

# New Jersey Lottery Enterprise Valuation Report

## Report of Acacia Financial Group, Inc as Independent Valuation Service Provider

A valuation report on the New Jersey Lottery Enterprise dated May 11, 2017



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## Executive Summary - Purpose of Report

Acacia Financial Group, Inc. ("Acacia") has been engaged by the State of New Jersey ("State") to serve as the "independent valuation service provider" (the "Valuation Provider") of the New Jersey Lottery Enterprise in connection with the possible contribution of the Lottery Enterprise to certain State Retirement Systems. In connection with this engagement, we have reviewed the draft "Lottery Enterprise Contribution Act" provided to us by the New Jersey State Treasurer (the "Draft Contribution Act"). The purpose of the Draft Contribution Act is to authorize the contribution (the "Proposed Contribution") of the Lottery Enterprise for a term of 30 years to a common trust fund for the benefit of the Eligible Members of certain State Retirement Systems. Consistent with the Draft Contribution Act, Acacia, as the Valuation Provider has conducted a review and due diligence of the Lottery Enterprise<sup>1</sup>, including its cashflows, operating history, legal structure and projections and issued a report which represents its opinion as to the valuation of the Lottery Enterprise."

As a result of the review and due diligence undertaken by Acacia pertaining to the Lottery Enterprise and based upon the methodologies, considerations, and assumptions described herein, in the professional opinion of Acacia, the Lottery Enterprise has a fair value, in connection with the Proposed Contribution, in the amount of \$13.535 billion as of June 30, 2017.

Acacia is an independent municipal advisory firm engaged in the business of providing municipal advisory services to governmental entities across the country. Acacia was founded in 2006 and has advised on the issuance of more than \$118 billion in municipal securities since that time. The shareholders with Acacia average approximately 25 years of experience in municipal finance, having worked with other preeminent financial advisory firms and investment banking firms prior to the creation of Acacia. Acacia is registered as a municipal advisor with the Securities Exchange Commission and the Municipal Securities Rulemaking Board. The professionals with Acacia have worked on numerous transactions in the past that have included privatization efforts including concession payments and other esoteric transactions that have include valuations of non-standard assets.

<sup>&</sup>lt;sup>1</sup> Under the Draft Contribution Act, the term "Lottery Enterprise" is essentially defined as the New Jersey State Lottery, with all of its assets presently existing or acquired in the future, useful or necessary to operate the State Lottery (including the expectation to produce net proceeds for the benefit of the Retirement Systems) and liabilities related to the foregoing, on or prior to a proposed contribution in 2017 (exclusive of "Retained Liabilities" and "Retained Assets").

## Lottery Governance Structure and Enabling Legislation

The New Jersey State Lottery ("Lottery") was created pursuant to enactment of the "State Lottery Law" (codified as N.J.S.A. 5:9-1 et seq.) to implement the amendment of the Constitution of New Jersey as approved by the people in the general election of November 1969. Notable provisions of the State Lottery Law, as it currently exists without any amendments contained in the Draft Contribution Act, include: (i) N.J.S.A. 5:9-7(a) which authorizes the State Lottery Commission ("Commission") to promulgates such rules and regulations governing the operation of the Lottery such that it "shall produce the maximum amount of net revenues for State institutions and State aid for education", and (ii) N.J.S.A. 5:9-7(a)(11) which stipulates that no less than 30% of the total revenues accruing from the sale of lottery tickets shall be dedicated to State institutions and State aid for education.

Under the State Lottery Law, the Division of the State Lottery ("DSL") was created within the Department of the Treasury. The State Lottery Law established, within the DSL, the Commission and the Director of the DSL ("Director"). The Commission is charged, under the State Lottery Law, with the power and the duty to establish rules and regulations regarding the Lottery pertaining to, among other things:

- The type of lottery games conducted;
- The price(s) of tickets and shares in the lottery;
- The number and sizes of the prizes on the winning tickets or shares;
- The manner of selecting the winning tickets or share;
- The manner of payment of prizes;
- The frequency of lottery drawings;
- The types and locations at which tickets can be sold;
- The method to be used in selling tickets;
- The licensing of agents to sell tickets;
- The manner and amount of compensation to be paid to licensed sales agents;
- The apportionment of total Lottery revenues to the payment of prizes and operating expenses of the Lottery such that the at least 30% of total revenues are transferred for State institutions and State aid for education.

The Director is charged, under the State Lottery Law, with the power and the duty to, among other things:

- Supervise and administer the operations of the Lottery;
- Subject to the approval of the Commission, appoint deputy directors, professional, technical and clerical assistants and employees;
- Act as secretary and executive officer to the Commission;

- In accordance with the State Lottery Law and the rules and regulations of the Commission, license (retail) agents to sell lottery tickets;
- Suspend or revoke agent licenses pursuant to the State Lottery Law and the rules and regulations of the Commission;
- Confer regularly with the Commission and make available books, records, files and other information of the DSL;
- Subject to the approval of the Commission, act on purchases of goods and services required in the operation of the Lottery;
- Certify on a monthly basis to the State Treasurer and the Commission a full and complete statement of the Lottery revenues, prize disbursements and other expenses of the preceding months.

## Discussion of Lottery Enterprise Operations

#### **Revenue Sources**

The Lottery Enterprise generates revenue almost exclusively from three sources: the sale of tickets for draw or online games ("Draw Games"), the sale of tickets for instant or "scratch-off" games ("Instant Games"), and forfeited prizes for unclaimed winning tickets older than one year. The sales of tickets represent the vast preponderance of the generated revenue. For context, in State fiscal year 2016 actual (2016A), ticket sales for Draw Games and Instant Games generated nearly \$3.3 billion and forfeited prizes totaled approximately \$33 million.

## Existing Games

#### Draw Games

The Lottery includes eight (8) Draw Games: Pick 3, Pick 4, Jersey Cash 5, 5 Card Cash, Pick 6 Lotto, Mega Millions, CASH4LIFE and Powerball. The draws for these games take place every day (once or twice a day) or two (2) times per week, depending on the game. A summary of each the Draw Games is detailed below.



Pick-3 is a 3 digit Draw Game drawn twice per day. It began on May 22, 1975. Ways to win, from highest payout to lowest are:

- Straight Matching all three digits exactly as they are drawn
- Wheel Match all three digits in any order (min. play is \$1.50)
- **Box** Match all three digits in any order (min. play is \$0.50)
- Pair Two-digit wager; first and second or second and third match
- Split Two-digit wager; first and last digit match



Pick-4	<ul> <li>Pick-4 is a four-digit Draw Game drawn twice per day. It began on July 9, 1977. Ways to win, from highest payout to lowest are:</li> <li>Straight – Matching all four digits exactly</li> <li>Box – Matching all four digits in any order</li> </ul>
Jersey Cash 5	<ul> <li>Jersey Cash 5 is a daily Draw Game that draws five balls from numbers 1 through 43. Drawings are held nightly. It began on September 30, 1992. Ways to win, from highest payout to lowest are:</li> <li>Matching all five numbers shown (Jackpot).</li> <li>Matching four out of five numbers shown</li> <li>Matching three out of five numbers shown</li> </ul>
5 Card Cash	<ul> <li>5 Card Cash is a daily quick pick Draw Game which offers two plays with a single hand of cards based on the rules of poker. It began on May 16, 2016. Ways to win, from highest payout to lowest are:</li> <li>Win Now – match cards with poker hand (Instant)</li> <li>Win Tonight – drawing held each evening</li> </ul>
Pick 6 Lotto	<ul> <li>Pick-6 Lotto is a Draw Game drawn on Monday and Thursday evenings. It draws six balls from 1 through 49. It began on May 9, 1980.</li> <li>Games cost \$1 each with a jackpot starting at \$2 million</li> <li>If no winner is claimed, the jackpot gets rolled to the next drawing</li> <li>XTRA option for \$1 to increase prizes</li> </ul>
Mega Millions	<ul> <li>Mega Millions is a Draw Game that is offered by 44 states. The drawings are held each Tuesday and Friday night. It began in New Jersey in May 1999.</li> <li>Games are \$1 with a beginning jackpot of \$15 million</li> <li>If no winner is claimed, the jackpot gets rolled to the next drawing</li> <li>\$1 Megaplier option to increase prizes</li> </ul>
CASH4LIFE CASH 4LIFE	<ul> <li>Cash4Life is a Draw Game drawn on Monday and Thursday nights. Players choose five of 60 numbers and one of four "Cash Ball" numbers. it began on June 13, 2014.</li> <li>Games are \$2</li> <li>Matching all six numbers wins \$1,000 per day for life</li> <li>Matching five of six numbers wins \$1,000 per week for life</li> </ul>
Powerball New Jersey Lottery POWER	<ul> <li>Powerball is a Draw Game that is drawn on Wednesday and Saturday evenings.</li> <li>Like Mega Millions, it also encompasses 44 states. It began in New Jersey on January 31, 2010.</li> <li>Games are \$1 with a beginning jackpot of \$15 million</li> <li>If no winner is claimed, the jackpot gets rolled to the next drawing</li> <li>\$1 add-on Power play option to increase prizes</li> </ul>

#### Instant Games/Fast Play

Since 1975, the DSL has offered Instant Games. Instant Games come with numerous price points, prizes formats and themes. These games are offered at prices ranging from \$1 up to \$30. As of April 27,

2017, there are 70 Instant Games that are active for purchase at participating New Jersey Lottery locations. Of these 70 Instant Games, there are eight (8) \$1 games, eighteen (18) \$2 games, eight (8) \$3 games, nineteen (19) \$5 dollar games, eleven (11) \$10 games, four (4) \$20 games and two (2) \$30 games.

In 2015, the DSL released a series of games called "Fast Play". These are Instant Games as well, but are generated by the Lottery terminal. These games also vary in price ranging from \$1 through \$10. As of April 27, 2017, there are twenty-five (25) Fast Play games that are active in the marketplace. Of these twenty-five games, there are eight (8) \$1 games, six (6) \$2 games, five (5) \$3 games, four (4) \$5 games and two (2) \$10 games.

Shown below in Table 1 is the history for the past five years of the sales revenue for various Draw Games and aggregate Instant Games:

	SALES REVE	NUE BY GAME 20	)12-2016		
	2012	2013	2014	2015	2016
	Sales	Sales	Sales	Sales	Sales
Pick 3	431,483,145	434,042,304	436,742,690	437,774,537	439,627,708
Pick 4	261,758,786	266,142,981	268,396,396	271,765,815	275,200,494
Jersey Cash 5	142,219,274	144,392,456	148,226,709	148,424,382	151,636,143
Pick 6 Lotto	84,151,564	65,323,206	77,529,761	57,613,947	54,632,415
Cash 4 Life			4,727,306	71,417,890	45,760,158
Mega Millions	238,194,873	136,832,941	205,860,905	162,460,731	144,424,092
Powerball	183,892,771	300,381,206	233,653,931	165,435,126	286,003,472
Fastplay					48,388,770
5 Card Cash					3,064,919
Monopoly Millionaires Club				3,265,580	
Raffle Sales			1,227,770		
Instant	1,417,664,313	1,474,285,065	1,531,771,568	1,709,143,246	1,872,915,471
Sales Discounts/Tickets Provided as Prizes	(474,941)	-	(6,491,474)	(26,772,618)	(31,806,927)
Total Ticket Sales	2,758,899,785.00	2,821,400,159	2,901,645,562	3,000,528,636	3,289,846,715

Table 1 – Historic Sales Revenue by Game

The individual Draw Games have seen fluctuation in their sales revenue over the past five years, particularly with the large jackpot games (Mega Millions and Powerball), driven by the strong increase in play accompanying very large winning jackpots (> \$250M). However, taken in aggregate, the Draws Games (excluding Cash 4 Life which originated during such period) have shown a mild **0.4%** average annual growth over this period with high and low growth of 8.7% and -9.3%. Instant Games have shown more constant and stronger growth of **6.8%** average annual growth over this period with high and low growth of 10.3% and 3.5%. Overall, Draw Games and Instant Games combined have shown steady growth of **4.5%** average annual growth in revenue over this period with high and low growth of 9.6% and 2.3%.

#### Proposed Monitor "Quick Draw" Game (Keno Style Game)

The DSL is planning to introduce a new game to the market called "Quick Draw," a keno style game. This new game will employ the same features as the Lottery's other draw games. The main difference between the two is that Quick Draw will feature drawings every five minutes as opposed to once or twice per day or per week. Players will select their own numbers or choose an option called "Quick Pick" and the Lottery's random number generator will reveal the winning numbers. Winning numbers will be displayed on a television monitor that will be in place where tickets are sold. This game will be most commonly played in social settings such as bars and restaurants to attract new participants to the Lottery. Quick Draw is anticipated to launch in New Jersey during the summer of 2017.

#### **Operational Expenses**

The expenses of the DSL include prize expenses (payout of Lottery winnings) and operational expense of the DSL, of which prize expense represent the vast majority (~87%).

		L	OTTERY EXPEN	NSES (2012 - 201	6)		
Operating Expenses			2012 Expenses	2013 Expenses	2014 Expenses	2015 Expenses	2016 Expenses
Prize Expenses			1,617,771,751	1,670,394,764	1,731,959,514	1,825,233,183	2,001,693,206
Retailer commissions			153,657,527	157,880,945	162,107,574	169,445,854	185,980,265
Instant ticket vendor print	ing fees		16,739,981	18,140,608	18,706,070	22,316,078	24,467,215
Gaming system vendor fee	s		20,273,146	17,398,700	27,220,623	31,786,934	35,080,631
Northstar NJ management	fee		-	-	3,552,740	4,850,004	4,952,335
Northstar NJ manager exp	enses		-	-	9,383,269	14,186,014	13,979,117
Northstar NJ advertising &	marketing expen	ses	-	-	16,331,995	23,320,008	24,779,320
Administration expenses			36,595,216	35,276,475	15,877,577	9,967,207	10,134,156
Multi-State fees			33,773	14,751	65,122	81,538	61,239
Drawing broadcast fees			30,702	126,906	5,980	334,957	407,093
Bad debt expense			-	-	400,000	625,000	110,000
Total Operating Expenses			\$1,845,102,096	\$1,899,233,149	\$1,985,610,464	\$2,102,146,777	\$2,301,644,577

Table 2 – Historic Lottery Expenses (not including Northstar Incentive Compensation)

There are certain trends in operational expenses to identify as they pertain to assumptions of future expenses as discussed:

- Prize Expenses are directly tied to Lottery sales. Historically, the ratio of Prize Expenses to Sales (payout ratio) is very close to 60% with the payout ratio for most and the largest of the Draw Games very close to 50% and for the Instant Games very close to 67%. It is reasonable to assume this payout ratio to remain very close to these values in light of the statutory requirement that 30% of gross revenues be used as permitted under the Constitution for State institutions and State aid for education.
- Retailer Commissions are directly tied to Lottery sales. Historically, the ratio of Retailer Commissions to Sales is very close to 5.6%.

• The change in year-over-year values of the remaining expenses are relatively de minimis and, with respect to administrative and management expenses, are affected by the commencement of the Northstar contract (discussed in the subsequent section).

## Discussion of Northstar Services Contract

In 2014, the State executed a 15-year Lottery Growth Management Agreement (the "Northstar Service Contract") with Northstar New Jersey Lottery Group, LLC ("Northstar"). Under the Northstar Service Contract, the DSL, while continuing to conduct and maintain oversight and control of the Lottery, has engaged Northstar (i) to provide certain services to the DSL and (ii) to increase sales and net income from the Lottery in order to increase funds for State institutions and State aid to education while maintaining the highest levels of integrity and responsibility.

Briefly, under the Northstar Service Contract, the DSL has engaged Northstar to provide the following listed functions and responsibilities while the DSL has maintained the following listed operations and responsibilities:

Northstar Services:

- The maintenance and updating of the Lottery Enterprise's "Central Gaming System" including hardware and software;
- The provision of necessary data reports;
- The hosting and maintenance of Lottery websites and social media;
- The installation, maintenance and updating of retail hardware and peripherals;
- The installation, maintenance and updating of vending machines for instant games;
- The development of design, format, payout, pricing of existing and new Lottery games;
- The maintenance, warehousing, distribution and inventory management of instant games tickets (with existing contractors);
- The recruitment, training and supervision of Lottery retailers;
- The management of customer relations;
- The revocation, suspension and removal of equipment for suspended Lottery retailers;
- The retrieval, reconciliation and return of Lottery retailer instant game tickets at game end;
- The procedures, design and prizes related to second chance draws;
- The design, implementation, and funding of marketing, advertising, public relations, promotional campaigns, branding and loyalty campaigns;
- The creation of general marketing strategy;
- The support and facilitation of daily broadcast of Lottery drawings on established mediums;
- The operation of Lottery call centers;

- The development, operation and maintenance of responsible gambling program;
- The engagement and contracting of subcontractors to provide these services;
- The maintenance and monitoring of compliance with regulatory requirements, State policies and rules;
- The protection of State intellectual property;
- The provision of services relating to new multi-state lottery games

DSL Retained Operational Responsibilities:

- The validation of winning Lottery tickets;
- The setting and payment of jackpot prizes;
- The management and broadcast of primary Lottery drawings;
- The control of collections from Lottery retailers and transfer of funds to the State;
- The licensing of Lottery retailers;
- Tax reporting for prizes and Lottery retailers;
- Fraud investigations, audits and financial reporting;
- Obtaining approvals from the Lottery Commission

Northstar is compensated under the Northstar Service Contract (i) for reimbursement of Operating Expenses which generally means Northstar direct employee salaries and benefits, Northstar overhead for business operations, and subcontractor expenses for goods and services in support of the Lottery operations and (ii) based upon the Net Income generated by the Lottery (the "Incentive Compensation") during the Northstar Service Contract. The amount of the Incentive Compensation is based upon formulaic calculations of the differences in the amount of Net Income generated relative to various static benchmark and baseline net income levels specified for each of the State fiscal years of the Northstar Service Contract. The net effect of these formulaic calculations is generally (a) to permit the sharing of Net Income between the DSL and Northstar under circumstances where Net Income exceeds certain thresholds but in no event may Northstar receive more than 5% of the Net Income, and (b) to require that Northstar make payments to the DSL for a portion of the amount, when occurring, by which Net Income lags certain thresholds<sup>2</sup>. This results in the following effects or potential benefits to the DSL:

• Northstar is incentivized, by the nature of the Incentive Compensation, to maximize the Net Income to which the DSL shares in the benefit.

<sup>&</sup>lt;sup>2</sup> There are further provisions in the Northstar Service Contract limiting or "capping" the net Incentive Compensation payment that may be due from or paid to Northstar. Reference is made to the actual Northstar Service Contract for a complete discussion of the mechanics of the calculation of Incentive Compensation.

- The DSL is partially insulated from reduced Net Income as a result of downturns in Lottery game participation whether as a function of economic conditions or player interests.
- The DSL is the beneficiary of unique skills brought by Northstar to maximize Net Income.

The effect to the DSL of the Northstar Service Contract is that expected Net Income to the DSL is moderately "corralled" under scenarios of more or less Lottery sales than projected. It should be noted that the financial projections for the Lottery as prepared by Northstar (without including the projected effects of the Quick Draw game) are identical to the "Net Income Targets" as defined in the Northstar Service Contract which are the values in each contract year against which a portion of the Incentive Compensation is determined. This means that deviations in future Net Income will be buffered, during the term of the Northstar Service Contract, from the effects of deviations in the future Lottery sales. This further supports the conclusion that the projections of future Net Income (discussed below) are reasonable to rely upon.

The Northstar Service Contract has a scheduled Termination Date (notwithstanding various provisions for convenience termination and termination for cause) of June 30, 2029. There are no extension options by either party under the contract.

## Discussion of Lottery Enterprise Financial Projections

Acacia has been provided by the DSL with estimated financial projections (attached as Exhibit A) of the Lottery Enterprise for the period of State fiscal years 2018 through 2029 (the "Front-End Projection Period"). Northstar first provided financial projections in connection with the submission of its bid to provide services to the DSL as enumerated above, with the exception for the inclusion of projected revenues and expenses (mostly payout) associated with the forthcoming Quick Draw game. Northstar's initial financial projections were revised by Amendments 1 and 2 to the Northstar Services Contract due to changed circumstances. The financial projections in Exhibit A are consistent with those in Amendment 2.

Within Operating Revenues, these projections notably include estimates for the revenue generated by the respective existing Draw Games and Instant Games (as discussed above) and for the forthcoming Quick Draw game. It should be noted that, to provide for an anticipated effect of Quick Draw upon the existing Draw Games and Instant Games, the sales for all other Draw Games and Instant Games have been projected to be reduced, in aggregate, by an amount equal to 15% of the projected sales revenue from Quick Draw. Also included, but less significant in size, are revenues including forfeited prizes and miscellaneous revenues.

Within Operating Expenses are prize expenses (representing the largest expense component), retailer expenses, subcontractor vending and printing expenses, Northstar management fees and DSL

administrative and operating expenses. Further, Northstar's Incentive Compensation is included as a function of the formulaic requirements of the Northstar Service Contract.

The resulting projected Net Income represents the projected funds available for purposes under the Draft Contribution Act.

Listed below are a number of the particular material line items that are <u>not</u> simply being (a) escalated at an assumed inflation rate or (b) calculated based upon Commission directed rules (e.g. prize expense payout percentages by game) or formulaic calculations (e.g. Northstar Incentive Compensation) during the Front-End Projection Period:

- Mega Millions Ticket Sales Mega Million sales are projected to grow from 2018E through 2029E in a non-uniform fashion by year-over-year increments ranging from zero to \$25 million. The Northstar rationale for the nature of these increases is based upon intermittent (e.g. very few years) modifications to this multi-state game which are expected to result in increased sales (similar to past practices). It should be noted that Mega Millions (and Powerball) sales amounts, as multi-state games with intermittently very large prizes can fluctuate significantly in annual revenue (i.e. years with multiple very large prize payout due to rollover of non-winning jackpots can produce significantly more revenue). This is intrinsic to the "long" jackpot winning odds (leading to rollovers) and consequentially the related increased playing demand for large jackpots.
- Powerball Ticket Sales Powerball sales are projected to grow from 2018E through 2029E in a nonuniform fashion by year-over-year increments ranging from zero to \$25 million. Similar to the Mega Millions ticket sales, Northstar's rationale for the nature of these increases is based upon intermittent modifications to this multi-state game which results in increased sales.
- Quick Draw Sales Northstar has provided certain projections of the revenues and expenses expected with the Quick Draw game. As noted above, this is a new game and therefore, no operating history exists. The projections estimate a fully mature game with 1,800 Quick Draw locations by early calendar 2019 yielding mature sales by 2021 of approximately \$220M. Acacia has evaluated these provided projections against other existing "keno" style games at lotteries across the country on a revenue per state population basis (attached as Exhibit B) and finds the Northstar provided projections to be within the ranges of these other state's actual results.
- Northstar Management Expenses Northstar Management Expenses are projected to rise from \$13.9M (2016A) to \$18.0M (2017E) to \$25.5M (2018E) and then grow at 2.8% per annum thereafter. The Northstar rationale for the nature of these early year increases is a conservative assumption of the maximum amount permissible under the Northstar Service Contract. Actual Northstar Management Expenses are expected to be lower as this amount is "pass-through" amount of actual expenses and adversely impacts the Northstar Incentive Compensation.

In the provided financial projection, during the Front-End Projection Period, overall ticket sales are projected to grow at a moderate 1.7% compounded annual rate (excluding Quick Draw). This rate is significantly lower than the historic growth rate for all ticket sales in the past five years of 4.5% and below the lowest growth rate in the past five years of 2.3%. Quick Draw, once mature in 2021, is

projected to grow at an even lower 1.0% compounded annual rate during the Front-End Projection Period. For purposes of this report, Acacia has escalated the ticket sales, prize expenses and most of the other operating expenses in the period 2030 to 2047 corresponding to the final year of the Contribution (the "Back-End Projection Period") at a 1.0% annual escalation rate.

Acacia has reviewed the historical audited results of the Lottery Enterprise's revenues and expenses from the past 10 years and engaged in due diligence of these matters with the Director's office and concludes that the provided financial projections and the assumptions contained therein are reasonable. It should be recognized and is noted that the actual results of the revenues and operating expenses of the Lottery Enterprise may, and likely will, differ from these projections.

## Discussion of the Draft Lottery Enterprise Contribution Act

Pursuant to the Draft Contribution Act, this report is anticipated to be used in connection with the contribution of the Lottery Enterprise to a common trust fund, entitled "Common Pension Fund L", to be created and established by the Draft Contribution Act. The Common Pension Fund L shall be for the benefit of Eligible Members of the certain Retirement Systems, specifically the Teachers' Pension and Annuity Fund, the Public Employees Retirement System and the Police and Firemen's Retirement System. Without purporting to provide a full recitation of the Draft Contribution Act or all material issues therein, below is a description of certain aspects of the Draft Contribution Act that Acacia deems relevant to the preparation of this report:

- Under the Draft Contribution Act, the DSL "shall operate, manage, conduct and control the Lottery Enterprise with a goal of maximizing net proceeds for the benefit of the Retirement Systems, consonant with the dignity of the State and the general welfare of the people";
- No material change shall occur to the statutory governance and management of the Lottery Enterprise by the DSL as a result of the Draft Contribution Act;
- The term of the contribution of the Lottery Enterprise shall be for a period of thirty (30) years from the Contribution Date.

## Discussion of Federal Criminal Gambling Statutes

Chapter 61 of Title 18 of the United States Code regulates specifically the transportation, mailing, and broadcasting of lottery tickets and lottery information in interstate commerce. It is Acacia's understanding that the Contribution will not implicate the federal lottery statutes, provided it remains within the "conducted by a State acting under the authority of State law" exemptions. For purposes of qualifying under the "conducted by a State" exemption, it is important that the State of New Jersey maintain actual control and authority over the conduct of the Lottery Enterprise, including daily operating decisions and rights to audit/financial accountability, and that the Lottery itself be authorized by State law.

## Method of Valuation

For the purpose of determining a fair value of the Lottery Enterprise in the Contribution, a number of valuation methodologies were initially considered. These initial methodologies are discussed below.

#### Audited Financial Statements Value

The most recent Audited Financial Statement (as of June 30, 2016) place the Net Position (Current Assets plus Deposit Fund Contracts less Current and Non-Current Liabilities) at \$11.4 million. Acacia does not believe that this is a reasonable proxy for the value of an enterprise, over a thirty-year term, that contributes nearly \$1 billion per year currently net to the State for its enumerated purposes.

#### Market Value (by analogy to other gaming related public companies)

As another possible valuation methodology, Acacia has compared various publicly traded gaming and gaming technology related companies' "total enterprise value<sup>3</sup>" (as a proxy for valuation) to "EBITDA<sup>4</sup>" (as a proxy for Net Income for Transfer from the Lottery Enterprise because no debt, taxes or depreciation are applicable to the Lottery). For recent years, the resulting ratios of total enterprise value to EBITDA for the various shown companies range between 3.7 and 21.6 (refer to Exhibit C). Applying these ratios to the Lottery Enterprise's projected 2018E Net income for Transfer of \$1,001M results in valuation ranges between \$3.7B and \$21.6B. These values are highly disparate. Acacia believes that there is not sufficient correlation in these numbers to make this a meaningful methodology, particularly to discern a singular value.

# Potential Sale Value (analogous to an asset sale or privatization with a concession payment)

As another possible valuation methodology, Acacia has compared various lottery related acquisitions (non-domestic because no US lottery has been sold). The ratio of the transaction value to implied EBITDA is compared (refer to Exhibit D) for those where information is publicly available. Applying these ratios to the Lottery Enterprise's projected 2018E Net income for Transfer of \$1,001M results in valuation ranges between \$3.6B and \$10.3B.

Acacia has also reviewed various municipal enterprise (e.g. toll roads, parking, energy, etc.) acquisitions. Again, the ratio of the transaction value to implied EBITDA is compared (refer to Exhibit E) for those where information is publicly available. Applying these ratios to the Lottery Enterprise's projected 2018E Net income for Transfer of \$1,001M results in valuation ranges between \$1.2B and \$5.9B.

These results are very limited (based upon scarce public information) and further do not provide a sufficient degree of correlation to extract a singular value for valuation. Moreover, in most if not all of

<sup>&</sup>lt;sup>3</sup> Total enterprise value defined as market capitalization less cash & cash equivalents plus preferred stock plus total debt.

<sup>&</sup>lt;sup>4</sup> EBITDA defined as earnings before interest, tax, depreciation and amortization.

the examples, the nature of the business and/or the term of the proposed transaction are not directly analogous to the Lottery Enterprise. It should also be noted that the sale of the Lottery Enterprise to a private entity would not be permissible under Federal criminal statutes, which further diminishes the applicability of this methodology.

#### Discounted Cashflow Value

Given the variances in the results in the above methodologies and the simple inapplicability of the Audited Financial Statements Value, the Market Value and the Potential Sale Value methodologies, Acacia believes that a Discounted Cashflow Value methodology is the most applicable and best methodology to apply to the Lottery Enterprise. The Actuarial Standard of Practice No. 44 (ASOP-44) of the Actuarial Standards Board provides:

<u>Assets that are Difficult to Value</u> – Some assets do not have a readily established market value, such as certain insurance contracts, real estate or other property. In determining the value of such assets, if audited financial statements do not provide an appropriate market value, the actuary may consider appraisal by qualified independent experts, recent sales or similar assets, **the present value of reasonably expected future cash flows**, or other appropriate methods. The value, so determined, may be treated as market value for the purposes of this standard.

ASOP 44 enumerates that, in the absence of audited financial statements, recent sales, or similar assets providing appropriate market value, the present value of reasonably expected future cashflow may be treated as market value under this standard. Acacia believes this conclusion is further supported by:

- The historical actual and predictable future cashflow of the Lottery Enterprise yielding Net Income is more analogous to returns on a fixed income security (e.g. bonds whose value is determined by discounting the future cashflows at market rates) than they are to assets with market driven fluctuations in the value such as equities (e.g. stocks) or real estate.
- The State Constitutional mandate to "produce the maximum amount of net revenues" for "State institutions and State aid for education" (under the State Lottery Law) or "Retirement Systems" (as amended by the Draft Contribution Act) provides the statutory directive for the DSL to maximize Lottery Enterprise performance.
- The Northstar Service Contract provides (a) financial incentive to exceed, and financial disincentive to fail to achieve, the predicted financial projections and (b) a "governor" on the returns to the DSL in circumstances where actual results deviate from projections.

The resulting opinion of fair value herein has been determined by discounting the financial projections provided by the DSL for the Front-End Projection Period and year 2029E values escalated at 1.0% annually thereafter for the Back-End Projection Period at the discount factor discussed in the below section.

## Discussion on Discount Factors

The discount factor to apply in a discounted cashflow analyses is generally accepted to be a "riskadjusted" discount rate computed by adding to a "risk free" rate, a "risk premium" commensurate with the nature of the asset or investment.

The most commonly accepted proxy for long-term risk free rates are those of US Treasuries. The current yields on the most actively traded long term US Treasuries (10-year tenor and 30-year tenor) are 2.38% and 3.02% respectively. The "shape" of the "returns" from the projected Lottery Enterprise cashflows are ascending (based largely on the assumption of inflationary growth) whereas the returns on a Treasury Bond are level (static coupon). Inasmuch, Acacia has calculated the duration of the projected Lottery Enterprise cashflows to be 21.0 years whereas the duration on the current 30-Year T-Bond (3.0% coupon maturing 2/15/2047 with current price of 100.656%) is 20.2 years. To adjust the risk free rate, Acacia has added 2.5 basis points (representing the marginal 0.8 years between the respective durations times the linearly interpolated difference<sup>5</sup> between the yield on the 10-Year T-Bond and the 30-Year T-Bond of 3.2 basis points per year) to the yield on the current 30 year US T-Bond to derive a risk free rate of 3.05%.

A commonly accepted methodology of determining a risk premium is to multiply (a) "beta" (a measure of volatility for a particular asset to the relevant market as a whole) for the nature of the asset or project by (b) market rate of return ("ROR").

Acacia has extracted beta values for a number of significant domestic and foreign gaming/lottery related public companies (refer to Exhibit F). The results of these beta values are in the range of 0.57 to 2.41 (or 0.72 to 1.83 when excluding technology companies) with a market cap weighted average beta of 1.16.

In these circumstances, Acacia believes that the beta should be a smaller number (i.e. ~1.0) than the above market cap weighted average beta given the predictable nature of the Lottery's characteristics:

- The Lottery is intrinsically a monopoly with a sovereign authorization and mandate;
- The Lottery's historic net revenues have shown relatively constant net growth, even in the face of variable returns from Mega Millions and Powerball (eccentric returns due to large jackpot amounts).

To derive a risk premium, Acacia has canvassed the same publicly traded companies utilized in the above beta discussion and extracted return on assets to serve as proxy RORs for lottery related enterprises (refer to Exhibit G).

Utilizing the above described factors results in the following formula:

<sup>&</sup>lt;sup>5</sup> Linearly interpolated difference means the difference between the 10-Year T Bond yield and the 30-Year T-Bond yield divided by twenty (20) to derive an annual yield differential to apply for consideration of the duration difference.

Estimated Discount rate = Risk-free ROR + (beta x market ROR)

Estimated Discount rate = 3.05% + (1.0 x 4.61%) = 7.66%

Acacia has rounded this value to the nearest 5 basis points or 7.65%

## Opinion

In connection with this engagement, Acacia has conducted a review of the following documents, reports and data:

- The financial projections as provided by the DSL;
- Audits of the Lottery for the past ten years;
- The Northstar Service Contract (including amendments thereto);
- The State Lottery Law;
- The Contribution Act bill as currently drafted;
- The Memorandum of Contribution as currently drafted;

Acacia has performed due diligence with the DSL on matters including, but not limited to:

- The historic Lottery results;
- The Northstar financial projections discussed in prior sections;
- The performance and quality of work to date by Northstar in their capacity under the Northstar Service Contract;

Acacia has prepared an analysis (attached as Exhibit H) calculating the discounted or present value of (a) the provided projected Net Income of the Lottery Enterprise for the State fiscal years 2018 through and including 2029 and (b) the estimated Net Income of the Lottery Enterprise for the State fiscal years 2030 through and including 2047 (estimated by escalating the respective revenues and most expenses in fiscal year 2029 in (a) above annually by 1.0%). Acacia has employed a discount factor of 7.65% in this calculation.

It should be noted that in rendering the below opinion, Acacia has assumed that:

- The DSL, including the Commission and the Director with DSL staff, diligently pursues the State objective articulated in the State Lottery Law and as amended by the Draft Contribution Act to "operate, manage, conduct and control the Lottery Enterprise with a goal of maximizing net proceeds."
- No existing Draw Game shall be discontinued during the term of the Lottery Enterprise.
- The DSL, and Northstar while engaged, shall create, operate and promote Instant Games consistent with current levels.

• The DSL will protect against and prosecute actions of fraud, theft, and other violations, including cyberattacks, that threaten the integrity and performance of the Lottery with not less than the current level of vigilance or that which may be appropriate in future years.

Acacia is of the opinion that the resulting present value of \$13.535 billion represents a fair value for the State to employ in connection with the Proposed Contribution as of June 30, 2017. This valuation opinion is applicable solely as of dated date herein.

This report may be relied upon by the State and its appointed professionals in connection with any actions relating to the Draft Contribution Act. No reliance on or other use of this report by any person or for any purpose other than as stated in the previous sentence is permitted.

#### EXHIBIT A – FINANCIAL PROJECTIONS DURING NORTHSTAR CONTRACT TERM

Projected Statement of Revenue & Expenses Fisca 2017-2029 Inclusive of Quick Draw Proceeds

	2016 Actual	2017 Estimated	2018 Estimated	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
Operating revenues	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Ticket Sales							
Pick 3	\$ 439,627,708	446,000,000	448,000,000	447,500,000	446,000,000	445,500,000	440,000,000
Pick 4	275,200,494	275,000,000	275,000,000	274,500,000	273,500,000	273,500,000	270,000,000
Jersey Cash 5	151,636,143	154,450,000	160,000,000	165,000,000	170,000,000	175,000,000	175,000,000
Pick 6 Lotto	54,632,415	59,210,000	62,000,000	62,500,000	64,000,000	65,500,000	65,500,000
Cash 4 Life	45,760,158	37,024,000	40,000,000	45,000,000	45,000,000	45,000,000	45,000,000
Mega Millions	144,424,092	154,863,000	165,000,000	185,000,000	202,000,000	215,000,000	230,000,000
Powerball	286,003,472	185,657,000	200,000,000	220,000,000	240,000,000	260,000,000	280,000,000
Pastplay Niebo Gomos (5 Cord Cosh)	40,500,770	41,652,000	37,000,000	41,000,000	46,000,000	50,000,000 52,000,000	55,000,000
NEW PRODUCTS	3,004,313	52,556,000	37,000,000	41,000,000	40,000,000	52,000,000	33,000,000
Instant	1.872.915.471	1.858.088.300	1.882.900.000	1.876.750.000	1.875.500.000	1.875.000.000	1.875.000.000
Less Sales Discounts/Tickets Provided as Prizes	(31.806.927)	(36,673,700)	(35.000.000)	(35.000.000)	(35.000.000)	(35.000.000)	(35.000.000)
Total Ticket Sales	3,289,846,714	3,207,666,600	3,284,900,000	3,337,250,000	3,384,000,000	3,431,500,000	3,460,500,000
Other revenues							
Forfeited Prizes	33,931,475	37,601,250	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Miscellaneous	1,983,565	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000
Total operating revenues	3,325,761,753	3,246,767,850	3,326,400,000	3,378,750,000	3,425,500,000	3,473,000,000	3,502,500,000
Operating expenses							
Prize expenses	2,001,693,206	1,965,532,722	1,998,618,597	2,030,514,707	2,059,220,136	2,091,007,878	2,107,868,695
rveuiller commissions	205,980,265	24 504 254	24 665 990	24 595 425	24 569 050	24 562 500	24 562 500
Gaming system vender foor	24,407,213	24,554,554	24,003,000	24,363,425	24,303,030	24,302,300	24,502,500
Northstar N.I management fee	4 952 335	5 056 000	5 162 000	5 270 000	5 381 000	5 494 000	5 609 000
Northstar NJ manager expenses	13,979,117	18.048.000	25,457,000	26,159,000	26,882,000	27,627,000	28,392.000
Northstar NJ advertising & marketing expenses	24,779.320	26,157.000	27,280.000	28,371.000	29,464.000	30,565.000	31,674.000
Administration expenses	10,134.156	13,271.000	13,271.000	14,708.307	15,076.014	15,452.915	15,839.238
Multi-State fees	61,239	150,000	150,000	150,000	150,000	150,000	150,000
Drawing broadcast fees	407,093	250,000	250,000	250,000	300,000	300,000	350,000
Bad debt expense	110,000	600,000	600,000	600,000	600,000	600,000	600,000
Total Operating Expenses	2,301,644,578	2,269,030,204	2,316,528,357	2,355,205,364	2,389,385,400	2,427,699,243	2,447,937,083
Operating Income (pre Quick Draw)	1,024,117,175	977,737,646	1,009,871,643	1,023,544,636	1,036,114,600	1,045,300,757	1,054,562,917
Net Income from Quick Draw	-	-	18,722,200	45,437,000	68,396,300	73,419,100	74,153,300
Operating Income Inclusive of Quick Draw	1,024,117,175	977,737,646	1,028,593,843	1,068,981,636	1,104,510,900	1,118,/19,85/	1,128,/16,21/
Non-operating revenue	\$ 3,155,103	200.000	200.000	200.000	200.000	200.000	200.000
Income (Loss) Before Transfers	1 027 272 279	977 937 646	1 028 793 843	1 069 181 636	1 104 710 900	1 118 919 857	1 128 916 217
income (Loss) before transfers	1,021,212,213	577,537,040	1,020,733,043	1,009,181,030	1,104,710,500	1,110,515,057	1,120,910,217
Northstar NJ incentive payment Inclusive of Quick Draw"	(30,623,965)	(15,492,681)	(27,816,969)	(31,576,927)	(33,135,327)	(32,515,271)	(29,781,743)
	000 049 314	002 444 000	1 000 976 974	1 037 604 709	1.071.575.573	1.086.404.586	1.099.134.474
Income available for Transfer Inclusive of Quick Draw	330,040,314	362,444,365	1,000,376,674	1,037,004,703	1,01 1,01 0,010		
Income available for Transfer Inclusive of Quick Draw	330,040,314	362,444,365	2025	2026	2027	2028	3030
Income available for Transfer Inclusive of Quick Draw	2023 Estimated	2024 Estimated	2025	2026	2027 Ertimated	2028 Estimated	2029 Estimated
Income available for Transfer Inclusive of Quick Draw Operating revenues	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated	2028 Estimated	2029 Estimated
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3	2023 Estimated	2024 Estimated	2025 Estimated	2026 Estimated	2027 Estimated 436,000,000	2028 Estimated 436,000,000	2029 Estimated 436,000,000
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jorgan Carls 5	2023 Estimated 440,000,000 270,000,000	2024 Estimated 440,000,000 269,500,000	2025 Estimated 440,000,000 269,000,000	2026 Estimated 436,000,000 265,000,000	2027 Estimated 436,000,000 265,000,000	2028 Estimated 436,000,000 265,000,000	2029 Estimated 436,000,000 265,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto	2023 Estimated 440,000,000 270,000,000 178,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000	2025 Estimated 440,000,000 269,000,000 190,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000	2027 Estimated 436,000,000 265,000,000 205,000,000	2028 Estimated 436,000,000 265,000,000 210,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Jife	2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000	2025 Estimated 440,000,000 269,000,000 190,000,000 69,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000	2027 Estimated 436,000,000 265,000,000 205,000,000 71,500,000	2028 Estimated 436,000,000 265,000,000 210,000,000 72,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 73,000,000
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mean Millions	2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 45,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 45,000,000	2025 Estimated 440,000,000 269,000,000 190,000,000 69,000,000 47,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000 50,000,000	2027 Estimated 436,000,000 265,000,000 205,000,000 71,500,000 50,000,000	2028 Estimated 436,000,000 265,000,000 210,000,000 72,000,000 50,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 73,000,000 50,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball	2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 45,000,000 230,000,000	440,000,000 269,500,000 180,000,000 68,500,000 45,000,000 230,000,000	2005 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 240,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000 50,000,000 255,000,000	2027 Estimated 436,000,000 265,000,000 205,000,000 71,500,000 50,000,000 280,000,000	2028 Estimated 436,000,000 265,000,000 210,000,000 72,000,000 50,000,000 295,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 73,000,000 300,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastolav	2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 230,000,000	440,000,000 269,500,000 180,000,000 68,500,000 45,000,000 230,000,000 302,000,000	440,000,000 269,000,000 190,000,000 69,000,000 47,000,000 240,000,000 310,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000 50,000,000 310,000,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 310,000,000	2028 Estimated 436,000,000 265,000,000 210,000,000 72,000,000 50,000,000 310,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 73,000,000 300,000,000 315,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash)	2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 45,000,000 235,000,000 65,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 45,000,000 302,000,000 68,000,000	2000/370/874 2025 Estimated 440,000,000 190,000,000 69,000,000 47,000,000 310,000,000 70,000,000	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 50,000,000 310,000,000 74,000,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 310,000,000 77,000,000	2028 Estimated 436,000,000 265,000,000 210,000,000 72,000,000 50,000,000 310,000,000 80,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 50,000,000 300,000,000 315,000,000 85,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS	2023 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 230,000,000 230,000,000 65,000,000 60,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 45,000,000 230,000,000 302,000,000 68,000,000 65,000,000	2005/2008/2 2025 Estimated 440,000,000 269,000,000 69,000,000 47,000,000 240,000,000 310,000,000 70,000,000 70,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000 50,000,000 255,000,000 310,000,000 74,000,000 75,000,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 280,000,000 310,000,000 77,000,000 80,000,000	2028 Estimated 436,000,000 265,000,000 72,000,000 50,000,000 295,000,000 310,000,000 80,000,000 85,000,000	2029 Estimated 436,000,000 265,000,000 73,000,000 50,000,000 300,000,000 315,000,000 85,000,000 90,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant	202,844,214 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 230,000,000 65,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 45,000,000 302,000,000 68,000,000 68,000,000 68,000,000	2003/2002/4 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 70,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 50,000,000 310,000,000 310,000,000 75,000,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 310,000,000 77,000,000 80,000,000	2028 Estimated 436,000,000 210,000,000 72,000,000 50,000,000 310,000,000 80,000,000 80,000,000 80,000,00	2029 Estimated 436,000,000 265,000,000 213,000,000 50,000,000 300,000,000 315,000,000 85,000,000 90,000,000
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Milions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes	202,646,214 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 295,000,000 65,000,000 65,000,000 1,875,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 45,000,000 230,000,000 63,500,000 65,000,000 65,000,000 65,000,000	2005/0,004 2025 Estimated 440,000,000 269,000,000 47,000,000 240,000,000 310,000,000 70,000,000 70,000,000 1,900,000,000	2026 Estimated 436,000,000 260,000,000 200,000,000 50,000,000 50,000,000 310,000,000 74,000,000 75,000,000 1,900,000,000	2027 Estimated 436,000,000 205,000,000 71,500,000 50,000,000 310,000,000 310,000,000 77,000,000 80,000,000 1,900,000,000	2028 Estimated 436,000,000 265,000,000 210,000,000 50,000,000 310,000,000 80,000,000 85,000,000 1,910,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 50,000,000 300,000,000 315,000,000 85,000,000 90,000,000 1,925,000,000
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Milions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales	202,646,214 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 45,000,000 65,000,000 65,000,000 1,875,000,000 (35,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 302,000,000 68,000,000 65,000,000 1,900,000,000 (40,000,000 3,528,000,000	2003/00/24 2025 Estimated 440,000,000 269,000,000 47,000,000 47,000,000 240,000,000 70,000,000 70,000,000 1,900,000,000 (40,000,000 3,565,000,000	2026 2026 Estimated 436,000,000 266,000,000 200,000,000 50,000,000 50,000,000 310,000,000 74,000,000 1,900,000,000 (40,000,000 3,556,500,000	2027 Estimated 436,000,000 205,000,000 71,500,000 50,000,000 280,000,000 310,000,000 77,000,000 80,000,000 (40,000,000 4,64,500,000	2028 Estimated 436,000,000 265,000,000 210,000,000 50,000,000 295,000,000 80,000,000 80,000,000 1,910,000,000 (40,000,000 36,673,000,000	2029 Estimated 436,000,000 265,000,000 73,000,000 300,000,000 300,000,000 315,000,000 90,000,000 1,925,000,000 (40,000,000 3,712,000,000
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales	202,646,214 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 235,000,000 65,000,000 1,875,000,000 3,490,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 45,500,000 330,000,000 330,000,000 65,000,000 1,900,000,000 3,528,000,000	2003/00/24 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 1,900,000 1,900,000 1,900,000 3,565,000,000	2026 Estimated 436,000,000 265,000,000 71,500,000 310,000,000 310,000,000 75,000,000 1,900,000 (40,000,000) 3,596,500,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 310,000,000 30,000,000 1,900,000,000 3,634,500,000	2028 Estimated 436,000,000 210,000,000 72,000,000 50,000,000 310,000,000 85,000,000 1,910,000,000 440,000,000 3,673,000,000	2029 Estimated 436,000,000 215,000,000 73,000,000 50,000,000 315,000,000 90,000,000 1,925,000,000 1,925,000,000 3,712,000,000
Decome available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues	202,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 230,000,000 65,000,000 65,000,000 (35,000,000) 3,490,000,000	2024 Estimated 440,000,000 265,500,000 180,000,000 65,500,000 230,000,000 302,000,000 65,000,000 1,900,000,000 1,900,000,000 3,528,000,000	2003/06/24 2025 Estimated 440,000,000 269,000,000 190,000,000 190,000,000 440,000,000 310,000,000 70,000,000 1,900,000,000 1,900,000,000 3,565,000,000	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 74,000,000 74,000,000 1,900,000,000 1,900,000,000 3,596,500,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 77,000,000 80,000,000 1,900,000,000 1,900,000,000 3,634,500,000	2028 Estimated 436,000,000 210,000,000 72,000,000 30,000,000 310,000,000 80,000,000 80,000,000 1,910,000,000 1,910,000,000 3,673,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 50,000,000 300,000,000 315,000,000 85,000,000 90,000,000 1,925,000,000 3,712,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Total Ticket Sales	200,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 230,000,000 55,000,000 55,000,000 (35,000,000 3,490,000,000 40,000,000	2024 2024 Estimated 440,000,000 269,500,000 45,000,000 45,000,000 230,000,000 302,000,000 65,000,000 (40,000,000 3,528,000,000 40,000,000	2003/00/24 2025 Estimated 440,000,000 190,000,000 47,000,000 47,000,000 47,000,000 70,000,000 1,900,000 (40,000,000 40,000,000	2026 Estimated 436,000,000 265,000,000 50,000,000 50,000,000 255,000,000 310,000,000 74,000,000 (40,000,000 3,596,500,000 42,000,000	2027 Estimated 436,000,000 205,000,000 71,500,000 50,000,000 280,000,000 310,000,000 1,900,000,000 (40,000,000 3,634,500,000	2028 Estimated 436,000,000 265,000,000 210,000,000 50,000,000 310,000,000 80,000,000 80,000,000 1,910,000,000 (40,000,000 42,000,000	2029 Estimated 436,000,000 265,000,000 313,000,000 300,000,000 300,000,000 315,000,000 90,000,000 1,925,000,000 (40,000,000 42,000,000
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 4 Jersey Cash 5 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forefielde Prizes Miccellaneous	202,646,214 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 235,000,000 65,000,000 (35,000,000 3,490,000,000 40,000,000 2,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 45,500,000 330,000,000 330,000,000 65,000,000 (40,000,000 3,528,000,000 40,000,000 2,000,000	2003/00/24 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 1,900,000 1,900,000 3,565,000,000 40,000,000 2,000,000	2026 Estimated 436,000,000 265,000,000 71,500,000 310,000,000 310,000,000 310,000,000 355,000,000 (40,000,000 3,596,500,000 42,000,000 2,000,000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 310,000,000 30,000,000 1,900,000,000 40,000,000 3,634,500,000 42,000,000 2,000,000	2028 Estimated 436,000,000 210,000,000 72,000,000 50,000,000 310,000,000 85,000,000 1,910,000,000 40,000,000 42,000,000 42,000,000	2029 Estimated 436,000,000 265,000,000 73,000,000 50,000,000 315,000,000 90,000,000 1,925,000,000 42,000,000 42,000,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfelted Prizes Miscellaneous Total operating revenues	220,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 45,000,000 230,000,000 230,000,000 230,000,000 3,450,000,000 3,450,000,000 40,000,000 2,000,000 3,532,000,000	2024 Estimated 440,000,000 269,500,000 180,000,000 65,500,000 330,000,000 65,000,000 302,000,000 65,000,000 1,900,000,000 1,900,000,000 40,000,000 2,000,000 3,570,000,000	2003/06/24 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 70,000,000 70,000,00	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 71,500,000 310,000,000 74,000,000 1,900,000,000 1,900,000,000 3,596,500,000 42,000,000 3,640,500,000	2027 Estimated 436,000,000 265,000,000 205,000,000 50,000,000 310,000,000 310,000,000 1,900,000,000 1,900,000,000 3,634,500,000 42,000,000 2,000,000 3,678,500,000	2028 Estimated 436,000,000 210,000,000 72,000,000 310,000,000 310,000,000 85,000,000 1,910,000,000 440,000,000 3,673,000,000 42,000,000 3,717,000,000	2029 Estimated 436,000,000 265,000,000 213,000,000 50,000,000 300,000,000 315,000,000 90,000,000 1,925,000,000 42,000,000 3,775,000,000
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Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfieldel Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees	202,646,214 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 230,000,000 230,000,000 235,000,000 3,875,000,000 3,490,000,000 40,000,000 2,123,574,490 197,534,000 24,562,550	2024 Estimated 440,000,000 269,500,000 180,000,000 45,000,000 302,000,000 302,000,000 40,000,000 1,900,000 40,000,000 3,528,000,000 40,000,000 2,146,759,564 199,58,564	2000/200274 2025 Estimated 440,000,000 269,000,000 190,000,000 240,000,000 310,000,000 70,000,000 1,900,000 1,900,000 3,565,000,000 40,000,000 2,000,000 3,667,000,000 2,169,266,296 201,779,000 24,850,000	2006 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 71,500,000 310,000,000 310,000,000 10,000,000 40,000,000 3,596,500,000 42,000,000 3,640,500,000 2,188,466,765 203,561,900 24,890,000	2027 Estimated 436,000,000 205,000,000 205,000,000 50,000,000 280,000,000 310,000,000 77,000,000 80,000,000 1,900,000,000 40,000,000 3,634,500,000 42,000,000 2,211,585,960 205,712,700 24,850,000	2028 Estimated 436,000,000 210,000,000 72,000,000 50,000,000 310,000,000 80,000,000 80,000,000 40,000,000 3,673,000,000 42,000,000 3,717,000,000 2,234,983,340 207,851,800 25,021,000	2029 Estimated 436,000,000 213,000,000 50,000,000 300,000,000 315,000,000 85,000,000 90,000,000 1,925,000,000 42,000,000 3,756,000,000 2,258,653,106 210,099,200 25,217,500
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Gaming system vendor fees Northstar NJ management fee	202,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 45,000,000 230,000,000 230,000,000 230,000,000 1,875,000,000 1,875,000,000 3,490,000,000 2,123,574,490 197,534,000 24,562,500 37,743,000 5,702,002 5,7	2024 Estimated 440,000,000 269,500,000 180,000,000 45,000,000 330,000,000 302,000,000 302,000,000 3,500,000 1,900,000,000 1,900,000 3,528,000,000 3,528,000,000 2,146,759,564 193,684,500 24,859,000 37,749,600	2003/00/07 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 1,900,000,000 1,900,000,000 1,900,000,000 3,565,000,000 40,000,000 2,000,000 2,169,266,296 201,779,000 24,890,000 38,145,500	2026 Estimated 436,000,000 265,000,000 50,000,000 55,000,000 310,000,000 310,000,000 310,000,000 40,000,000 1,900,000,000 42,000,000 3,596,500,000 42,000,000 3,640,500,000 2,188,466,765 203,561,900 24,890,000 36,482,550	2027 Estimated 436,000,000 265,000,000 71,500,000 310,000,000 71,500,000 310,000,000 77,000,000 80,000,000 1,900,000,000 40,000,000 3,634,500,000 42,000,000 3,678,500,000 2,211,585,560 205,712,700 24,859,000 38,859,150	2028 Estimated 436,000,000 265,000,000 72,000,000 50,000,000 310,000,000 85,000,000 1,910,000,000 40,000,000 3,673,000,000 42,000,000 3,673,000,000 2,000,000 3,717,000,000 2,234,983,340 207,891,800 25,021,000 33,301,100	2029 Estimated 436,000,000 265,000,000 73,000,000 50,000,000 315,000,000 85,000,000 90,000,000 1,925,000,000 42,000,000 3,712,000,000 2,2058,553,106 210,099,200 25,217,500 33,718,400
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Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfelted Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ manager expenses Northstar NJ manager expenses Northstar NJ avanting & marketing expenses Northstar NJ manager expenses Northstar NJ avanting & marketing expenses Northstar NJ manager expenses Northstar NJ manager expenses Northstar NJ avanting & marketing expenses	220,640,14 2023 Estimated 440,000,000 270,000,000 173,000,000 45,000,000 255,000,000 255,000,000 (35,000,000 1,875,000,000 1,875,000,000 1,875,000,000 2,000,000 2,123,574,490 197,534,000 24,562,500 37,343,000 5,727,000 29,177,000 29,177,000	2024 2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 230,000,000 68,500,000 302,000,000 65,000,000 (40,000,000 3,528,000,000 40,000,000 2,000,000 3,570,000,000 2,146,759,564 199,684,800 24,890,000 37,749,600 5,847,000 29,987,000	2000/370,024 2025 Estimated 440,000,000 269,000,000 47,000,000 70,000,000 70,000,000 70,000,00	2026 2026 Estimated 436,000,000 265,000,000 71,500,000 255,000,000 74,000,000 74,000,000 74,000,000 1,900,000,000 (40,000,000 1,900,000 2,000,000 2,188,466,765 203,561,900 24,890,000 34,825,500 6,095,000 34,875,0000 34,875,000	2027 Estimated 436,000,000 205,000,000 205,000,000 280,000,000 310,000,000 310,000,000 1,900,000,000 40,000,000 3,634,500,000 42,000,000 3,678,500,000 2,211,585,960 205,712,700 24,890,000 38,889,150 6,223,000 32,557,000	2028 Estimated 436,000,000 210,000,000 72,000,000 295,000,000 80,000,000 80,000,000 80,000,00	2029 Estimated 436,000,000 213,000,000 73,000,000 300,000,000 315,000,000 85,000,000 85,000,000 1,925,000,000 1,925,000,000 42,000,000 3,712,000,000 2,258,653,106 210,099,200 25,217,500 39,718,400 6,488,000 34,395,000
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Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerbal Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Retailer commissions Instant tolket vendor printing fees Gaming system vendor fees Northstar NJ manager expenses Northstar NJ manager expenses Northstar NJ manager expenses Administration expenses Multi-State fees Multi-State fees	220,040,14 2023 Estimated 440,000,000 270,000,000 67,000,000 45,000,000 230,000,000 235,000,000 65,000,000 65,000,000 (35,000,000 3,450,000,000 3,532,000,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,490 197,534,000 2,123,574,500 2,123,574,490 197,534,000 2,123,574,500 2,123,570 2,123,574,500 2,123,574,500 2,123,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500 2,125,570,500,500 2,125,570,500,500,500,500,500,500,500,500,50	202444,963 2024 Estimated 440,000,000 265,500,000 45,000,000 230,000,000 302,000,000 302,000,000 45,000,000 (40,000,000 3,528,000,000 40,000,000 3,528,000,000 40,000,000 2,000,000 3,570,000,000 2,146,759,564 199,684,800 24,890,000 5,847,000 29,987,000 29,987,000 29,987,000	2000/370,874 2025 Estimated 440,000,000 190,000,000 69,000,000 47,000,000 240,000,000 70,000,000 70,000,000 1,900,000,000 (40,000,000 3,565,000,000 40,000,000 2,000,000 2,000,000 2,169,266,296 201,779,000 24,890,000 38,3445,500 5,970,000 30,820,000 34,315,500 34,315,500 34,315,500 34,315,500	2026 Estimated 436,000,000 265,000,000 50,000,000 50,000,000 50,000,00	2027 Estimated 436,000,000 265,000,000 205,000,000 280,000,000 280,000,000 280,000,000 310,000,000 1,900,000,000 (40,000,000 3,634,500,000 42,000,000 3,678,500,000 2,211,585,960 205,712,700 24,850,000 33,678,500,000 33,678,500,000 33,678,500,000 33,678,500,000 33,678,500,000 33,678,500,000 33,678,500,000 33,678,500,000 34,859,500 33,683,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 34,859,500 35,859,000 34,859,500 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,500,000 34,559,500 34,559,500 34,559,500 34,559,0000 34,559,0000 34,559,0000000000000000000000000000000000	2028 Estimated 436,000,000 210,000,000 72,000,000 295,000,000 295,000,000 80,000,000 80,000,000 1,910,000,000 (40,000,000 3,673,000,000 42,000,000 3,777,000,000 2,2234,983,340 207,891,800 25,021,000 33,463,000 33,623,000 34,630,000 34,600,0000 34,600,000 34,600,0000 34,600,0	2029 Estimated 436,000,000 213,000,000 300,000,000 300,000,000 300,000,0
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ management fee Northstar NJ management fee Northstar NJ managements Administration expenses Muti-State fees Drawing broadcast fees	228,646,14 2023 Estimated 440,000,000 270,000,000 173,000,000 45,000,000 255,000,000 255,000,000 1,875,000,000 1,875,000,000 1,875,000,000 3,490,000,000 2,123,574,490 197,534,000 24,562,500 37,343,000 5,727,000 29,177,000 29,177,000 29,177,000 29,177,000 20,272,000 29,177,000 20,272,000 20,000 20,000 20,00	2024 2024 Estimated 440,000,000 269,500,000 180,000,000 45,000,000 230,000,000 302,000,000 40,000,000 3,528,000,000 40,000,000 3,528,000,000 2,146,759,564 199,684,800 24,890,000 33,749,600 35,544,000 31,644,009 15,641,099 150,000	2000/370,070 2025 Estimated 440,000,000 269,000,000 47,000,000 47,000,000 70,000,000 70,000,000 1,900,000 (40,000,000 3,565,000,000 40,000,000 2,000,000 2,169,266,296 201,779,000 24,890,000 38,145,500 5,570,000 38,145,500 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,115,000 34,000 34,000,000 34,000 34,000,0000 34,000,0000 34,000,0000 34,000,00000 34,0000000000	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 73,000,000 74,000,000 75,000,000 (40,000,000 (40,000,000 3,596,500,000 42,000,000 2,188,466,765 203,561,900 24,850,000 38,482,550 6,095,000 34,797,000 31,675,000 34,797,0	2027 Estimated 436,000,000 205,000,000 71,500,000 280,000,000 380,000,000 77,000,000 80,000,000 (40,000,000 (40,000,000 3,634,500,000 2,000,000 2,000,000 3,678,500,000 2,211,585,960 205,712,700 24,890,000 38,889,150 6,223,000 35,549,000 35,549,000 35,549,000 35,549,000 35,549,000 35,549,000 35,549,000 35,557,0000 35,557,0000 35,557,000000 35,557,000000000000000000000000000000000	2028 Estimated 436,000,000 265,000,000 72,000,000 50,000,000 295,000,000 80,000,000 80,000,000 80,000,00	2029 Estimated 436,000,000 265,000,000 50,000,000 300,000,000 315,000,000 85,000,000 1,925,000,000 1,925,000,000 42,000,000 3,712,000,000 2,258,653,106 210,099,200 25,217,500 39,718,400 6,488,000 34,335,000 36,827,876 200,000
Income available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeted Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Prize expenses Prize expenses Northstar NU manager expenses Northstar NJ anager expenses Northstar NJ anager expenses Northstar NJ anager expenses Multi-State fees Drawing broadcast fees Bad debt expense	220,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 45,000,000 230,000,000 230,000,000 235,000,000 1,875,000,000 3,490,000,000 2,123,574,490 197,540,000 24,562,500 37,343,000 5,727,000 32,770,000 32,700 32,700 32,700 32,700 32,7000 32,7000 32,7000 32,000,000 32,0000	2024 2024 Estimated 440,000,000 265,500,000 180,000,000 45,500,000 302,000,000 302,000,000 302,000,000 1,900,000,000 40,000,000 3,528,000,000 40,000,000 2,146,759,564 199,684,800 24,890,000 37,749,600 5,847,000 5,847,000 3,544,000 15,645,000 15,645	2005/0,000 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 1,900,000 1,900,000 3,565,000,000 40,000,000 2,000,000 3,565,000,000 2,169,266,296 201,779,000 24,890,000 3,845,500 5,970,000 30,820,000 34,115,000 17,057,127 150,000	2026 Estimated 436,000,000 265,000,000 71,500,000 310,000,000 75,000,000 (40,000,000 3,596,500,000 42,000,000 3,596,500,000 42,000,000 3,640,500,000 2,188,466,765 203,561,900 24,830,000 31,676,000 31,675,000 31,787,000 31,675,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,787,000 31,676,000 31,676,000 31,676,000 31,787,000 31,787,000 31,787,000 31,676,000 31,676,000 31,676,000 31,676,000 31,676,000 31,676,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,075,000 31,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000 31,00000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,000,000 31,0000 31,0000 31,0000,0000	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 310,000,000 310,000,000 30,000,000 40,000,000 3,634,500,000 42,000,000 3,678,500,000 2,211,585,960 205,712,700 24,830,000 32,557,000 35,643,000 17,920,644 200,000 450,000	2028 Estimated 436,000,000 215,000,000 72,000,000 995,000,000 85,000,000 1,910,000,000 40,000,000 3,573,000,000 42,000,000 3,717,000,000 2,234,983,340 207,891,800 25,021,000 33,3463,000 35,4000 33,463,000 18,366,660 200,000 450,000	2029 Estimated 436,000,000 265,000,000 50,000,000 300,000,000 315,000,000 80,000,000 1,925,000,000 42,000,000 3,712,000,000 42,000,000 3,756,000,000 2,258,653,106 210,099,200 25,217,500 39,718,400 6,488,000 34,395,000 18,827,876 200,000 18,827,876 200,000 450,000
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ manager expenses Northstar NJ manager expenses Muti-State fees Drawing broadcast fees Bad debt expense Total Operating Expenses Total Operating Expenses	220,646,14 2023 Estimated 440,000,000 270,000,000 173,000,000 67,000,000 230,000,000 230,000,000 230,000,000 230,000,000 1,875,000,000 1,875,000,000 3,490,000,000 2,000,000 3,532,000,000 2,123,574,490 157,534,000 24,562,500 37,343,000 5,727,000 32,790,000 16,235,219 150,000 350,000 29,177,000 32,790,000 29,177,000 32,790,000 29,177,000 350,000 29,177,000 20,000,000 29,177,000 29,177,000 20,000,000 29,177,000 29,177,000 29,177,000 20,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 20,000,000 21,123,574,490 19,754,490 29,177,000 29,177,000 29,177,000 20,000 20,000 20,000 20,000 2	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 45,000,000 302,000,000 68,000,000 68,000,000 1,900,000,000 3,528,000,000 3,528,000,000 3,570,000,000 2,146,759,564 199,684,800 24,890,000 37,749,600 5,847,000 33,446,000 16,641,099 150,000 400,000 65,000 24,950,000 3,547,000 3,547,000 5,847,000 3,547,000 3,547,000 5,847,000 5,847,000 5,847,000 3,3446,000 16,641,099 150,000 400,000 400,000 150,000 24,952,000 150,000	2003/00,000 2025 Estimated 440,000,000 269,000,000 69,000,000 240,000,000 240,000,000 240,000,000 70,000,000 70,000,000 1,900,000,000 (40,000,000 3,565,000,000 2,000,000 2,000,000 2,000,000 2,000,000	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000 50,000,000 255,000,000 75,000,000 (40,000,000 (40,000,000 3,596,500,000 42,000,000 3,640,500,000 2,188,466,765 203,561,900 24,890,000 38,642,550 6,095,000 31,676,000 34,797,000 34,797,000 34,797,000 24,797,000 24,797,000 24,797,000 24,797,000 24,797,000 24,797,000 24,797,000 24,797,000 24,797,000 24,797,000 25,200,000 25,200,000 25,200,000 25,200,000 25,200,000 22,546,702,770	2027 Estimated 436,000,000 265,000,000 205,000,000 280,000,000 280,000,000 280,000,000 310,000,000 1,900,000,000 (40,000,000 3,634,500,000 42,000,000 2,000,000 3,678,500,000 2,2211,585,960 205,712,700 24,850,000 23,573,570,000 35,573,000 35,573,000 450,000 450,000 450,000 450,000 450,000	2028 Estimated 436,000,000 210,000,000 72,000,000 295,000,000 295,000,000 80,000,000 80,000,000 1,910,000,000 (40,000,000 3,673,000,000 42,000,000 3,777,000,000 2,000,000 2,000,000 3,717,000,000 25,021,000 33,343,340 20,7831,800 33,343,340 20,7831,800 33,343,340 20,7831,800 33,343,200 34,343,200,200 34,343,200,200 34,343,200,200 34,343,200,200,200,200,200,200,200,200,200,	2029 Estimated 436,000,000 213,000,000 311,000,000 300,000,000 300,000,000 300,000,0
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Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 8 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ manager expenses Northstar NJ manager expenses Northstar NJ manager expenses Multi-State fees Drawing broadcast fees Bad debt expense Total Operating Expenses Total Operating Expenses Operating Income (pre Quick Draw) Net Income from Quick Draw Operating Income Inclusive of Quick Draw	220,646,214 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 230,000,000 230,000,000 235,000,000 65,000,000 1,875,000,000 3,532,000,000 3,532,000,000 3,532,000,000 2,123,574,490 197,534,000 5,727,000 5,7	2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 302,000,000 302,000,000 302,000,000 302,000,000 1,900,000,000 1,900,000,000 3,528,000,000 3,528,000,000 3,528,000,000 2,146,759,564 199,684,500 24,859,000 37,749,600 29,857,000 33,344,600 16,641,099 150,000 400,000 16,641,099 150,000 400,000 16,641,099 150,000 400,000 11,149,438,637	2003/00/07 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 310,000,000 1,900,000,000 1,900,000,000 1,900,000,000 3,565,000,000 3,565,000,000 2,169,266,296 201,779,000 38,145,500 5,970,000 30,322,000 34,115,000 17,057,127 150,000 400,000 2,523,242,923 1,083,757,077 5,640,270	2026 Estimated 436,000,000 265,000,000 200,000,000 71,500,000 255,000,000 255,000,000 255,000,000 74,000,000 (40,000,000 3,596,500,000 42,000,000 2,000,000 2,000,000 2,000,000 2,188,466,765 203,561,900 24,890,000 34,797,000 37,744,745,555 30,000 37,744,745,755 30,000 37,744,745,755 30,000 37,744,745,755 30,000 37,744,745,755 30,000 37,744,755 30,000 31,745,755 30,000 31,745,755 30,000 31,745,755 30,000 31,745,755 30,000 31,745,755 30,0000 31,745,755 30,0000 31,755,755 30,0000 31,755,755 30,00000 31,	2027 Estimated 436,000,000 265,000,000 205,000,000 215,000,000 280,000,000 280,000,000 280,000,000 310,000,000 (40,000,000 3,638,500,000 42,000,000 3,678,500,000 2,271,585,960 205,712,700 24,890,000 38,888,150 6,223,000 38,285,150 6,223,000 33,578,590,000 35,493,000 17,7920,644 200,000 450,000 675,000 2,574,5956,454 1,103,903,546	2028 Estimated 436,000,000 210,000,000 72,000,000 30,000,000 295,000,000 80,000,000 80,000,000 85,000,000 1,910,000,000 40,000,000 3,673,000,000 42,000,000 3,777,000,000 2,2234,983,340 207,891,800 25,021,000 33,363,000 33,373,000,000 33,363,000 35,000 37,152,0000 37,152,0000 37,152,0000 37,152,0000000000000	2029 Estimated 436,000,000 213,000,000 313,000,000 300,000,000 300,000,000 300,000,0
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerbal Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfieted Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ management fee Northstar NJ management fee Northstar NJ manager expenses Administration expenses Multi-Stafe fees Drawing broadcast fees Bad debt expense Total Operating Expenses Operating Income (pre Quick Draw) Net Income from Quick Draw Non-operating Income (prevue	228,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 230,000,000 230,000,000 235,000,000 (35,000,000 3,490,000,000 2,000,000 3,490,000,000 2,000,000 3,490,000,000 2,123,574,490 197,534,000 24,562,500 37,743,000 5,727,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 21,572,90,000 16,235,219 150,000 32,790,000 16,235,219 150,000 24,562,950 1,000 24,562,500 24,562,500 24,762,000 20,000 24,762,0	202444,363 2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 230,000,000 302,000,000 65,000,000 (40,000,000 3,528,000,000 40,000,000 3,528,000,000 2,000,000 3,570,000,000 2,146,759,564 199,684,500 24,850,000 25,847,000 29,87,000 33,3446,000 16,641,099 15,000 16,641,099 15,000 16,643,099 15,000 11,49,485,637 75,643,700	2000,370,874 2025 Estimated 440,000,000 265,000,000 47,000,000 47,000,000 70,000,000 70,000,000 1,900,000 1,900,000 40,000,000 40,000,000 2,000,000 3,565,000,000 40,000,000 2,169,266,296 201,779,000 24,169,266,296 201,779,000 38,145,500 38,145,500 38,145,500 38,145,500 38,145,500 38,145,500 39,210,000 17,057,127 150,000 400,000 55,270,707 76,400,200 11,160,157,277	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 73,500,000 74,000,000 74,000,000 75,000,000 (40,000,000 3,596,500,000 42,000,000 2,000,000 3,596,500,000 2,2188,466,765 203,561,900 24,890,000 38,42,550 6,095,000 31,676,000 17,483,555 200,000 17,483,555 200,000 17,483,555 200,000 17,483,555 200,000 17,783,230 77,164,200 71,164,200 71,164,200	2027 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 280,000,000 310,000,000 80,000,000 (40,000,000 (40,000,000 3,634,500,000 42,000,000 3,634,500,000 42,000,000 3,678,500,000 3,678,500,000 3,888,150 6,223,000 38,889,150 6,223,000 38,889,150 6,223,000 38,889,150 6,223,000 35,843,500,000 17,920,644 200,000 55,74,556,454 1,103,903,546 77,935,800	2028 Estimated 436,000,000 210,000,000 72,000,000 50,000,000 295,000,000 80,000,000 80,000,000 1,910,000,000 (40,000,000 3,673,000,000 42,000,000 3,673,000,000 42,000,000 3,673,000,000 3,673,000,000 1,910,000 33,623,000 33,623,000 33,623,000 33,623,000 33,623,000 18,368,660 200,000 11,12,804,300 78,715,200	2029 Estimated 436,000,000 213,000,000 50,000,000 300,000,000 300,000,000 300,000,0
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forefield Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ manager expenses Northstar NJ manager expenses Northstar NJ adverting & marketing expenses Administration expenses Multi-State fees Darwing broadcast fees Bad debt expense Total Operating Expenses Operating Income (pre Quick Draw Non-operating revenue Income (nos) Before Transfers	238,646,14 2023 Estimated 440,000,000 270,000,000 173,000,000 67,000,000 45,000,000 255,000,000 255,000,000 3,490,000,000 3,490,000,000 40,000,000 2,123,574,490 197,534,000 24,562,500 37,343,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 20,000 3,7343,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 20,000 30,000 10,235,219 150,000 10,235,219 150,000 10,235,219 150,000 10,235,219 150,000 10,235,219 150,000 2,488,093,209 1,48,94,800 1,138,801,591 1,138,901,591 1,139,001,591 1,1	2024 2024 Estimated 440,000,000 265,500,000 180,000,000 68,500,000 302,000,000 68,500,000 302,000,000 302,000,000 40,000,000 3,528,000,000 40,000,000 2,146,759,564 199,684,800 24,850,000 3,570,000,000 2,146,759,564 199,684,800 24,850,000 3,745,600 3,745,600 3,745,600 3,446,000 26,500,000 3,446,000 26,500,000 3,446,000 26,500,000 3,446,000 26,500,000 3,446,000 26,500,000 3,446,000 26,500,000 24,950,000 3,446,000 16,641,099 15,000 24,952,05,063 11,073,7749,937 75,643,700 1,148,433,637 200,000	2000,370,874 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 70,000,000 1,000,000 1,000,000 1,900,000 1,900,000 1,900,000 2,000,000 2,000,000 3,565,000,000 2,169,266,296 201,779,000 24,890,000 3,667,000,000 2,169,266,296 201,779,000 24,890,000 36,870,000 36,970	2026 2026 Estimated 436,000,000 265,000,000 71,500,000 200,000,000 71,500,000 255,000,000 1,900,000,000 (40,000,000 (40,000,000 3,596,500,000 42,000,000 2,188,466,765 203,561,900 24,890,000 34,67,7000 34,67,00000 34,67,00000 34,67,00000 34,67,000000 34,67,000000 34,67,00000000000000000000000000000000000	2027 Estimated 436,000,000 265,000,000 205,000,000 205,000,000 280,000,000 310,000,000 310,000,000 3,000,000 40,000,000 3,634,500,000 42,000,000 3,678,500,000 2,211,585,960 205,712,700 24,890,000 33,678,550,000 32,557,000 22,570,000 32,557,000 22,570,000 32,557,000 22,570,000 32,557,000 21,720,644 200,000 675,000 2,574,596,454 11,103,903,546 77,935,880 1,1181,833,346	2028 Estimated 436,000,000 210,000,000 72,000,000 50,000,000 80,000,000 80,000,000 80,000,00	2029 Estimated 436,000,000 213,000,000 73,000,000 50,000,000 85,000,000 85,000,000 90,000,000 1,925,000,000 42,000,000 3,712,000,000 2,258,653,106 210,099,200 25,217,500 33,715,000,000 34,395,000 34,395,000 34,395,000 34,395,000 34,395,000 35,715,000 34,395,000 34,395,000 35,715,000 35,715,000 36,827,876 210,099,200 36,827,876 210,099,200 36,827,876 210,099,200 37,950,200 11,224,348,918 79,502,300 1,204,951,218
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 6 Lotto Cash 4 Life Mega Millions Powerball Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Prize expenses Prize expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ manager expenses Northstar NJ manager expenses Northstar NJ advertising & marketing expenses Administration expenses Multi-State fees Drawing broadcast fees Bad debt expense Total Operating Expenses Operating Income (pre Quick Draw) Net Income from Quick Draw Non-operating revenue Income (Loss) Before Transfers	220,646,14 2023 Estimated 440,000,000 270,000,000 178,000,000 67,000,000 230,000,000 230,000,000 230,000,000 230,000,000 1,875,000,000 1,875,000,000 1,875,000,000 3,490,000,000 2,000,000 3,532,000,000 2,123,574,490 137,534,000 24,562,500 37,343,000 5,727,000 29,177,000 32,790,000 1,552,219 150,000 350,000 24,68,093,209 1,063,306,791 74,894,800 1,138,001,591 200,000 1,139,001,591	2024 Estimated 440,000,000 265,500,000 180,000,000 68,500,000 302,000,000 302,000,000 302,000,000 3,500,000 1,900,000,000 1,900,000,000 3,528,000,000 3,528,000,000 2,146,759,564 199,684,500 5,847,000 5,847,000 5,847,000 5,847,000 5,847,000 5,847,000 5,847,000 1,958,450 1,073,749,550 1,073,749,550 1,073,749,570 1,149,438,637 200,000 1,149,638,637	2005/0,074 2025 Estimated 440,000,000 269,000,000 190,000,000 47,000,000 310,000,000 70,000,000 1,900,000,000 1,900,000,000 1,900,000,000 3,565,000,000 3,565,000,000 3,565,000,000 3,565,000,000 3,565,000,000 3,567,000,000 3,145,500 3,020,000 3,415,000 3,025,127 1,50,000 400,000 1,057,127 1,50,000 400,000 1,160,357,277 200,000 1,160,357,277	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 71,500,000 310,000,000 310,000,000 (40,000,000 3,596,500,000 42,000,000 3,596,500,000 42,000,000 3,640,500,000 2,188,466,765 203,561,900 2,205,61,900 34,482,550 6,095,000 31,670,000 31,675,000 31,775,000 31,775,000 31,775,000	2027 Estimated 436,000,000 265,000,000 205,000,000 280,000,000 310,000,000 80,000,000 1,900,000,000 (40,000,000 3,678,500,000 42,000,000 3,678,500,000 2,271,585,960 205,712,700 24,890,000 38,883,150 6,223,000 38,883,150 6,223,000 35,493,000 35,493,000 35,493,000 450,000 450,000 675,000 22,574,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,774,596,454 1,103,903,546 2,000,000 1,182,003,936 1,182,003,936 1,182,003,936 1,182,003,936 1,182,003,936 1,182,003,936 1,182,003,936 1,182,003,936 1,182,000,000 1,182,003,936 1,182,003,936 1,182,003,936 1,182,003,936 1,182,000,000 1,182,003,936 1,182,000,000 1,182,0000 1,182,0000 1,182,0000 1,182,0000 1,182,0000	2028 Estimated 436,000,000 210,000,000 72,000,000 30,000,000 30,000,000 80,000,000 80,000,000 80,000,00	2029 Estimated 436,000,000 213,000,000 315,000,000 300,000,000 300,000,000 300,000,0
Deceme available for Transfer Inclusive of Quick Draw Operating revenues Ticket Sales Pick 3 Pick 4 Jersey Cash 5 Pick 0 Lotto Cash 4 Life Mega Milions Powerbal Fastplay Niche Games (5 Card Cash) NEW PRODUCTS Instant Less Sales Discounts/Tickets Provided as Prizes Total Ticket Sales Other revenues Forfeited Prizes Miscellaneous Total operating revenues Operating expenses Retailer commissions Instant ticket vendor printing fees Gaming system vendor fees Northstar NJ management fee Northstar NJ advertising & marketing expenses Administration expenses Northstar NJ advertising & marketing expenses Administration expenses Multi-State fees Drawing broadcast fees Bad debt expense Total Operating Expenses Operating Income (pre Quick Draw) Net Income from Quick Draw Non-operating revenue Income (Loss) Before Transfers Northstar NJ incentive payment Inclusive of Quick Draw'	228,646,14 2023 Estimated 440,000,000 270,000,000 67,000,000 45,000,000 230,000,000 230,000,000 230,000,000 3,875,000,000 (35,000,000 3,490,000,000 2,000,000 3,490,000,000 2,123,574,490 197,534,000 24,562,500 37,343,000 5,727,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 29,177,000 20,279,000 1,63,906,791 74,894,800 1,138,001,591 200,000 1,139,001,591 200,000 1,139,001,591 200,000 2,200,000 1,139,001,591 2,000,000 2,123,574,490 19,7534,000 2,000 2,000 1,000 2	20244,363 2024 Estimated 440,000,000 269,500,000 180,000,000 68,500,000 230,000,000 302,000,000 3,500,000 1,500,000 40,000,000 3,528,000,000 40,000,000 3,528,000,000 40,000,000 2,000,000 3,528,000,000 2,2,000,000 3,574,900,000 3,774,950 2,146,759,564 199,684,500 23,744,500 15,641,099 15,000 650,000 15,643,099 15,000,000 650,000 11,149,438,637 200,000 1,149,638,637	2000,370,874 2025 Estimated 440,000,000 265,000,000 190,000,000 47,000,000 70,000,000 70,000,000 1,900,000 1,900,000 1,900,000 40,000,000 2,40,000,000 1,900,000 3,565,000,000 40,000,000 2,2169,266,296 201,779,000 3,667,000,000 3,8145,5000 3,8145,5000 3,	2026 Estimated 436,000,000 265,000,000 71,500,000 50,000,000 73,500,000 255,000,000 74,000,000 74,000,000 75,000,000 40,000,000 3,596,500,000 42,000,000 3,596,500,000 42,000,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,640,500,000 3,650,000 1,7,643,555 200,000 1,7,164,200 7,164,200 1,170,961,430	2027 Estimated 436,000,000 205,000,000 50,000,000 205,000,000 280,000,000 280,000,000 310,000,000 1,900,000,000 (40,000,000 3,634,500,000 42,000,000 3,634,500,000 42,000,000 2,000,000 3,634,500,000 42,000,000 3,634,500,000 3,634,500,000 1,2211,585,960 205,712,700 24,859,000 33,889,150 6,223,000 33,889,150 6,223,000 33,889,150 6,223,000 33,889,150 6,223,000 33,889,150 6,223,000 33,889,150 6,223,000 33,889,150 6,223,000 33,889,150 6,223,000 35,849,500 1,782,956,454 1,103,903,546 7,733,800 20,000 1,182,033,346 (14,915,964)	2028 Estimated 436,000,000 210,000,000 72,000,000 295,000,000 295,000,000 80,000,000 80,000,000 1,910,000,000 (40,000,000 3,673,000,000 42,000,000 3,673,000,000 42,000,000 3,717,000,000 2,224,983,340 20,7891,800 25,021,000 33,463,000 33,463,000 33,463,000 33,463,000 13,366,860 20,000 13,366,860 20,000 11,328,04,300 1,128,04,300 20,000 1,128,04,300	2029 Estimated 436,000,000 213,000,000 315,000,000 300,000,000 300,000,000 300,000,0

Comparable U.S. States	s hos	ting Keno/I	Keno Style Gam	es
	as	s of 2016		
		Keno		Sales
State	Sal	les (x000)	Population	per population
California	\$	232,286	39,250,017	\$5.92
Connecticut		10,600	3,576,452	\$2.96
Delaware (2015)		7,000	952,065	\$7.35
Georgia		192,900	10,310,371	\$18.71
Kansas		18,155	2,907,289	\$6.24
Kentucky		65,900	4,436,974	\$14.85
Maryland		311,600	6,016,447	\$51.79
Massachusetts		79,388	6,811,779	\$11.65
Michigan		624,119	9,928,300	\$62.86
Missouri		59,643	6,093,000	\$9.79
New York		787,000	19,745,289	\$39.86
Ohio		365,866	11,614,373	\$31.50
Oregon		95,826	4,093,465	\$23.41
Rhode Island		83,660	1,056,426	\$79.19
Washington		5,890	7,288,000	\$0.81
West Virginia		4,136	1,831,102	\$2.26
Average	\$	183,998	8,494,459	\$23.07
New Jersey (Proj. 2021 at maturity)	\$	219,800	8,944,469	\$24.57

#### EXHIBIT B – COMPARISON OF KENO STYLE GAMES (SALES REVENUE TO POPULATION)

				2016			2015			2014	
Company	Ticker	Company Description	Enterprise Value (EV)	EBITDA	EBITDA Multiples	EV	EBITDA	EBITDA Multiples	EV	EBITDA	EBITDA Multiples
		_	\$ M USD (unless otherwise stated)								
Boyd Gaming Corp	BYD	Domestic gaming facilities	5,804.0	456.9	12.7	5,328.6	503.8	10.6	4,656.1	615.7	7.6
Ceasars Entertainment Corp	CZR	Casino and gaming company	8,752.1	696.0	12.6	8,133.1	923.0	8.8	22,753.1	1,457.0	15.6
Las Vegas Sands Corp	LVS	Casino and gaming company	54,260.7	3,600.0	15.1	43,618.8	3,923.1	11.1	54,720.0	5,163.9	10.6
MGM Resorts International	MGM	Casino and gaming company	32,999.0	2,900.0	11.4	26,510.3	2,226.6	11.9	25,916.7	2,207.3	11.7
Penn National Gaming Inc.	PENN	Riverboat casino & racing	6,397.3	821.4	7.8	6,334.4	812.5	7.8	5,731.2	689.8	8.3
Pinnacle Entertainment Inc.	PNK	Casino, racing & entertainment	5,108.0	615.2	8.3	N/A	599.3	N/A	N/A	N/A	N/A
Wynn Resorts Ltd	WYNN	Casino and gaming company	19,706.3	926.4	21.3	14,310.3	1,069.6	13.4	20,523.9	1,621.0	12.7
Ladbrokes Coral Group Plc	LCL.LN	Bookmaker & gaming business	£3,404.4	£205.0	16.6	£1,482.9	£213.5	6.9	1,398.2	203.4	6.9
OPAP SA	OPAP.GA	Sportsbetting & lottery	€ 2,824.7	€ 326.6	8.6	€ 2,467.0	€ 376.4	6.6	€ 2,609.0	€ 338.4	7.7
International Game Technology	IGT	Gaming Equipment and software	12,525.7	1,500.0	8.4	11,295.1	1,435.1	7.9	N/A	1,284.5	N/A
Intralot S.A.	INLOT.GA	On-line lottery hardware/software	€ 722.8	€ 194.8	3.7	€ 740.9	€ 197.5	3.8	€ 654.2	€ 175.4	3.7
Scientific Games Corp	SGMS	On-line lottery hardware/software	9,978.2	869.3	11.5	8,854.2	1,149.2	7.7	9,224.4	427.7	21.6
				Hi	21.3		Hi	13.4		Hi	21.6
			Weighted (EV	) Average	13.5	Weighted (E	V) Average	10.5	Weighted	l (EV) Average	12.2
				Low	3.7		Low	3.8		Low	3.7
			Standard	Deviation	4.7	Standar	d Deviation	2.8	Stand	ard Deviation	5.1

#### EXHIBIT C – MARKET VALUE - ENTERPRISE VALUE TO EBITDA OF PUBLIC COMPANIES

	;	Notes	currency exchange as of 7/12/16	currency exchange as of 2/8/12	currency exchange as of 12/29/11	currency exchange as of 7/8/10 EBITDA exchange as of 12/31/16		currency exchnage as on 4/1/10	currency exchange as of 8/17/07	currency exchange as of 6/30/08	currency exchange rate as of 4/30/08 - confirmed in company's	report	currency exchange rate as of 4/13/08	currency exchange rate as of 12/19/07 - confirme d in Lottom atica's 2007 Annual Report		currency exchange as of 9/10/07	currency exchange as of 5/1/07	currency exchange rate as of 5/14/07	EBITDA exchange as of 6/30/15		currency exchange as of 10/18/06 EBITDA exchange as of 12/31/2015	currency exchnage as of 8/29/06	currency exchange as of 1/16/06	TV:EBITDA found on bloomberg M&A info		currency exchange as of 12/31/03	not sure if deal actually	happened??	currency exchange as of 9/18/2001
Implied TV						6.18											-7.78		1.14		25.31			3.55					
	Target EBITDA	2016 (USU)				\$ 95,337,400											\$(13,232,400.00)		\$ 89,753,700		\$ 44,575,600								
	Target EBITDA	2010				£ 77,500,000.00											-HK\$103.500,000		Euro 80,900,000 (2015)		Euro 40,800,000 (2015)								
	Target	Geography	Malaysia	Mexico	Italy	United Kingdom	,	Australia	China	China		Gibraltar	China	China	China	China	China	China	Canada, Australia, US, France	United Kingdom	Italy	Italy	China	United Kingdom	Europe, Australia	Italy		ns	Spain
		In USU	27,041,800	209,414,000	182,489,000	589,366,000		774,796,000	30,089,600	76,887,100		65,379,800.00	11,491,100	20,016,700	27,000,000	28,827,500	103,000,000	99,431,100	102,000,000	25,000,000	1,128,340,000	4,172,020,000	126,396,000	183,000,000	59,870,000	48,952,800		18,500,000	38,929,900
	:	I ransaction V alue	RM 108.0 million \$	MX 2,653,000,000 \$	€ 140,000,000 \$	£ 389,000,000.00 \$		A\$ 845,736,000 \$	HK\$235,250,000 \$	HK\$600,000,000 \$		E 41,890,000 \$	RMB 80,600,000 \$	e 13,900,000 \$	42 	HK\$224,000,000 \$	-	HK\$777,700,000 \$	42	ee	e 900,000,000	E 3,262,631,000 \$	HK\$980,000,000 \$	42	42	ε 39,000,000 \$		~~ ~	€ 42,100,000 \$
	-	larget	Megaque st Sdn Bhd	Impulsora de Centros de Entretenimiento SA	Coge mat SpA	Came lot Group plc	•	NSW Lotteries	She nzhen Sinoda ta Technology Co Ltd	She nzhen Sinoda ta Technology Co Ltd		St. Enodoc Holdings Limited	Guangzhou Late ch Technology Co Ltd	TIHK / CLS - GTECH Company Ltd.	Guard Libang	Guangzhou San Huan Yong Xin Tech. Ltd Co. & Lottnal Holdings Ltd (together the CMIL Group)	ChinaLot Svnergy Holdings Ltd.	Shining China Inc.	Oberthur Gaming Technologies	Games Media Ltd	Sisal SpA / Area Giochi Holding SpA	GTECH	Corich International Ltd.	Global Draw Ltd.	EssNet AB / Online Lottery Assets	Totobit Informatica Software ESistemi SpA		MDI Entertainment	Global Bingo Corporation, S.A.
		Acquiror	Berjaya Assets Bhd	Codere SA	SNAI SpA	Ontario Teachers' Pension Plan		Tatts Group	RexLot Financial Holdings	RexLot Financial Holdings	GTECH Corporation (Subsidiary of Lottomatica	Group)	RexLot Financial Holdings	GTECH Global Services (Subsidiary of Lottomatica Group)	Scientific Games Corp.	ChinaLot Synergy Holdings Ltd.	International Game Technology , Inc.	ACTech Holdings	Scientific Games Corp.	Scientific Games Corp.	Apax Partners Worldwide / Permira Advisers	Lottomatica (now IGT)	ChinaLot Synergy Holdings Ltd.	Scientific Games Corp.	Scientific Games Corp.	Lottomatica (nowIGT)		Scientific Games Corp.	Lottomatica (now IGT)
	-	Announced Date	7/12/2016 - announced	2/8/2012 - completed	12/29/2011	3/25/2010 - announced 7/8/2010 - completed	3/2/2010 - announced	4/1/2010 - completed	8/17/2007 - completed	12/31/2007 -a nnounced J une 2008 - completed	4/3/2008 - announced	4/30/2008 - closed	4/13/2008 - closed	12/19/2007 - closed	7/19/2007 - announced 11/15/2007 - closed	9/10/2007	5/1/2007	4/23/2007 - announced 5/14/2007 - closed	5/1/2007 - closed	11/27/2006 - 12/22/2006	8/13/2006 - announced 10/18/2006 - cbsed	8/29/2006 - closed	1/16/2006 - 6/30/2006	1/23/2006 - 4/20/2006	1/20/2006 - 3/22/2006	8/1/2003		2/26/2002	9/18/2001

#### EXHIBIT D – POTENTIAL SALE VALUE – FOREIGN LOTTERY SALES

				Transaction	Target EBITDA	Target EBITDA	Implied TV to:	Terms of
Date	Acquiror	Targe t	Transa ction Value	Value (USD)	2016	2016 (USD)		Concessions
ł/7/2017 - a warded	ENGIE / Axium	OSU Energy	\$ 1,165,000,000					50 years
13/2015 - announced	CPPIB / OMERS / OTPP	Chicago Skywa y Concession Company LLC	\$ 2,900,000,000					88
								66 years left,
								inhe rited 75
								ye ar contra ct
								from State of
1/2015 - announced		Indian Toll Road Concession Company					Ι	ndia na started
:8/2015 - completed	IFM Global Infrastructure Fund	LLC	\$ 5,725,000,000					in 2006
	Cintra, Meridiam, Dallas Police	North Tarrant Express Managed Lane						
9/1/2013	and Fire Pension System	Project	\$ 1,300,000,000					52
	QIC Global Infrastructure / Laz							
9/21/2012	Parking	The Ohio State University Parking System	1 \$ 483,000,000			397,000,000	1.22	50
		Neptune Regional Transmission System						
Feb-2012	CalPERS	LLC	\$ 225,500,000,000					
12/7/2011	ACS / TIAA-CREF	I-595 Express LLC	$\in 1,296,000,000$	\$ 1,734,630,000				33
0/8/2010 - closed	KKR / NPS of Korea	Colonial Pipeline Company	\$ 1,100,000,000					-
	California State Teachers'							
5/20/2010	Retire ment System	Brightsource Energy	\$ 25,000,000					-
	Macquarie Infrastructure							
	Partners ; Macquarie Capital							
	Group Limite d, Macquarie FSS							
	Infrstucture Trust, CPPIB, bcIMC,							
2/6/2009 - closed	AIMCO	Puge t Ene rgy	\$ 7,400,000,000			\$ 1,255,300,000	5.90	5
Apr-2008	Ontario Teachers Pension Plan	Noble Environmental Power	\$ 200,000,000					
		Four Container Terminals from Orient						
1/12/2007	Ontario Teachers Pension Plan	Overseas	\$ 2,350,000,000		3	(199,667,000)	-11.77	
	Ontario Teachers Pension Plan/							
8/5/2005	China Huane ng Group	InterGen	\$ 1,750,000,000					
J ul-04	Ontario Teachers Pension Plan	Northern Star Generation	\$ 265,000,000					

#### EXHIBIT E – POTENTIAL SALE VALUE – MUNICIPAL ASSETS (CONCESSION SALES)

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				Market Cap	Market Cap	Fgn.		Beta	Weighted
Public Company	Ticker	Description	Country	(US Bn)	(Fgn. Bn)	Cur.	Beta	Compared	Beta
Boyd Gaming Corp.	BYD	Domestic gaming facilities	US	2.77			1.34	SPX	3.71
Caesars Acquisition Co.	CACQ	Equity investment in Caesars	US	2.40			1.83	SPX	4.39
Caesars Entertainment Corp.	CZR	Casino and gaming company	US	1.62			1.37	SPX	2.22
Las Vegas Sands	LVS	Casino and gaming company	US	45.32			1.08	SPX	48.95
MGM Resorts International	MGM	Casino and gaming company	US	17.47			1.19	SPX	20.79
Penn National Gaming	PENN	Riverboat casino & racing	US	1.70			1.06	SPX	1.80
Pinnacle Entertainment Inc.	PNK	Casino, racing & entertainment	US	1.18					ļ
Wynn Resorts	WYNN	Casino and gaming company	US	12.30			1.40	SPX	17.22
Crown Resorts	CWN.AU	Casino and gaming company	Aus.	6.72	9.07	AUD	0.93	AS51	6.25
Star Entertainment Group	SGR.AU	Casino and gaming company	Aus.	3.21	4.34	AUD	0.78	AS51	2.51
Sands China Ltd.	1928.HK	Casino and gaming company	Macau	35.69	277.69	HKD	1.08	HSI	38.55
Galaxy Entertainment Group	27.HK	Casino and gaming company	Macau	21.97	170.89	HKD	1.28	HSI	28.12
SJM Holdings Ltd	880.HK	Amusement and recreation	Macau	5.11	39.77	HKD	1.05	HSI	5.37
Wynn Macau Ltd	1128.HK	Casino and gaming company	Macau	10.63	82.71	HKD	1.30	HSI	13.82
Ladbrokes Coral Group PLC	LCL.LN	Bookmaker & gaming business	UK	3.10	2.39	GBP	0.72	UKX	2.23
OPAP SA	OPAP.GA	Sportsbetting & lottery	Greece	3.20	2.94	EUR	0.83	FTASE	2.65
International Game Technology	IGT	Gaming Equipment and software	US	4.36	4.36		1.24	SPX	5.41
Intralot S.A.	INLOT.GA	On-line lottery hardware/software	Greece	0.21	0.19	EUR	0.57	FTASE	0.12
Scientific Games Corp.	SGMS	On-line lottery hardware/software	US	2.00	2.00		2.41	SPX	4.82
							Weight	ted Avg. Beta	1.16

Source: Bloomberg

#### EXHIBIT G – RATE OF RETURN (RETURN ON ASSETS)

				Market Cap	Market Cap	Fgn.	Return on	Weighted
Public Company	Ticker	Description	Country	(US Bn)	(Fgn. Bn)	Cur.	Assets	ROA
Boyd Gaming Corp.	BYD	Domestic gaming facilities	US	2.77			9.3%	25.76%
Caesars Acquisition Co.	CACQ	Equity investment in Caesars	US	2.40			41.8%	100.32%
Caesars Entertainment Corp.	CZR	Casino and gaming company	US	1.62			-28.3%	-45.85%
Las Vegas Sands	LVS	Casino and gaming company	US	45.32			9.1%	412.41%
MGM Resorts International	MGM	Casino and gaming company	US	17.47			4.6%	80.36%
Penn National Gaming	PENN	Riverboat casino & racing	US	1.70			1.8%	3.06%
Pinnacle Entertainment Inc.	PNK	Casino, racing & entertainment	US	1.18			-11.0%	-12.98%
Wynn Resorts	WYNN	Casino and gaming company	US	12.30			2.4%	29.52%
Crown Resorts	CWN.AU	Casino and gaming company	Aus.	6.72	9.07	AUD	12.1%	81.29%
Star Entertainment Group	SGR.AU	Casino and gaming company	Aus.	3.21	4.34	AUD	5.9%	18.97%
Sands China Ltd.	1928.HK	Casino and gaming company	Macau	35.69	277.69	HKD	11.2%	399.76%
Galaxy Entertainment Group	27.HK	Casino and gaming company	Macau	21.97	170.89	HKD	10.3%	226.24%
SJM Holdings Ltd	880.HK	Amusement and recreation	Macau	5.11	39.77	HKD	6.2%	31.69%
Wynn Macau Ltd	1128.HK	Casino and gaming company	Macau	10.63	82.71	HKD	3.4%	36.15%
Ladbrokes Coral Group PLC	LCL.LN	Bookmaker & gaming business	UK	3.10	2.39	GBP	-9.0%	-27.94%
OPAP SA	OPAP.GA	Sportsbetting & lottery	Greece	3.20	2.94	EUR	9.8%	31.32%
International Game Technology	IGT	Gaming Equipment and software	US	4.36	4.36		1.4%	6.10%
Intralot S.A.	INLOT.GA	On-line lottery hardware/software	Greece	0.21	0.19	EUR	0.1%	0.02%
Scientific Games Corp.	SGMS	On-line lottery hardware/software	US	2.00	2.00		-4.9%	-9.80%
							Weighted Return on Assets	7.66%
							Less Risk Free Rate	-3.05%
							Risk Premium	4.61%

Source: Bloomberg

<b>EXHIBIT H – DISCOUNTED</b>	CASH FLOW CALCULATION

				North	star Provided 1	Projections ("F	ront-End Proj	ection Period"					Cash Flows	for FY 2030 tl	nrough 2047 (	"Back-End Pr	ojection Perie	ď")
Fiscal Year	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E 2	1026E	027E 2	028E	029E	2030E	2035E	2040E	2045E	2046E	2047E
<u>Operating Revenue</u>																		
Pick 3	448,000,000	447,500,000	446,000,000	445,500,000	440,000,000	440,000,000	40,000,000 4	40,000,000 43	6,000,000 45	6,000,000 43	5,000,000 43	6,000,000	440,360,000	62,822,786 4	86,431,399 5	11,244,289 5	16,356,732	21,520,299
Pick 4	275,000,000	274,500,000	273,500,000	273,500,000	270,000,000	270,000,000	69,500,000 2	9,000,000 26	5,000,000 24	5,000,000 26	5,000,000 24	5,000,000	267,650,000	81,302,840 2	95,652,112 3	10,733,341 3	13,840,674	180'626'91
Jersey Cash 5	160,000,000	165,000,000	170,000,000	175,000,000	175,000,000	178,000,000	80,000,000 1	90,000,000 20	0,000,000 20	5,000,000 21	0,000,000 21	3,000,000	215,130,000	26,103,792 2	37,637,358 2	49,759,251 2	52,256,844	54,779,412
	62,000,000	62,500,000	64,000,000	66,500,000	66,500,000	67,000,000	68,500,000	2 000'000'69	1,500,000	1,500,000	2,000,000	3,000,000	73,730,000	126'067'22	81,443,789	85,598,241	86,454,223	87,318,766
Cash 4 Life Macon Millione	40,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	45,000,000	2 000'000'2	0000000	2 000'000' 2 0	000'000'0	000'0000'0	50,500,000	53,076,008	55,783,417	58,628,932	59,215,222	59,807,374
Mega INTILIOIIS Doccedeal	100,000,000	185,000,000	202,000,000	212/000/000	230,000,000	2000/000/052	2 000/00/02	57 000'000'01	5, 000,000 22	57 000'000'0	10 000 000 0	1/mm/mm	246,440,000	2 GPD/9GP/91	64./UU/204 3	21///3/39/5 3	20/2/1/2/00	28/244/242
Fastplay	201001000	25,000,000	57.000.000	60.000.000	0000000	65.000.000	e 000'000'20	2 0000000	4.000.000	8 000'000'2	· 0000000	5.000.000	85.850.000	90.229.213	94.831.809	0 077700/20	00.665.877	01.672.535
Niche Games (5 Card Cash)	37,000,000	41,000,000	46,000,000	52,000,000	26,000,000	000'000'09	65,000,000	2 000,000,07	2,000,000	8 000'000'0	5 000'000'5	0,000,000	000'006'06	95,536,814 1	00,410,151 1	05,532,078 1	06,587,399	07,653,273
New Products																		
Instant	1,882,900,000	1,876,750,000	1,875,500,000	,875,000,000 1	875,000,000 1,	5'1 000'000'528	00,000,000 1,9	00'000'000 1'90	0,000,000 1,90	0,000,000 1,91	26,1 000,000,0	5,000,000 1	944,250,000 2)	13,426,290 2,1	47,661,567 2,2	57,213,891 2,2	79,786,030 2,3	02,583,891
Sales Discounts/TicketsProvided as Prizes	(35,000,000)	(35,000,000)	(35,000,000)	(35,000,000)	(2000'000'92)	(35,000,000)	40,000,000) (	40,000,000) (4	·) (000'000'0	0,000,000(	(000'000'0	000'000'0	(40,400,000)	(42,460,806) (	(44,626,734) (	46,903,146) (	47,372,177)	47,845,899)
Total Ticket Sales	\$3,284,900,000	\$3,337,250,000 \$	3,384,000,000 \$	,431,500,000 S3	A60,500,000 S3	490,000,000 S3,5	28,000,000 S3,5	65,000,000 S3,59	6,500,000 S3,62	4,500,000 \$3,67	3,000,000 S3,71	2,000,000 \$3	749,120,000 \$3,	40,362,799 S4,1	41,360,903 54,3	52,611,930 S4,3	96,138,049 S4,4	10,099,430
% Growth	2.41%	1.59%	7.40%	1.40%	0.85%	0.85%	1.09%	1.05%	0.88%	1.06%	1.06%	1.06%	1.00%	1.00%	%001	1.00%	%007	1.00%
Other Revenues																		
Forfeited Prizes	40,000,000	40,000,000	40,000,000	40,000,000	000'000'01	40,000,000	40,000,000	40,000,000 4	2,000,000	2,000,000 4	> 000,000 5	2,000,000	42,420,000	44,583,846	46,858,071	49,248,303	49,740,786	50,238,194
Miscellaneous	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,020,000	2,123,040	2,231,337	2,345,157	2,368,609	2,392,295
Total Operating Revenues	\$3,326,400,000	\$3,378,750,000 \$	3,425,500,000 \$;	,473,000,000 S3	502,500,000 \$3,	532,000,000 \$3,5	70,000,000 \$3,6	07,000,000 S3,64	0,500,000 \$3,67	8,500,000 \$3,71	2'00'000 23'22	6,000,000 \$3	793,560,000 \$3,	87,069,686 \$4,1	90,450,310 \$4,4	04,205,390 \$4,4	48,247,444 S4,0	92,729,919
% Growth	2.45%	1.57%	1.38%	1.39%	0.85%	0.84%	1.08%	1.04%	0.93%	1.04%	1.05%	1.05%	1.00%	1.00%	1.00%	1.00%	1.00%	7.00%
<u>Operating Expenses</u>																		
Prize Expenses	1,998,618,597	2,030,514,707	2,059,220,136	091,007,878	,107,868,695 2	123,574,490 2,1	46,759,564 2,1	89,266,296 2,18	8,466,765 2,21	1,585,960 2,23	4,983,340 2,25	8,653,106 2	281,239,637 2,	97,605,785 2,5	19,907,776 2,6	48,448,398 2,6	74,932,882 2,3	01,682,211
Retailer commissions	185,925,340	188,888,350	191,534,400	195,222,900	195,864,300	197,534,000	99,684,800 2	01,779,000 20	3,561,900 20	5,712,700 20	2 21,800 21	0,099,200	212,200,192	23,024,534 2	34,401,027 2	46,357,835 2	48,821,414	51,309,628
Instant ticket vendor printing fees	24,665,990	24,585,425	24,569,050	24,562,500	24,562,500	24,562,500	24,890,000	24,890,000 2	4,890,000	4,890,000 2	5,021,000	5,217,500	25,469,675	26,768,884	28,134,367	29,569,502	29,865,197	30,163,849
Gaming system vendor fees	35,148,430	35,708,575	36,208,800	36,717,050	37,027,350	37,343,000	37,749,600	38,145,500 3	8,482,550	8,889,150 3	301,100	9,718,400	40,115,584	42,161,882	44,312,562	46,572,948	47,038,677	17,509,064
Northstar NJ management fee	5,162,000	5,270,000	5,381,000	5,494,000	5,609,000	5,727,000	5,847,000	5,970,000	6,095,000	6,223,000	6,354,000	6,488,000	6,552,880	6,887,143	7,238,456	7,607,690	7,683,767	2/760,605
Northstar NJ manager expenses	25,457,000	26,159,000	26,882,000	27,627,000	28,392,000	29,177,000	29,987,000	30,820,000 3	1,676,000	2,557,000 3	3,463,000	4,395,000	34,738,950	36,510,986	38,373,413	40,330,842	40,734,151	41,141,492
Northstar NJ advertising & marketing expenses	27,280,000	28,371,000	29,464,000	30,565,000	31,674,000	32,790,000	33,446,000	34,115,000 3	4,797,000	5,493,000 3	5,203,000	6,927,000	37,296,270	39, 198,755	41,198,285	43,299,812	43,732,810	44,170,138
Administration expenses	13,271,000	14,708,307	15,076,014	15,452,915	15,839,238	16,235,219	16,641,099	17,057,127 1	7,483,555	7,920,644 1	8,368,660	8,827,876	19,016,155	19,986,170	21,005,665	22,077,165	22,297,937	22,520,916
Multi-State fees	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Dia Mury Droatcast rees	000/067	000.002	000.002	nminne	mnince	0007000	400,000	400,000	000/005	1000	000/nc4	000 242	007/204	0/0/006	0/0 <sup>4</sup> C/ <del>1</del>	700'/05	610/606	492/200
Data total expense Total Oneratine From see	42 316 528 357	000/000	2 389 385 400 G	477.699.743 \$7	447 937 083 52	100/000 200 837	000/000 83 5	12 24 2 22 22 22 22 22 22 22 22 22 22 22	15 65 022 602 9	1 506.454 \$2.60	59.65 DIM 010 6	000/c70	0/0/001	000/070	0/2/00	0.00,000 SS 152 253 253 253 253 253 253 253 253 253 2	125 159 127 91	121 569 28
													two occhood too	then conditionation			for and the second seco	
Operating Income (rreQuick Draw) % of Occurring Demands	51,009,871,643	51,023,544,636 5	1,036,114,600 5	,045,300,757 51	054,562,917 51,	063,906,791 51,0	173,794,937 <b>51,0</b>	53,757,077 <b>51,</b> 09	3,797,230 51,10	3,903,546 51,11 40,000	1,089,100 S1,13	4,348,918 51	135,603,407 51,	93,586,877 51,2 70,000	54,528,381 51,3 70.000	70040	31,775,790 51,3	15,104,747
0 of Operating Accenter % Granth	209%	07.17% 1.67%	1.45%	1.60%	0.83%	0.82%	1.14%	1.08%	wc6740	1.10%	a.cm/	1.10%	1.00%	1.00%	1.00%		1.00%	1.00%
Net Income from Quick Draw	18,722,200	45,437,000	68,396,300	73,419,100	74,153,300	74,894,800	75,643,700	76,400,200 7	7,164,200	7,935,800 7	8,715,200	9,502,300	80,297,323	84, 393, 293	88,698,200	93,222,699	94,154,926	95,096,475
Operating Income Inclusive of Quick Draw	\$1,028,593,843	81,068,981,636 8	1,104,510,900 S	,118,719,857 \$1	,128,716,217 81,	138,801,591 \$1,1	49,438,637 \$1,1	90,157,277 \$1,17	0,961,430 \$1,18	1,839,346 \$1,19	2,804,300 \$1,20	3,851,218 \$1	215,900,730 \$1,	27,980,171 \$1,3	43,226,580 \$1,4	11,801,515 S1,4	25,930,717 \$1,4	40,201,223
Plus: Non-operating revenue	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	200.000	202.000	212.304	223.134	234.516	236.861	239.229
Income (Loss) Before Transfers	\$1,028,793,843	\$1,069,181,636	1,104,710,900 \$	,118,919,857 \$1	,128,916,217 \$1,	139,001,591 \$1,1	49,638,637 \$1,1	80,357,277 \$1,17	1,161,430 \$1,18	2,039,346 \$1,19	3,004,300 \$1,20	4,051,218 \$1	216,102,730 S1;	78,192,475 \$1,3	43,449,714 S1,4	12,036,030 \$1,4	26,167,578 \$1,4	40,440,452
Northstar NJ Incentive Payment Inclusive of Quick Draw	(27,816,969)	(31,576,927)	(33,135,327)	(32,515,271)	(29,781,743)	(27,066,018)	24,211,627) (	21,207,355) (1	8,137,386) (1	4,915,969) (1	4,312,315) (1	4,489,361)	(14,634,255)	(15,380,749) (	16,165,321) (	16,989,915) (	17,159,814)	17,331,413)
Net Income Available for Transfer (incl. Quick Draw)	\$1,000,976,874	\$1,037,604,709	1,071,575,573 \$	,086,404,586 \$1	099,134,474 \$1	111,935,573 \$1,1	25,427,010 \$1,1	39,149,922 \$1,15	3,024,044 \$1,10	21,123,377 \$1,17	8/691,985 \$1,18	9,561,857 S1	201,468,476 \$1,	(62,811,726 S1,3	27,284,393 \$1,3	95,046,115 S1,4	09,007,763 \$1,4	23,109,040
% of Operating Revenue	30.09%	30.71%	31.28%	31.28%	31.38%	31.48%	31.52%	31.58%	31.67%	31.73%	31.71%	31.67%	31.67%	31.67%	31.67%	31.68%	31.68%	31.68%
% Growth		3.66%	3.27%	1.38%	1.17%	1.16%	1.21%	1.22%	1.22%	1.22%	%66'0	%26.0	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Present Value Calculation																		
Discount Data																		
	• •																	
LV OT CASH FIOWS	4 929,866,280	895,415,988	859,037,595	809,053,817	760,384,238	714,592,338	71,881,248 o	VC 185,067,15	4,027,377	8,574,776 52	4,036,259 45	1,297,430	460,963,244	35,177,456	43,715,111 1	77,210,442 1	66,268,733	56,002,599