, including a description of all Team Members, if applicable, including the identity of the Key Persons of each party within the Team, and the anticipated legal relationship among the Team Members (e.g., partners, shareholders, client-consultants, etc.), as appropriate. For purposes of this RFQ, "Key Person" means an individual who will have direct operational control over the entity that will be responsible for fulfilling the obligations under the PMA.
- b. Roles of Team Members and Key Personnel: Briefly outline the roles of the Team Members and the key personnel of the Team in the proposed operation of the Lottery. In doing so, please ensure that all the requirements as detailed in Section IV are addressed.
- c. Contact Person: Provide a single contact person for all future communication between the Bidder and Financial Advisor. Please identify the contact person's name, title, organization, address, office - phone number, cell - phone number, and email address.
- d. Controlling Interest: Identify the individuals or entities who hold an ownership interest (direct or indirect) of more than five percent (5%) in the Bidder or each Team Member, as the case may be.

V. RFQ SUBMISSION REQUIREMENTS AND PROCEDURES (CONT.)

- e. Expected Advisors: Identify the companies and individuals who are expected to act as legal, financial, technical, or other advisors to the Bidder.
- f. References: Provide a list of Team Member references. These references should be able to describe the relevant qualifications and capabilities of Team Members looking to take a leading role in the operation of the Lottery.

F. Technical Capability

- a. Operational Experience and Capability: Provide a summary of Team Members’ relevant experience in lottery and gaming operations. Please describe how Team Members would operate the Lottery at a higher standard than is currently being achieved.
- b. Lottery Relationships: Describe Team Members’ experience with lotteries or comparable programs, including the details of any relationship with a state lottery commission, other government-run lottery, or a private lottery.
- c. Gaming Experience: Describe Team Members’ experience with owning or managing gaming activities.
- d. Licenses and Regulation: Identify all jurisdictions in which a Team Member or a Key Person of a Team Member is or has been licensed by a gaming regulatory body, including the dates of licensure. If any Team Member or Key Person has had a gaming license denied, suspended or revoked, please provide details of such matter.
- e. Gaming Ownership: Identify any gaming entity in which a Team Member holds more than a one percent (1%) ownership interest (direct or indirect), and provide details of that ownership interest.
- f. Other Capabilities: If you possess other qualifications that demonstrate Team Members’ capabilities, please describe such qualifications.

G. Financial Capability

Bidders must demonstrate their depth of resources and financial capability to operate the Lottery. Financial qualifications shall be provided as Appendix A to a RFQ submission and shall include the following information:

Income Statement and Balance Sheet Summary

Financial Summary		2009	2010	2011
A	Revenue			
B	Operating Expenses (excluding D&A)			
C	Depreciation & Amortization			
D	Operating Income (A-B-C)			
E	Net Income			
F	Total Assets			
G	Current Assets			
H	Total Liabilities			
I	Current Liabilities			
J	Net Worth (Equity) (F-H)			
K	Share Price (12/31)			
L	Shares Outstanding (12/31)			



V. RFQ SUBMISSION REQUIREMENTS AND PROCEDURES (CONT.)

Credit Summary

Credit Ratings			
	Rating	Rating Outlook	Date of Rating
Moody's			
S&P			
Fitch			
Other			

H. Social Responsibility

- a. Community Citizenship: Bidders must demonstrate strong community relations and the ability to work with community leaders on areas of social impact.
- b. Community Reinvestment: Bidders must provide evidence of their willingness to redeploy funds into the community to support educational and social-community infrastructure.
 - i. Bidders must demonstrate a strong commitment to devote necessary resources to the issue of responsible gambling.
- c. Ethical Considerations: Please provide details of any past or pending criminal investigation or conviction, material relevant litigation, regulatory or civil enforcement action against any Bidder and Team Member, or any person holding a 5% or greater interest in any Team Member, or any person identified as a Key Person.

I. Probity

- a. Bidders must acknowledge that during the due diligence phase of the procurement, Qualified Bidders will be required to complete detailed disclosure forms. Such cooperation may include, but not be limited to, the completion of Multi-Jurisdictional Disclosure Forms or other forms for individuals or entities involved in the transaction. The Commonwealth and its Advisors strongly recommend that Bidders become familiar with the nature of the disclosure requirements. A link to the Multi-Jurisdictional Disclosure Form can be found on the Pennsylvania Gaming Control Board website below:
http://gamingcontrolboard.pa.gov/files/licensure/applications/initial/Multi_Jurisdictional_Personal_History_Form.pdf

J. Legal Provisions

- a. Qualified Bidders may have previously engaged the services of Greenhill & Co., LLC and/or DLA Piper LLP (US) in connection with other matters. However, both the Financial Advisor and Legal Advisor represent the Commonwealth with respect to exploring the PMA process for the Lottery. In order to submit a response to the RFQ, Qualified Bidders shall consent to the Advisors' representation of the Commonwealth, and shall waive any and all actual or potential conflicts of interest with the Advisors, including but not limited to any conflict of interest arising from the fact that a Qualified Bidder may be a client of one or both of the Advisors in other matters, or may be a former client in any matter, including any substantially related matter.

V. RFQ SUBMISSION REQUIREMENTS AND PROCEDURES (CONT.)

- b. Bidders are advised that materials contained in their responses are subject to the Pennsylvania Right-to-Know Law, 65 P.S. § 67.101, et seq., and after the execution of a related contract, may be viewed and/or copied by any member of the public, including news agencies and competitors. Bidders claiming a confidential proprietary information or trade secret exemption must submit the signed written statement, which is found at: <http://www.dgsweb.state.pa.us/comod/CurrentForms/TradeSecretForm.pdf> and must additionally provide a redacted version of its response, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes. The Commonwealth reserves the right to make determinations of confidentiality. If the Commonwealth does not agree with the information designated confidential under one of the disclosure exceptions to the Pennsylvania Right-to-Know Law, it may either reject the proposal or discuss its interpretation of the allowable exceptions with the Bidder. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the Commonwealth will remove the proposal from consideration for award and return the proposal to the Bidder.
- c. The Commonwealth has established standard terms and conditions that are required to be included in all contracts along with bidder/contractor representations and certifications. The Commonwealth hereby puts the Bidders on notice that a successful award at the end of the process will be contingent upon the agreement to comply with these standard contractual provisions, representations and certifications (including but not limited to drug-free workplace certifications, minority and women business commitments, nondiscrimination certifications, licensing standards, and contractor integrity and responsibility). These provisions can be referenced at: http://www.portal.state.pa.us/portal/server.pt/community/procurement_forms_new/19505#C4
- d. Respondents to this RFQ shall not provide recommendations as to specific courses of action and shall not be deemed to be an advisor or consultant to the Commonwealth. The Commonwealth will evaluate the information presented and determine any subsequent course of action. This course of action may consist of further contracting for implementation of Commonwealth-determined work. Such work may be procured through any lawful method available, and respondents to this request may be considered for selection to perform this work.

V. RFQ SUBMISSION REQUIREMENTS AND PROCEDURES (CONT.)

D) RFQ SUBMISSION INSTRUCTIONS

Ten (10) hard copies of the RFQ Submission should be delivered to the address shown below no later than **Tuesday, May 1, 2012 at 3:00 pm Eastern Daylight Time**. The Commonwealth may determine in its discretion whether to accept any responses that are not received by the date and time set forth in this paragraph. RFQ Submissions may not be submitted via facsimile machine.

Deliver RFQ submissions to:

Mr. Robert K. Collins
Managing Director
Greenhill & Co.
155 North Wacker Drive
Floor 45
Chicago, IL 60606
(312) 846-5020

One electronic copy of the complete RFQ submission should be sent to:

palottery@greenhill.com

