ADDENDUM NO. 2 TO ALL OFFERORS:

Reference: Request for Proposal: **RFP# 13179MG**

Commodity: **iLottery System, Services, and Support**

Dated: **September 2, 2026**

All offerors are required to acknowledge all RFP addenda in their proposals.

The Lottery will accept clarification questions related only to previously submitted questions and responses until September 8, 2026, at 2:00 PM EST. Each clarification question must identify the applicable Addendum number and Question number. Questions that do not seek clarification of a prior response will be disregarded. eVA will be down due to scheduled maintenance from 9/10 at 7:00PM EST until 9/14 at 7:00 PM EST. The Lottery anticipates posting answers prior to 9/14. Due to the scheduled maintenance of eVA, answers will be emailed directly to the Offerors who to asked questions and posted on the Lottery's website at Vendor Opportunities | Virginia Lottery. Once eVA is accessible, answers will be posted there as well.

There is an updated Pricing Schedule as Attachment One of this document.

A revised Attachment Three has been posted and is labeled as such.

A revised Attachment Six has been posted and is labeled as such.

Questions and Answers

1. Q: Where the solutions are delivered by two separate vendors, could you please provide some clarity:
   a. If awarded, would Virginia Lottery consider separate contracts for different vendors partnered together?
   b. Would it be acceptable to submit separate RFP responses while clearly identifying the partnership and respective responsibilities?
   c. In particular, trying to understand in these joint situations which vendor is the primary (Offeror) and which is the partner.

   A: The Lottery is seeking a single, primary vendor solution that is capable of providing all required services. While the primary vendor may utilize subcontractors or partners to provide specific components of the solution (subject to disclosure and approval by the Lottery), the Lottery does not intend to award multiple contracts as a result of this procurement.

   If an Offeror elects to partner with another organization, a single proposal for the complete solution should be submitted. The proposal should clearly identify the prime contractor and any subcontractors or partners, describe each party's roles and responsibilities, and explain how the overall solution will be delivered.

The structure of the relationship between the prime contractor and its subcontractors is at the discretion of the vendor team; however, the prime contractor will retain ultimate responsibility, accountability, and liability for the performance of all contracted services, including any services provided by subcontractors.

2. Q: For CRM specific portion of this RFP, we have a few questions about current volume (If you feel more comfortable providing a range, that works as well):

   1. Annual email volume both transactional and promotional as applicable
   2. Annual pageviews on all owned sites
   3. Total monthly active users with the mobile App

   A: 1. There are approximately 250M to 300M promotional emails annually, and there are approximately 10M to 15M transactional emails annually.

   2. In CY25, our website had an estimated 215M pageviews.

   3. There are approximately 335K devices active on the mobile app per month and approximately 5.34M sessions on the mobile app per month.

3. Q: Would the Lottery please provide the annual Deposits and Withdrawal by Method volumes for FY 2023, FY2024 and FY2025?

   A: Annuals deposits and withdrawal volume for FY25 were provided in Attachment 1 of the RFP. Given the growth of the program, information for prior fiscal years is not representative of the current volume requirements and will not be provided.

4. Q: Would the Lottery please provide the annual CSC actual contact volumes for FY2023 and FY2024?

   A: Player support volume for FY25 was provided in Attachment 1. Given the growth of the program, information for prior fiscal years is not representative of the current volume requirements and will not be provided.

5. Q: Will the Lottery or the provider bear the costs of ongoing fees for third-party providers such as KYC, Geolocation, or payment gateway?

   A: As referenced in the pricing section, Offeror shall propose a percentage of Net Gaming Revenue for all game sales that includes the system-related costs referenced in the question.

6. Q: Is the provider free to choose third-party providers for services such as KYC, Geolocation, or payment gateway, or will this be mandated by the Lottery?

A: Offerors shall propose how they will meet the RFP requirements, either in-house or through a third-party subcontractor. If a third-party subcontractor is proposed, the Offeror shall clearly identify the subcontractor, describe its specific role, and explain how the subcontractor will be managed. Other than those noted in the RFP, the Lottery is not mandating the use of specific third parties.

7. Q: Attachment One – Current iLottery Program Information - The FY2025 transaction volume, deposit and withdrawal data provided by the Lottery includes payment methods categorized as "Online Cash" and "Online Banking". Would the Lottery please clarify the predominant payment mechanism underlying the "Online Cash" and "Online Banking" deposit categories? Specifically, are these transactions primarily funded through debit, ACH/bank transfer, or another payment method?

   A: Online Cash is a voucher funded by players at retail using either cash or debit. It is similar to a gift card and can be immediately redeemed into a players account as a deposit based on the voucher code produced at the time of purchase.

   Online Banking is an ACH based deposit and withdrawal method that allows players to log directly into their specific banking platform and select applicable accounts. This method reduces the number of manual keying errors and typically allows for faster processing times.

8. Q: Attachment Three – Service Level Agreements and Liquidated Damages Provisions, page 4 - This subsection provides that certain SLAs and LD provisions shall be assessed each contract year and invoked for the next contract year, but shall not be invoked prior to October 1, 2025. Would the Lottery please revise this date?

   A: The referenced date can be deleted. Please see updated Attachment Three.

9. Q: Section III, Statement of Needs A.7c. Affiliate Program, page 18 - Would the Lottery please confirm that Affiliate Program related compensation costs, such as one-time cost-per-acquisition or revenue share compensation, are paid by the Lottery or reimbursed as a pass-through by the Lottery?

   A: The Lottery will pay for Affiliate Program compensation costs as a pass-through.

10. Q: Section III, Statement of Needs A.7c. Affiliate Program, page 18 - Would the Lottery please clarify whether the Affiliate Program referred to in Section III.A.7c. is the same as the Affiliate Program referred to in Section II.8. or does the Lottery expect a separate solution for the retailer affiliate program?

    A: The Lottery does not require it to be a separate solution.

11. Q: Section III, Statement of Needs B. Player Accounts 3. User Interface Components and Integration, page 28 - Will the Lottery please clarify its expectations regarding the player-facing front-end experience. Does the Lottery intend to retain the existing website and mobile

application front end, or are Offerors expected to propose a replacement front-end solution as part of their response?

A: Offeror shall provide player facing functionality for the player account management provided through the iLottery system only. Lottery shall maintain the remainder of the player facing functionality. Offeror may propose a solution with the relevant APIs and integration to allow the Lottery to completely manage the entirety of the player facing functionality.

12. Q: Section III, Statement of Needs B. Player Accounts 3. User Interface Components and Integration, page 28 - Section 3, User Interface Components and Integration, requires Offerors to provide UI components that can be integrated into Lottery websites and mobile applications, and Section V requires Offerors to describe a single integrated purchasing experience across web, mobile web, and native mobile apps. Please clarify the intended division of responsibilities between the Offeror and the Lottery's website/mobile application development teams.

    Specifically, please clarify if the Offeror is expected to:

    a) Deliver and maintain the complete player-facing purchasing screens and workflows (e.g., registration, login, account management, cart, checkout, payments, transaction history, Rewards, promotions, etc.) for use within Lottery digital properties; or

    b) Deliver APIs, SDKs, and UI components/widgets that the Lottery's designated web and mobile application developers will assemble into the final player-facing screens and user experience?

    Additionally, for accessibility compliance (ADA/WCAG), please clarify whether responsibility applies only to Offeror-supplied components or extends to the complete integrated user experience delivered through Lottery-developed applications.

    A: Please see question #13. Player account management provided through the iLottery system shall be ADA compliant including any third-party integrations. Offeror shall provide evidence of ADA compliance.

13. Q: Section III, Statement of Needs C.1.d. Third Party Game Contracts, page 30 - Would the Lottery please confirm that third-party eInstant content costs are in addition to the base rate percentage of NGR provided in the RFP response, and a pass-through cost to the Lottery and not to be included as a cost in the Offeror’s pricing?

    A: The rate provided to the third-party eInstant content provider would be a pass-through cost to the Lottery and not included in the pricing. The cost to operate the aggregation for the third-party content providers should be included in the pricing.

14. Q: Section III, Statement of Needs G. Optional Requirements 8. Player Account Management, page 52 - Can the Lottery please clarify what "native digital wallet solutions" refer to in this requirement and provide a few examples?

    A: A digital wallet is a software program that allows the use of digital currency for payments. In this case, the optional requirement refers to a digital wallet funded through approved winnings that can be used for other Lottery transactions online or at retail through a point-of-sale system. Non-lottery industry examples include Apple Pay, Google Wallet, etc.

15. Q: Section III, Statement of Needs G. Optional Requirements 12. Automated Prompt System, page 52 - Can the Lottery please provide additional information about the Automated Prompt System? Is the expectation that this is voice-based, a chatbot, or something else?

    A: Offeror should propose a solution that fulfills the optional requirement. The Lottery has no expectation on how the optional requirement is fulfilled.

16. Q: Section IV, Proposal Preparation and Submission Requirements A. General Requirements 2. Proposal Preparation d. page 54 - This section states that "*The proprietary or trade secret material submitted shall be identified by some distinct method such as highlighting or underlining and shall indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information.*" Would the Lottery accept marking with red text where proprietary material starts and ends, as well as putting "Proprietary" in the footer, as an acceptable method?

    A: Yes, as long as it is clear what is proprietary. Please note that marking the entire proposal or entire sections of the proposal as proprietary is not acceptable.

17. Q: Section IV, Proposal Preparation and Submission Requirements B. Specific Proposal Requirements 3. System Capabilities v. Reporting Services, page 58 - This section states: "*Describe daily operational reporting (e.g. registrations, deposits, withdrawals, wagers, prizes, GGR/NGR) and reconciliation to financial ledgers.*"

    Could the Lottery please provide additional information on what is intended by the term "reconciliation to financial ledgers," including any specific processes, records, or reporting expectations encompassed by this requirement?

    A: The Offeror shall reconcile deposit and withdraw activity between the payment processor, the backend system, Lottery bank transfers, and automated financial ledger reporting. The intent is for the Offeror to ensure a one for one match of each transaction and to identify any out of balance between all parts of the deposit and withdraw process. This may include but is not limited to deposits/withdraws in transit, duplicate deposits, returned withdraws, chargebacks, transactions "stuck" in a pending status, etc.

18. Q: Section IV, Proposal Preparation and Submission Requirements B. Specific Proposal Requirements 3. System Capabilities v. Reporting Services, page 58 - Could the Lottery please

clarify its expectations for "real-time" transaction-level visibility, including the acceptable timeframe for transactions to be reflected within the system?

A: Real-time means that immediately upon a transaction being processed by the system, it should be available in the reporting upon Lottery staff refreshing the report.

19. Q: Section IV, Proposal Preparation and Submission Requirements, page 58 - Would the Lottery allow hyperlinks to be included in the proposal?

    A: No. All relevant information should be written in the proposal response.

20. Q: Section IV, Proposal Preparation and Submission Requirements B. Specific Proposal Requirements 8. Pricing, page 72-73 - Will the Lottery please clarify whether first-party game studio content is intended to be compensated through the proposed eInstants % of NGR fee or through a separate pricing mechanism? If such content is included within the % of NGR fee, please specify the annual game delivery volume the Offerors should assume for pricing purposes and confirm the treatment of any game development requirements exceeding that volume?

    A: First-party games are hereby removed from the eInstant Sales Pricing. A revised Pricing Schedule is attached.

21. Q: Section VI. Special Terms and Conditions, 4. Proposal Bond, page 76 - Would the Lottery please confirm that the Proposal Bond should be in an amount equal to five percent (5%) of the Offeror's total annual price?

    A: Yes

22. Q: Section VI. Special Terms and Conditions, 4. Protest Bond, page 76 - Would the Lottery please confirm that the Protest Bond should be in an amount equal to five percent (5%) of the Offeror's total annual price?

    A: Yes

23. Q: Attachment 7 – Mandatory Requirements with Jurisdiction Matrix - Attachment 7 instructs Offerors to identify a U.S. iLottery jurisdiction for requirements designated "Yes – Currently in Production." Where an Offeror identifies the required U.S. iLottery jurisdiction, may the Offeror also identify applicable international lottery jurisdictions where the same capability is currently in production as supplemental evidence demonstrating experience beyond the minimum requirement?

    A: No. Offeror should only identify U.S. jurisdictions if designating "Yes – Currently in Production."

24. Q: Attachment 6 - Mandatory Requirements (Yes/No Matrix) - Within Attachment 6, the response cell for Row 75, "Does the Offeror agree to investigate and address suspected fraud, ID theft, or multiple accounts and notify the Lottery of actions taken," is locked and does not permit an Offeror response. Would the Lottery please issue a corrected Attachment 6 or provide instructions for responding to this requirement without modifying the protected workbook?

    A: Please see updated Attachment Six

25. Q: Sections III. Statement of Needs A.2.j and III.A.3.g, i, j, and q – Data Retention and Archival Requirements – pages 8-10 - RFP Sections III.A.2.j and III.A.3.g, i, j, and q establish several data-retention and accessibility requirements, including six months of active logging, transaction logs maintained for the life of the Contract, at least 24 months of immediately accessible transaction detail, and post-contract active and cold storage.

    Would the Lottery please clarify whether the requirement to maintain transaction logs for the life of the Contract applies to all individual gaming and financial transaction records—including deposits, withdrawals, wagers, prizes, promotions, and related player activity—or specifically to system and audit-log records? Please also confirm the required retention period and accessibility level for each principal data category, including system/security logs, audit logs, gaming and financial transactions, player-account records, Rewards and promotional history, and archived or backup data.

    A:Yes this applies to all transaction records. This data is subject to the *Audit* clause on page 76, which states five (5) years after the contract is over.

26. Q: Cover Page - The RFP cover page includes a blank line beneath the "Complete Legal Name of Offeror's Firm" field but does not specifically state whether the cover page must be completed, signed, and submitted as part of the proposal. Since the RFP also includes a separate "Signature and Offeror Profile Sheet", please confirm whether Offerors are required to complete and submit the RFP cover page with their proposal, or if submission of the Signature and Offeror Profile Sheet alone is sufficient.

    A: The submission of the Signature and Offeror Profile Sheet is sufficient.

27. Q: Section IV. Proposal Preparation and Submission Requirements – Proposal Preparation, page 54 - The RFP states that proprietary or trade secret material shall be identified by a distinct method such as highlighting or underlining. Would the Lottery please confirm that, in addition to highlighting the applicable proprietary or trade secret material, identifying sections with "Proprietary/Trade Secret Information Begins Here" and "Proprietary/Trade Secret Information Ends Here" is an acceptable method of identifying such information?

    A: Yes, please see Q#15.

28. Q: Section IX – Addenda - If the Addenda Acknowledgement form in Section IX is required to be completed and submitted, would the Lottery please confirm where it should be included within the proposal? Is it sufficient to copy/paste this into our response to Section IV.B.1.c?

    A: Yes.

29. Q: Section IV.B – Specific Proposal Requirements, page 55 - The RFP states, "Any optional items proposed shall be clearly labeled as optional and placed at the end of the relevant section." Would the Lottery please clarify whether this requires all discussion of an optional item to appear only at the end of the relevant Section IV response, or whether an Offeror may identify and discuss an optional item within the applicable portion of its response and also list or cross-reference that optional item at the end of the relevant section?

    A: Optional requirements must be clearly stated as such and separate from mandatory requirements.

30. Q: Section III.B.3. User Interface Components and Section IV.B.3.e – Purchasing Flow and Game Offerings, page 28-29 and 62-64 - Would the Lottery please confirm, for purposes of proposal and pricing development: (1) that the Lottery and its designated provider will continue to own and develop the player -facing website and native mobile applications throughout the term of the Contract; (2) the scope of player -facing components the awarded Contractor is expected to design, develop, deliver, and maintain directly, as distinct from those it exposes through APIs for use by the Lottery's designated provider; and (3) whether Offerors should present the design, development, and maintenance of a complete player-facing website and mobile application as an option al item under RFP Section III.G, supported by an alternate pricing schedule as contemplated by Addendum 1 Question 62?

    A: Please see question #13. The Offeror is not responsible for a complete player-facing website and mobile application.

31. Q: Section III.A.2.g / Attachment 3, B.2(ii), System Availability, Addendum 1 and Attachment 3 - Addendum 1 Question 15 changes the applicable system -availability standard to 99.999%. Attachment 3, however, continues to state that the System may be unavailable for up to 15 minutes in a single calendar day and calculates liquidated damages based on minutes below 99.9% monthly availability or exceeding 15 minutes in a day.

    Would the Lottery please issue a revised Attachment 3 and confirm:
    1. Whether the 15-minute daily threshold remains applicable;
    2. Whether liquidated damages will be assessed for each minute below 99.999% rather than 99.9%;
    3. How partial minutes will be measured; and
    4. Whether the revised 99.999% standard applies separately to core/operational functionality and major back-office functionality?

A: The Production environment, including both core/operational functionality and major back-office functionality, shall maintain 99.999% up-time. Attachment Three has been updated accordingly. Partial minutes will not be measured; any portion of a minute beyond a full minute will count as the next full minute (e.g., one minute and one second will be counted as two minutes).

32. Q: RFP Section III.C.1.d / IV.B.8 – Third-Party Game Contracts and Pricing, Addendum 1 - Addendum 1 Question 10 confirms that the Contractor must maintain agreements with the identified third-party game providers under standard contract rates and terms established by the Lottery. To support consistent and comparable pricing, would the Lottery please provide the applicable standard commercial terms and content-fee rates for each required third-party game provider?

    Please also confirm whether third-party game-provider content fees will be paid separately by the Lottery or must be included within the Offeror's proposed eInstant NGR percentage. If paid separately, please explain the payment and invoicing mechanism and confirm that no markup may be applied by the Contractor.

    A: Please see question #13. The Lottery will share the applicable standard commercial terms and content-fee rates for each required third-party game provider to the awarded Offeror. There shall be no additional fees, costs, or deductions assessed to the third-party content providers by the awarded Offeror.

33. Q: RFP Section III.D.1.b – Payment Compliance and Risk, Addendum 1 - Addendum 1 Question 33 requested historical chargebacks, fraud losses, and payment-processing fees. The response provided chargeback amounts and counts but did not provide the requested fraud-loss or payment-processing-fee information. Would the Lottery please provide, for the same historical period and to the extent available:
    - Fraud losses borne by the current contractor;
    - Fraud losses borne by the Lottery;
    - The total count of ACH returns initiated and the associated dollar amounts;
    - Payment-processing volumes, fees, and effective rates, broken down by payment method; and
    - The allocation of chargebacks, fraud losses, and related costs between the Lottery and the current contractor?

    A: All losses and associated costs were borne by the Lottery. Chargeback processing fees details are not available.

Calendar Year	Chargeback Total	Deposit Total	Rate
2022	(373,428)	371,036,035	0.10%
2023	(265,212)	564,986,152	0.05%
2024	(806,984)	669,589,033	0.12%
2025	(289,947)	888,527,524	0.03%
2026	(118,886)	465,467,155	0.03%

Method	Chargeback Total	Deposit Total	Rate
ACH - Bank Transfer	(42,139)	163,374,840	0.03%
ApplePay	(87,880)	256,889,914	0.03%
MasterCard	(480,960)	176,049,417	0.27%
Venmo	(72,233)	89,078,723	0.08%
Visa/Visa Electron	(1,171,245)	1,709,642,779	0.07%
Other methods		564,570,227	NA

*2026 Jan-Jun

34. Q: Addendum 1 Additional Requirement 1 / Attachment 3, A.1, Addendum 1 - Addendum 1 adds a monthly dashboard covering all SLAs and associated liquidated damages, while Attachment 3 requires a quarterly performance report for specified Player Support Center and Payout and Risk Operations SLAs. Please confirm whether the monthly dashboard supersedes the quarterly reporting requirement or is required in addition to it, and whether the monthly dashboard must cover every SLA and liquidated -damages provision in Attachment 3.

    A: The quarterly reporting requirement is in addition to the monthly dashboard. The monthly dashboard must cover every SLA and liquidated-damages provision in Attachment 3.

35. Q: Attachment 1 - Would the Lottery please provide, for FY25 or the most recent period available:
    1. the cumulative number of registered player accounts that have never completed a deposit , both lifetime and for accounts registered during the most recent 12 months;

    2. the number of Rewards members who participate only through retail ticket entry and have not made an online purchase;

    3. the number of players who converted from retail-only participation to online purchasing during the period ?

    A: 1. During the lifetime, there are approximately 1.4M registered player accounts that have never completed a deposit. During the past 12 months, there are approximately 106,000 registered player accounts that have never completed a deposit.

    2. There are approximately 12,000 players that have only participated in Rewards through a retail ticket entry and have no made an online purchase.

3. Nearly 15,000 players have converted from retail-only participation to online purchasing in FY26.

36. Q: Addendum No. 1 - Additional SOW Requirements - Addendum No. 1 adds two requirements to the Statement of Work. Neither requirement is reflected in the proposal response requirements in Section IV.B, in Attachment Six, or in Attachment Seven. Would the Virginia Lottery please confirm whether Offerors are expected to address these two requirements within their proposals and, if so, in which section of the response the Lottery would like them addressed?

    A: Yes, Offerors are expected to address these two requirements within their proposals. Please include responses under Reporting Services.

37. Q: Attachment Two - Information Security Terms and Conditions; Acceptance - This section states that the Application shall be deemed accepted when the Lottery reasonably determines that the Lottery and its Application Users can successfully access and use all required functionalities, and that the Lottery agrees to complete Acceptance testing within thirty (30) days after receiving written notice from the Contractor, or within such other period as set forth in the applicable order or SOW. Would the Virginia Lottery please confirm how this thirty (30) day Acceptance testing period is intended to relate to the User Acceptance Testing (UAT) strategy and testing cycles performed during implementation — specifically, whether Offerors should plan for (a) a single, final UAT period of up to thirty (30) days at the end of implementation, with Acceptance testing occurring only during that period; (b) an additional, final thirty (30) day Acceptance period at the end of implementation, separate from and in addition to the UAT cycles planned during implementation; or (c) an Offeror-proposed approach in which the Offeror defines the number, timing, and duration of UAT cycles that best align with its proposed solution?

    A: The Lottery anticipates a 30 day UAT testing period for the Lottery which will include information security requirements.

38. Q: Attachment Three - Service Level Agreements and Liquidated Damages Provisions; A.5 - This section contains a reference to a Performance Bond; however, no corresponding Performance Bond requirement, amount, form, or timing is identified elsewhere in the RFP, and Section VI, Special Terms and Conditions addresses only the Proposal Bond and the Protest Bond. Would the Virginia Lottery please confirm whether a Performance Bond is required under this solicitation and, if so, provide the required amount, the acceptable form, and the date by which it must be in place?

    A: This requirement has been removed from Attachment Three.

39. Q: Attachment Six – Mandatory Requirements Yes-No Matrix Final - Row 75 of the Attachment Six file is locked and cannot be edited, which prevents Offerors from recording a response to that requirement. Would the Virginia Lottery please confirm whether an updated,

unlocked version of Attachment Six will be released, or, if not, how Offerors should record their response to Row 75 so that the requirement can be scored?

A: Please see Q #26.

40. Q: Testing and Quality Assurance; a, Quality Assurance Environment and b, Lottery Testing Environment, page 12 - Both the quality assurance environment and the Lottery testing environment are required to maintain an up-time of 99.999% or better. Achieving that level of availability in a non-production environment requires substantially the same redundancy architecture as production.
    1. Would the Lottery consider establishing a lower availability requirement for these testng environments, given that they are not player-facing and are used solely for testing purposes?
    2. The permitted planned maintenance differs between the two environments (24 hours per occurrence and 96 hours per 365-day period for the quality assurance environment, versus 8 hours per occurrence and 32 hours per 365-day period for the Lottery testing environment). Would the Lottery confirm whether this difference is intended?
    3. Would the Lottery confirm that the treatment of pre-approved maintenance and third-party outages described in the response to Question #55 from Addendum No. 1 applies equally to the environments described in III.A.5.a and III.A.5.b?
    4. Would the Lottery confirm whether the availability requirements for these testing environments are subject to liquidated damages?

    A:_ The following revisions for the Quality Assurance and Lottery Testing environments are hereby enacted:

    1. The up-time requirement is revised to 99.9% for both environments.
    2. Planned maintenance shall not exceed eight (8) hours for a single occurrence for both environments.
    3. No more that 92 hours of total down-time is allowed unless otherwise directed to agreed to by the Lottery for both environments.
    4. No PII shall allowed on any test environment to include Quality Assurance and Lottery Testing.

    Pre-approved maintenance and third-party outages apply equally and both testing environments are not subject to liquidated damages.

    See revised language below:

    <u>Quality Assurance Environment</u>
    Offeror shall have the ability to provide at least one (1) distinct quality assurance environment for the purposes of its own testing, Lottery testing, and third-party testing of software prior to delivery to the Lottery for acceptance testing. This environment shall mirror the Lottery's production environment to every extent possible. This environment shall have an up-time (functional for the use of testing) of 99.9~~99~~% or better, with the exception of planned

maintenance downtime. Planned maintenance downtime shall never exceed ~~twenty-four (24)~~ eight (8) hours for a single occurrence and no more than ninety~~-six~~ two (92) hours in any 365-day period unless otherwise directed or agreed to by the Lottery. The Offeror shall have the ability to have a system in place to alert the Lottery and all Lottery designated third parties of any downtime within 10 minutes of the start of the downtime, whether planned or unplanned. Planned downtime, shall be communicated at least five (5) business days in advance to the Lottery and all Lottery designated third parties. No Personally Identifiable Information (PII) shall be allowed on any test environment.

Lottery Testing Environment
Offeror shall have the ability to provide a distinct user acceptance testing environment to the Lottery, which is exclusively used for testing by the Lottery or its authorized designees. This environment shall mirror the Lottery's production environment to every extent possible. The System shall allow for time travel. This environment shall have an up-time (functional for the use of testing) of 99.9~~99~~% or better, with the exception of planned maintenance downtime. Planned maintenance downtime shall never exceed eight (8) hours for a single occurrence and no more than a total of ~~32~~ 92 hours in any 365-day period unless otherwise directed or agreed to by the Lottery. The Offeror shall have the ability to have a system in place to alert the Lottery and all Lottery designated third parties of any downtime within ten (10) minutes of the start of the downtime, whether planned or unplanned. Planned downtime shall be approved by the Lottery and communicated at least five (5) business days in advance to the Lottery and all Lottery designated third parties. No Personally Identifiable Information (PII) shall be allowed on any test environment.

43. Q: g., Tax Withholdings, page 38 - This section requires the System to automatically calculate tax withholdings for standard federal and state rates and to make an export file of tax withholdings available to the Lottery, including an annual file rolled up by player for all wins. Would the Virginia Lottery please confirm whether the phrases "a quarterly form rolled up for all wins" and "an annual form rolled up for all wins" require the System to generate a single consolidated W-2G form for the selected period, or whether a downloadable ZIP file containing all applicable individual W-2G forms for that period would satisfy the requirement?

    A: A downloadable ZIP file containing all applicable individual W-2G forms.

44. Q: 1, Signed Proposal, Addenda, Proprietary Information and Exceptions to T/Cs, page 55-56 - This section requires Offerors to submit desired exceptions to any Special or Information Security Terms and Conditions, and the response to Question #48 of Addendum No. 1 directs Offerors to provide proposed redlines as part of the submission. Would the Virginia Lottery please confirm: (1) that a single consolidated document addressing exceptions to both the Special Terms and Conditions and Attachment Two – Information Security Terms and Conditions is acceptable, rather than separate submissions for each; and (2) whether a summary exception table identifying the affected section number, the proposed revised language, and the rationale is acceptable in lieu of reproducing each full clause in marked-up form?

A: Desired exceptions shall be included in Section 1. Any format is acceptable, provided it clearly identifies the requested changes and the proposed replacement language.

45. Q: 8, Pricing, page 71-72 - The pricing assumptions in this requirement state that deposits are expected to equal approximately twenty-seven percent (27%) of eInstant sales. Based on the FY25 figures provided in the RFP and Attachment One — deposits of approximately $746.3M against total eInstant sales of approximately $3.43B — the implied ratio is closer to twenty-two percent (22%). Given the material effect of this assumption on the pricing model, would the Virginia Lottery please confirm the basis for the twenty-seven percent (27%) ratio and whether Offerors should price to that assumption or to the FY25 actuals?

    A: Updated Deposit estimate based on 22% of eInstant Sales

		27%	**22%**
	Est. Gross eInstant Sales	Est Deposits (Orig)	**Est Deposits (Updated)**
FY27	$ 4.27	$ 1.15	**$ 0.94**
FY28	$ 5.00	$ 1.35	**$ 1.10**
FY29	$ 5.20	$ 1.40	**$ 1.14**
FY30	$ 5.40	$ 1.46	**$ 1.19**
FY31	$ 5.60	$ 1.51	**$ 1.23**
FY32	$ 5.80	$ 1.57	**$ 1.28**
			**in Billions*

46. Q: 8, Pricing, page 71-72 - The pricing assumptions in Section IV.B.8 (Pricing) reference a Promotions Rate. Would the Virginia Lottery please confirm whether the Promotions Rate is intended to represent the expected total annual promotional budget for the iLottery program?

    A: The Promotions Rate of 10% of GGR is the estimated total annual promotional budget. Additional promotional costs may occur based on the Rewards program. The actual promotional rate will vary from year to year.

47. Q: 4, Bond, Proposal and 5, Bond, Protest, page 76 - The RFP requires a Proposal Bond in an amount equal to five percent (5%) of the Responding Offeror's Price Proposal, while 5. Bond, Protest specifies an amount of no less than five percent (5%) of the applicable Price Proposal. Given the lead time required to secure a surety bond, would the Virginia Lottery please confirm whether a Proposal Bond issued in an amount of no less than five percent (5%) of the Responding Offeror's Price Proposal will be considered compliant with the RFP requirements, or whether the bond must be issued for exactly five percent (5%) of the Price Proposal amount?

    A: The Proposal Bond shall be issued for no less than 5%.

48. Q: 13, Discounts, Prompt Payment, page 80 - This section states that discounts for prompt payment will not be calculated in determining net low proposal, and directs Offerors to indicate

any such discount within the Pricing section. Would the Virginia Lottery please confirm that offering a discount for prompt payment will have no effect on the evaluation or scoring of the Pricing section?

A: Confirmed.

Attachment One – Revised Pricing Schedule

8. *Pricing (430 points)*

Offerors shall submit their pricing in their sealed proposal independently of the rest of their proposal.

Alternate pricing schedules may be proposed and are encouraged, but the pricing to furnish goods/services as specified herein shall be provided with Offerors' proposals as required and organized in the below pricing model. **Failure to provide pricing as required may result in the rejection of an Offeror's proposal.** Alternate pricing schedules can only be proposed as a possible option and not the sole pricing offered.

Pricing Assumptions*:

When developing their price proposal, Offerors shall use the below data:

- Estimated Gross Sales for eInstant Games
  - FY27: $4.27B
  - FY28: $5.00B
  - FY29: $5.20B
  - FY30: $5.40B
  - FY31: $5.60B
  - FY32: $5.80B

- Estimated Gross Sales of Draw Games Through iLottery:
  - FY27: $175M
  - FY28: $185M
  - FY29: $195M
  - FY30: $200M
  - FY31: $205M
  - FY32: $210M

- Estimated Total Deposits: ~~27%~~ 22% of Gross Sales
  - FY27: ~~$1.15B~~ $0.94B
  - FY28: ~~$1.35B~~ $1.10B
  - FY29: ~~$1.40B~~ $1.14B
  - FY30: ~~$1.46B~~ $1.19B
  - FY31: ~~$1.51B~~ $1.23B
  - FY32: ~~$1.57B~~ $1.28B

- Estimated Payout Rate for eInstant Games: 89% of gross sales

- Estimated Promotion Rate: 10% of GGR

*Estimated sales and deposits listed above do not constitute official forecasts and are not guaranteed during the term of any awarded Contract and extension thereof. These estimated figures are provided strictly for the Offerors to propose their price in response to this RFP and to fulfill the terms of Contract.

Definitions
Payouts: The total amount returned to players from eInstant or draw-based games.

Promotions: Marketing costs and incentives offered to players,

Gross Gaming Revenue (GGR): Gross sales minus payouts.

Net Gaming Revenue (NGR): GGR minus promotions.

eInstant Game: An instant play or scheduled drawing play game with theoretical payout above 85%

Draw Game: A scheduled drawing game with theoretical payout less than 70%

eInstant Sales Pricing:

Offerors shall propose a percentage of Net Gaming Revenue (NGR) for eInstant sales. The proposed percentage must account for **all** system-related costs, including but not limited to:

- Geolocation services
- Banking and payment processing fees
- Identity verification
- Aggregation platform costs
- Rewards Platform
- Information Security Adherence
- Email Marketing Platform
- CRM Marketing Platform
- ~~First-Party Game Studio~~

Please specify the percentage of NGR to be charged for the provision, operation, and maintenance of the iLottery system for eInstant games.

NGR Percentage:__________

Draw Based Games
Offerors shall propose a percentage of gross sales for Draw Based games sold through the iLottery platform.

Gross Sales Percentage:__________

Total Pricing:

eInstant:

Year	NGR*	eInstant Fee (%)	eInstant Fee ($)
FY28	$495.0M		
FY29	$514.8M		
FY30	$534.6M		
FY31	$554.4M		
FY32	$574.2M		

Draw Based:

Year	Gross Sales*	Draw Based Fee (%)	Draw Based Fee ($)
FY28	$185M		
FY29	$195M		
FY30	$200M		
FY31	$205M		
FY32	$210M		

Total Proposed Price:

Year	eInstant Fee	Draw Based Fee	***Total Fee***
FY28			
FY29			
FY30			
FY31			
FY32			
		Grand Total	

*Estimated sales listed above do not constitute official forecasts and not guaranteed during the term of any awarded Contract and extension thereof. These estimated figures are provided strictly for the Offerors to propose their price in response to this RFP and to fulfill the terms of Contract. The Lottery does not guarantee any proposed fees as it is based on estimated sales. Actual fees may fluctuate from year to year depending on the actual total sales volume generated during each fiscal year period.

No extra charges can be assessed for modifications resulting from changes in federal and/or state laws and/or regulations affecting the iLottery program.

NGR Percentage for First Party Games:________________†

†Submission of a proposed NGR percentage% rate for first- party games is optional for Offerors who offer first-party games. It is not a requirement to offer first-party games.