THE JOURNEY IS EVERYTHING
2.21.2012

TracyLocke

TEXAS LOTTERY
PROPOSAL

TracyLocke

February 21, 2012

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
P.O. Box 16630
Austin, TX 78761-6630

Re: Letter of Transmittal for TracyLocke

To the Committee:

The purpose of this letter is to identify TLP, Inc., dba TracyLocke, as the sole Proposer submitting a Proposal for Advertising Services to the Texas Lottery Commission ("Texas Lottery"). We are fully committed to providing the goods and services required by the Texas Lottery as outlined in the Request for Proposals No. 362-12-0002 issued December 13, 2011, and its subsequent amendments.

First and foremost, we are excited by the prospect of continuing our journey with the Texas Lottery. Building upon our experience over the past nine years, we believe today we are more aligned with the Texas Lottery and its goals and objectives than ever before. We have assembled what we feel is the strongest advertising team in Texas, including some new and old partner agencies, that will continue to drive the business and generate effective communications that reach all Texans. To that end, we are extending our relationship with Asher Media and will continue building on the momentum gained from the past few months. We have also identified a best-in-class ethnic marketing partner, Sanders\Wingo, that we believe will elevate our communications across ethnicities. Following are brief notes from both agencies sharing their passion, commitment and exclusive partnership with TracyLocke.

We accept the terms and conditions set forth in this RFP, including Section 3 and the resulting contract. We must clarify our ability to comply with one section.

> Section 3.32 – Bonds and Insurance: This section requires possible submission of copies of our insurance policies. The policies under which TracyLocke is covered are group policies that cover multiple companies within Omnicom and that contain proprietary and confidential information not relevant to TracyLocke or to the Texas Lottery Commission. We will provide certificates of insurance evidencing coverage as required, but copies of policies will not be furnished. If required, the policies will be made available for physical inspection.

The terms of our offer will remain valid for a period of 180 days, beginning February 22, 2012. We hope you enjoy the work. It's been a pleasure preparing it, and we look forward to the opportunity to present the work in person.

Best regards,

Beth Ann Kaminkow
President & CEO

asher media inc

February 21, 2012

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
P.O. Box 16630
Austin, TX 78761-6630

Re: Letter of Transmittal for TracyLocke

To the Committee:

We at Asher Media are thrilled with the opportunity to be extending our relationship with the Texas Lottery and TracyLocke. Over the past few months working together, we've been focused on getting the necessary systems in place, and we're very excited about the efficiencies we've already been able to provide for the state. We're confident that should you re-award this contract to TracyLocke, our team would continue those efficiencies without interruption. We are already built to hit the ground running.

The partnership we have built with TracyLocke has been very strong, which is why we have chosen to exclusively partner with them for the Texas Lottery. Our teams work seamlessly together, and we're prepared to see it through for the long haul.

The terms of our offer will remain valid for a period of 180 days from the day after the due date of the proposal by the Texas Lottery.

Best regards,

Kalyn Asher

15303 Dallas Parkway Suite 1300 Addison, Texas 75001 p 972.732.6464 f 972.732.1161 www.ashermedia.com

SANDERSWINGO 221 N. KANSAS SUITE 900 EL PASO TX 79901 T 915.53 .9543 F 915.533.4801 WWW.SANDERSWINGO.COM

February 21, 2012

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
P.O. Box 16630
Austin, TX 78761-6630

Re: Letter of Transmittal for TracyLocke

To the Committee:

On behalf of the more than 90 professionals across all Sanders\Wingo offices, I am pleased to submit our response to the Texas Lottery Commission Request for Proposals for Advertising Services along with our partners at TracyLocke.

We have formed a successful working relationship with TracyLocke through our shared values, mission and goals. Both Sanders\Wingo and TracyLocke have a long history in the state of Texas, built on developing smart, focused strategies while respecting our working partners along the way. Our philosophies are rooted in mutual respect in a team-structured environment where good ideas can come from anywhere.

TracyLocke has all the processes in place to get our combined teams up and running quickly. We are overwhelmingly impressed with their collaborative spirit and organization, and are excited about the prospect of partnering with them on the Texas Lottery account. Along with them, we are able to provide all of the goods and services required by the Texas Lottery RFP. The proposal is valid for one hundred and eighty (180) days from the day after the deadline for submitting proposals.

Throughout our response, you will find that the combined Sanders\Wingo and TracyLocke teams are ...

- Innovative – In our approach to both consumers and marketplace-insight generation.
- Collaborative – With regard to insights, strategy and approach.
- Experienced – Both through our client portfolios and the brands our collective staff have helped lead.
- Capable – In terms of the services we offer as well as the specific disciplines we've developed.

Again, thank you for the opportunity to participate. We are anxious to hear from you soon regarding next steps. If you have any questions or require further input, we are eager to provide answers.

Sincerely,

Robert V. Wingo
President & CEO

EXECUTIVE SUMMARY

TEXAS LOTTERY PROPOSAL

In 1992, the State of Texas set out on a new journey – one that required the state to cross the intersection of governmental service and commerce. As such, there are certain, very high, expectations. Concepts such as fairness, impartiality, profitability, entertainment, responsibility, philanthropy, creativity and sales are all managed. The management of those concepts is complex but, with the right partners and the right talent, a whole lot of fun.

As you consider your options for the next turn in the road, think of our response as a road map of our journey together. Throughout it, we will commit to be conscientious of your terms and sensitivities; appropriate and responsive with your needs; judicious with your funds; and earnest in our recommendations.

WE UNDERSTAND THE GOODS AND SERVICES REQUIRED

We believe that our past experiences working with the Texas Lottery are unparalleled in our understanding of the goods and services required in this RFP.

Beyond our in-depth knowledge of your processes, challenges and sensitivities, we share a past full of learning and successes, as well as a present complete with an engaged, tenured team. Moving forward we offer a future full of ideas on how to push thinking and build sales – all based on experience, knowledge and creativity.

There is one area we would like to highlight as an Offered Option that is not currently within the scope of this RFP. We would like to offer our services in instant ticket artwork design. While we understand that you have contracted vendors who concept, develop and produce these games, our offer is simply limited to creative art/ design. We expand on this offer in Section 7.21.

OUR APPROACH IN PROVIDING THE REQUIREMENTS OF THIS RFP

Backed with nine years of experience, we understand that doing business with the Texas Lottery requires a particular, mindful approach. The Texas Lottery serves a broad group of constituents: not just retailers and customers, but also each and every Texas citizen. As such, we approach each assignment with an appreciation

of those whom we represent, while being committed to upholding the Texas Lottery's sensitivities, mission and values, all to build compelling communications. This requires a careful balance, but one we know very well.

Our approach also includes subcontracting two core services of this RFP: media buying and ethnic marketing. To ensure the services will meet TracyLocke's and the Texas Lottery's standards, we viewed this RFP response as an opportunity to re-evaluate our subcontracting agency relationships.

We stand committed to providing the Texas Lottery with best-in-class services. To accomplish this, we wanted to continue our agency team structure – TracyLocke with a media buying partner and ethnic market specialist partner.

Media Buying Subcontractor

In 2011, we transitioned media buying services to Asher Media. At the time, we selected Asher Media on account of their analogous client experience, reputation as detail-oriented and skilled negotiators, and our past working relationships. Over the course of the months that followed, Asher Media lived up to and exceeded our expectations at every turn.

Transitioning the media buys of an account the size of the Texas Lottery is a very labor-intensive process. Station reps, contracts, invoicing, posting buys and more are all complex processes requiring patient and willing partners on all sides. Asher Media's proactive approach was paramount in our successful transition of the media program. Since that time, they have proven their abilities again and again. Their attention to detail and willingness to perform has secured their place on our team.

We are proud to have Asher Media as our exclusive partner. No other Proposer agency to this RFP has authorization from Asher Media to use their name and/or services as part of this Proposal. We are very proud to have them on board as part of your TracyLocke team.

Ethnic Marketing Partner Subcontractor

Choosing a partner is always an important decision. However, choosing a partner to share creative responsibilities requires a very special and careful selection process. As we sought to identify our partner, we met with the best of the best Texas ethnic marketing agencies. After thorough analysis of capabilities, agency experience, staff experience, creative aptitude and chemistry, TracyLocke's decision was unanimous.

Sanders\Wingo embodies each of the characteristics we sought in our ideal partner. Our perceptions of their abilities have been confirmed as we worked with them throughout this RFP process.

Sanders\Wingo's ability to bring a thoughtful and smart ethnic perspective, particularly in Hispanic and African American cultures, has been refreshing. We look forward to the opportunity to introduce you to their team.

HUB

TracyLocke has a fundamental belief that minority-owned businesses are an important component of a successful community and economy. We've proven this commitment by allocating approximately 80% of our contracted budget each year for at least the past five years. We are committed to continuing this level of allocation in this new Contract.

WE ARE UNIQUELY QUALIFIED

No other agency has the unique combination of experience specifically for the Texas Lottery that you get with TracyLocke. Our goal in this Proposal is to make this fact clear.

- Our staff experience working with the Lottery (130 years)
- Our strong knowledge of Texas Lottery products and communication standards (40+ campaigns)
- Our heritage in Texas as a full-service advertising agency (nearly 100 years)
- Our stable of complimentary clients (PepsiCo brands, 7-Eleven and Starbucks, among others)
- Our understanding of specialty partner-agency expertise (know-how and chemistry)

Staff

We are extremely proud of the staff we have assembled to perform the requirements of this Contract. The amount of experience and perspective the TracyLocke, Asher Media and Sanders\Wingo teams bring to the Texas Lottery is unprecedented. Our team has a cumulative 1,000 years of experience in marketing and advertising. More specifically, TracyLocke and Asher Media staff have a combined 130 years of experience working with the Texas Lottery.

Beyond experience, these professionals are among the elite of the national advertising community. Name an award, and our staff has been recognized, including Cannes, One Show, ADDYs, Effies and more. The list quite literally goes on and on. We are proud of these awards, however, we are more focused on delivering results for our clients and growing their businesses (which, incidentally, gets us awards.)

In addition, over the past few years, we've strengthened the team and quickly responded to talent feedback from the Texas Lottery clients. If TracyLocke becomes the Successful Proposer to this Contract, this team will be your team into the new Contract. They are firing on all cylinders and ready to transition into the new Contract without missing a beat.

CREATIVE RESPONSE

Because we've been on this journey together for a while, we have greatly benefited from getting to know each other so well. This RFP gives us the chance to invite you to discover aspects of TracyLocke you may not know. For example, TracyLocke was named the 2011 *PROMO* magazine Agency of the Year and TracyLocke will turn 100 soon. You will also see some creative in Section 8 that's different from what you may be used to. We took the opportunity that this RFP provides to stretch our creative guardrails.

It's all to help share the vast resources you have in your TracyLocke team. We're fully capable of zooming along the road as we have for years. But, we'd also like to throw it into a new gear to expand your reach and drive your business further.

Concepting campaigns for Texas Lottery products is always a sought-after assignment within the Agency. This assignment was no different. We are excited to share these ideas with you and for the opportunity to present them in person.

CASE STUDIES

We felt there was no better way to illustrate the quality of our services, our ability to provide the requirements of this RFP or our approach than to share some examples of campaigns we've developed specifically for the Texas Lottery. In each of these case studies, all recent campaigns, TracyLocke grew the business

through increased sales, grew participation and increased value for the Texas Lottery's budget.

The successes we have experienced with the Texas Lottery are some of our agency's proudest accomplishments. Sharing them is quite fulfilling.

However, the requirements of this RFP are broad. As such, in addition to the campaigns we have built for the Texas Lottery, we also thought it important to share some examples you aren't as familiar with. These case studies showcase another dimension of our experience: social media, an interactive microsite, a high-impact event, a nontraditional media program and a Texas-based brand campaign.

Add to that Sanders\Wingo's showcase of inspired ethnic creative among the African American audience and the Hispanic-dominant El Paso community. Understanding cultures is paramount to communicate effectively across Texas.

WE BELIEVE THE JOURNEY IS EVERYTHING

The road ahead will be an interesting one. Consumers will become more and more comfortable making purchases by never entering a store. Convenience shopping will bolster at the pump. And lottery sales online in other jurisdictions are inevitable. The Texas Lottery will need a partner who understands its processes, sensitivities and objectives more clearly than ever before to navigate these changing dynamics. A proven track record, trust and responsiveness are essential to a productive, successful future.

We've chosen to center our response on the fact that as client and agency, we are partners on a journey. Because we believe, as the saying goes, "The best traveling companions know where you've been and can see where you're going."

TracyLocke is uniquely qualified, completely prepared and very much looking forward to the road ahead as your Advertising Services Contractor in FY13 and beyond.

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SECTION ONE
GENERAL INFORMATION

TEXAS LOTTERY PROPOSAL

We would like to confirm that we have read Section 1 of this RFP in its entirety; as such, we understand fully and will comply with the terms and conditions (with the exception of the notes herein pertaining to confidential information in Section 1.7) of this contract, including the requirements of this process.

On account of our clarification in Section 1.7, we itemized our acknowledgements throughout this section to ensure clarity of our willingness to comply.

1.1 PURPOSE

1.1.1 The Texas Lottery Commission is issuing this Request for Proposals (RFP) to obtain proposals from qualified vendors to provide advertising services for the Texas Lottery with the objective of reaching the public to responsibly increase revenue and enhance awareness of Texas Lottery games.

1.1.2 The Texas Lottery intends to award one contract for General and Ethnic Market Advertising Services. Proposers must demonstrate an understanding of Texas as a minority-majority state as well as the ability to effectively reach and speak to the general and ethnic markets.

1.1.3 The Successful Proposer shall be required to perform services as specified in this RFP and shall fully understand the Texas Lottery's history and background, and support the Texas Lottery's vision, mission, core values and goals. Proposers are encouraged to review the agency's 2008-2011 Business Plan and 2011-2015 Strategic Plan, both of which may be found on the Texas Lottery's website at www.txlottery.org.

1.1.4 In 2005, Texas became a minority-majority state. According to the 2010 Census , Texas had a minority population of 14.2 million, comprising 56.5percent of its total population of 25.1 million. Because of this status, all Proposers must demonstrate the ability to communicate relevant and effective messages to all citizens of Texas. The Proposer's understanding of multi-cultural issues as it relates to the Texas Lottery's advertising will be an important factor in the evaluation process of this RFP.

1.1.5 The Successful Proposer must be able to perform the functions of a full-service advertising agency, including, but not limited to, branding, creative concepting, production, planning, buying and placement of, broadcast, digital, print and out-of-home advertising. Proposers that do not have the capabilities to perform the functions of a full service advertising agency individually are invited to join together with agencies to fulfill the requirements of this RFP. Additional

services include, but are not limited to, promotional event planning, advertising related market research and translation services.

We have read, understand and will comply with the requirements of this process.

1.2 OUR VISION AND MISSION

1.2.1 Vision – To be the preeminent Lottery and Charitable Bingo agency through innovative leadership.

1.2.2 Mission – The Texas Lottery is committed to generating revenue for the State of Texas through the responsible management and sale of entertaining lottery products. The Texas Lottery will incorporate the highest standards of security and integrity, set and achieve challenging goals, provide quality customer service and utilize a TEAM approach.

We have read, understand and will comply with these requirements.

1.3 OUR CORE VALUES

1.3.1 Integrity and Responsibility — The Texas Lottery Commission works hard to maintain the public trust by protecting and ensuring the security of our lottery games, systems, drawings and operational facilities. We value and require ethical behavior by our employees, licensees and vendors. We promote the integrity of Charitable Bingo in Texas for the benefit of charitable organizations.

1.3.2 Innovation — We strive to incorporate innovation into our products to provide the citizens of Texas with the best entertainment experience available through our products. We pursue the use of technology that enhances the services that we provide to our customers and reduces our operating expenses.

1.3.3 Fiscal Accountability — We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service and/or boost productivity. We recognize our responsibility in generating revenue for the State of Texas without unduly influencing players to participate in our games. We maximize benefits to charities through the continual examination and review of Charitable Bingo operations.

1.3.4 Customer Responsiveness — The Texas Lottery Commission takes pride in providing exemplary service to the people of Texas through the courteous dissemination of clear and accurate information about our products, services and regulatory functions. We seek and respond to feedback expressed by our

employees, retailers, licensees and the playing and non-playing public. We apply this feedback in the development of our products and in the services that we provide.

1.3.5 Teamwork — We are committed to creating an environment of mutual respect where open, honest communication is our cornerstone. We embrace the diversity of our team and individual perspectives in working together to achieve our common goals.

1.3.6 Excellence — We strive for excellence by taking a position of leadership on issues that impact the Texas Lottery Commission and achieve challenging goals by focusing on our core values.

We have read, understand and will comply with these requirements.

1.4 SCHEDULE OF EVENTS

The following time periods are set forth for informational and planning purposes only. The Texas Lottery reserves the right to change any of the time periods and will post all changes on the Electronic State Business Daily, http://esbd.cpa.state.tx.us/ and/or the Texas Lottery website, http://www.txlottery.org/ (Click on About Us, Doing Business with TLC, Procurement).

Date	Event
December 13, 2011 (4:00 p.m., CENTRAL TIME)	Issuance of RFP
January 10, 2012 (1:30 p.m., CENTRAL TIME)	Pre-Proposal Conference at Texas Lottery Headquarters
January 19, 2012 (4:00 p.m., CENTRAL TIME) (Late Questions will not be answered)	Written Questions Due
February 2, 2012	Responses to Written Questions Issued
February 21, 2012 (4:00 p.m., CENTRAL TIME) (Late Proposals will not be considered)	Deadline for Proposals
March 19-30, 2012	Oral Presentations
on or before April 10, 2012 (or as soon as possible thereafter)	Announcement of Apparent Successful Proposer

We have read, understand and will comply with these requirements.

1.5 SUCCESSFUL PROPOSER'S / LOTTERY RELATIONSHIP

The Texas Lottery Commission is a part of the Executive Branch of Texas State Government. The Texas Lottery will not relinquish control over lottery operations. The Successful Proposer shall function under the supervision of the Texas Lottery. Its operations will be subject to the same scrutiny and oversight that would apply if all operations were performed by Texas Lottery employees. Accordingly, all operations must be conducted in adherence to applicable statutes and the highest ethical standards.

We have read, understand and will comply with these requirements.

1.6 PROCUREMENT AUTHORITY

This RFP and all activities leading toward the execution of a written contract pursuant to this RFP are being conducted in accordance with the State Lottery Act (Tex. Gov't Code ANN.§ 466.001 et seq.), as amended; the Texas Lottery's administrative regulations (16 Tex. Admin. Code § 401.101 et seq.); and other applicable laws of the State of Texas. All Proposers should read and be familiar with the State Lottery Act and 16 TAC §401.101.

We have read, understand and will comply with these requirements.

1.7 PROPOSALS SUBJECT TO TEXAS PUBLIC INFORMATION ACT

1.7.1 The Texas Lottery is subject to the Texas Public Information Act (Act) (Tex. Gov't Code ANN. Ch. 552). Proposals submitted to the Texas Lottery in response to this RFP are subject (in their entirety) to release by the Texas Lottery as public information. However, a Proposal, or specific parts thereof, may be shown by the Proposer to fall within one or more of the exceptions to disclosure provided in the Act, the State Lottery Act or other applicable law. Marking an entire Proposal as "confidential" or copyrighted is unacceptable. If a Proposer believes that parts of its Proposal are confidential under the Act, it should specify the confidential information by marking "Confidential" on each page or by each paragraph containing such information prior to submitting the Proposal to the Texas Lottery. In response to this Section, Proposers shall provide the Texas Lottery with specific and detailed reasons for each item marked "Confidential." Vague and general claims to confidentiality are not acceptable. This detail is necessary so that the Texas Lottery will have sufficient information to provide to the Attorney General of Texas, if a ruling regarding the confidentiality of such information is requested. The Texas Lottery will notify a Proposer if all or part of its Proposal is requested

under the Act. Failure of a Proposer to respond to such notification may result in the release of all or part of the Proposal as public information. It is the Proposer's obligation to submit briefing to the Attorney General setting forth the basis upon which the requested information should remain confidential. The Attorney General may determine all or part of a Proposal to be public information even though parts of the Proposal were marked "Confidential" by the Proposer. Please also note that the Attorney General has previously ruled that the statutory exception in Section 552.104 of the Act (Exception: Information Related to Competition or Bidding) generally does not apply after a contract has been awarded.

We have read, understand and will comply with these requirements.

Our detailed client information (specifically size of contract and services rendered) provided in Section 4.1.2 and our client case examples provided in Section 8.2 are, in each instance, proprietary and confidential and shall not be disclosed, duplicated, used or displayed in whole or in part for any other purpose other than to evaluate this proposal.

1.7.2 The Texas Lottery assumes no responsibility for asserting legal arguments to the Attorney General on behalf of Proposers.

We have read, understand and will comply with these requirements.

1.7.3 Proposers are advised to consult with their legal counsel concerning disclosure issues resulting from this procurement process and to take precautions to safeguard trade secrets and other proprietary information.

We have read, understand and will comply with these requirements.

1.8 MISUNDERSTANDING OR LACK OF INFORMATION

By submitting a Proposal, a Proposer covenants and agrees that it fully understands and will abide by the terms and conditions of the RFP and it will not make any claims for, or have any rights to, cancellation or relief without penalty because of any misunderstanding or lack of information. The Executive Director reserves the right to accept Proposals by waiving minor technicalities therein if the Executive Director, within his or her sole discretion, determines it to be in the best interests of the Texas Lottery. The decision of the Executive Director shall be conclusive, subject to protest under Section 2.18 of this RFP.

We have read, understand and will comply with these requirements.

1.9 REJECTION OF PROPOSALS AND CANCELLATION OF RFP

Issuance of this RFP and/or retention of Proposals do not constitute a commitment on the part of the Texas Lottery to award a Contract. The Texas Lottery maintains the right to reject any or all Proposals and to cancel this RFP if the Executive Director, in his or her sole discretion, considers it to be in the best interests of the Texas Lottery to do so.

We have read, understand and will comply with these requirements.

1.10 OWNERSHIP OF PROPOSALS

All materials submitted by a Proposer will become the property of the Texas Lottery and may be used as the Texas Lottery deems appropriate.

We have read, understand and will comply with these requirements.

1.11 INCURRED EXPENSES

The Texas Lottery accepts no obligations for costs incurred in preparing and submitting a Proposal. Proposals shall be submitted at the sole expense of the Proposer. All Proposals shall be prepared simply and economically, providing a straightforward, concise delineation of the Proposer's capabilities to satisfy the requirements of this RFP.

We have read, understand and will comply with these requirements.

1.12 PROPOSAL TENURE

All Proposals shall be valid for a period of one hundred and eighty (180) Days from the deadline for submitting Proposals.

We have read, understand and will comply with these requirements.

1.13 NO TEXAS LOTTERY OBLIGATIONS

The Texas Lottery reserves the right to select qualified Proposals to this RFP without discussion of the Proposals with Proposers. It is understood that all Proposals will become a part of the Texas Lottery's official procurement files after a Contract has been awarded or the procurement has been terminated, and will be available for public inspection except for portions that the Proposer has

designated as proprietary and confidential (see Sections 552.110 and 552.305 of the Public Information Act and RFP Section 1.7 above).

We have read, understand and will comply with these requirements.

1.14 SUCCESSFUL PROPOSER'S OBLIGATIONS

The Successful Proposer shall always be responsible for the performance of any contractual obligations that may result from the award of a Contract based on this RFP and shall be liable for the non-performance of any or all Subcontractors.

We have read, understand and will comply with these requirements.

1.15 CAPTIONS

The captions to the Sections of this RFP are for convenience only and are not part of the RFP's substantive terms.

We have read, understand and will comply with these requirements.

1.16 SURVIVAL

Provisions of this RFP which of their nature and effect are necessary to enable the Lottery to function normally and to meet all of its obligations shall survive any termination of any Contract resulting from this RFP. These provisions include, but are not limited to, all of the warranties and representations and any provision that by its terms provides for applicability beyond the end of any Contract period.

We have read, understand and will comply with these requirements.

1.17 PARTS INCORPORATED

All attachments listed in the Table of Contents are incorporated into and expressly made a part of this RFP.

We have read, understand and will comply with these requirements.

On account of our clarification of Section 1.7.1, we itemized our acknowledgements throughout this section to ensure clarity of our willingness to comply.

SECTION TWO
PROPOSAL PROCESS

We would like to confirm that we have read Section 2 of this RFP in its entirety; as such, we understand fully and will comply with the terms and conditions of this contract, including the requirements of this process.

2.1 CONTACT PERSON

The sole point of contact for communications concerning this RFP will be Angela Zgabay-Zgarba, whose address and facsimile number are as follows:

Angela Zgabay-Zgarba
Contracts Administrator
Texas Lottery Commission
P. O. Box 16630
Austin, TX 78761-6630
Fax (512) 344-5444
contracts@lottery.state.tx.us

The Texas Lottery headquarters' physical address for deliveries is:

Angela Zgabay-Zgarba
Contracts Administration
Texas Lottery Commission
611 East 6th Street
Austin, TX 78701

2.2 PROHIBITION AGAINST UNAUTHORIZED CONTACT

2.2.1 The Texas Lottery is committed to a procurement process that maintains the highest level of integrity. Accordingly, Proposers, as well as their agents, liaisons, advocates, lobbyists, "legislative consultants," representatives or others promoting their position, are limited to those communications authorized by and described in this RFP. Any attempt to influence any of the participants, whether that attempt is oral or written, formal or informal, direct or indirect, outside of this RFP process is strictly prohibited.

2.2.2 Should allegations of improper contact be made prior to any Contract Award, the Executive Director may investigate those allegations and, in his sole discretion, disqualify a Proposer.

2.3 PRE-PROPOSAL CONFERENCE

Prospective Proposers should plan to attend a pre-Proposal Conference to be held at the Texas Lottery headquarters (611 East 6th Street, Austin, Texas). See the Schedule of Events for the date and time. The pre-Proposal Conference will include an overview of the RFP and a presentation on the HUB Subcontracting Plan (HSP) requirements. A question and answer session will also take place regarding general, technical and HSP questions. Attendance at the pre-Proposal Conference is recommended, but not mandatory. A video of the pre-Proposal Conference will be posted on the Texas Lottery website at www.txlottery.org. All prospective Proposers are highly encouraged to view the video.

2.4 INQUIRIES

2.4.1 Written inquiries concerning this RFP will be accepted and responses posted on the Electronic State Business Daily, http://esbd.cpa.state.tx.us/ and the Texas Lottery website, www.txlottery.org, according to the timetable established in the Schedule of Events. Inquiries received after the deadlines set in the Schedule of Events may be reviewed by the Texas Lottery, but will not be answered. Any addenda or amendments, whether made as a result of a prospective Proposer's written inquiries or otherwise, will be posted on the Electronic State Business Daily, and the Texas Lottery website. It is the responsibility of the Proposer to check these websites for any additional information regarding this RFP.

2.4.2 Inquiries shall be submitted by email and/or facsimile by the inquiry submission deadline. If there is any discrepancy between the electronic version (e-mail) and the printed version (facsimile) of a document, the printed version will control. Emailed inquiries shall be emailed to: contracts@lottery.state.tx.us

2.4.3 A Proposer shall inquire in writing and should obtain clarification as to any ambiguity, conflict, discrepancy, exclusionary specification, omission or error in this RFP (collectively, "errors") prior to submitting a Proposal, but in no event shall be entitled to additional compensation, relief or time by reason of any error or its later correction. If a Proposer fails to obtain written clarification of any errors the Proposer shall submit a Proposal at its own risk; and, if awarded a Contract, the Proposer shall be deemed to have waived any claim to contest the Texas Lottery's interpretation thereof.

2.5 SUBMISSION OF PROPOSAL

2.5.1 Proposals must be delivered to Angela Zgabay-Zgarba at the address provided in Section 2.1 and received no later than the deadline established in the

Schedule of Events. No exceptions will be made.

2.5.2 The Proposer shall submit one (1) signed original and ten (10) copies of its Proposal. For Part 5 only, Proposers shall provide one (1) signed original and two (2) copies of all required HSP documentation. All Proposals submitted must be bound in a three-ring binder, organized and arranged to correspond directly with the numbered sections of this RFP, and all pages must be numbered. For Parts 1, 2, and 3 only, Proposers may provide a blanket acknowledgment and acceptance in lieu of a section-by-section response. For Parts 4, 6, 7 and 8 only, Proposers shall provide a section-by-section response to the RFP. For Part 5, Proposers shall follow the instructions for completing and submitting a HSP. If a Proposer is claiming any part(s) of its Proposal is confidential, the Proposer must provide a detailed response to Section 1.7. A Proposer may not amend a commitment to comply with a specific section of this RFP by a later reference back to that section.

2.5.3 The Proposer's Commitment (Attachment A) must be signed by an officer or agent of the Proposer with authority to contractually bind the Proposer, and the attachment must be included with the original Proposal.

ATTACHMENT A
PROPOSER'S COMMITMENT

I hereby commit TLP, Inc. dba TracyLocke

(Company Name)

to provide the goods and services described in the attached Proposal for Advertising Services required by the Request for Proposals for the Texas Lottery Commission.

Signature: _____

Title: C.O.O.

Date: 2.13.12

2.5.4 Proposers are required to propose a complete solution to the Texas Lottery's requirements in their Proposal. Any items not specifically requested, but integral to the requested services, shall be included in the Proposal and identified in the appropriate sections thereof.

2.5.5 Proposers responding to this RFP must fully and completely address all goods, services and other requirements as described by this RFP. Incomplete or partial Proposals will not be considered. A Proposer shall provide all information that the Proposer believes would be helpful to the Texas Lottery in evaluating the Proposer's ability to fulfill the RFP requirements.

2.5.6 In addition to the printed Proposal, the Proposer must also submit one copy of the text portion of its Proposal, excluding the Cost Proposal, on a compact disk in a searchable PDF file. If there is any disparity between the contents of the printed Proposal and the contents of the Proposal contained in electronic format, the contents of the printed Proposal shall take precedence. The electronic or soft copy provided herein will not be accepted in lieu of the signed original and copies as required in Section 2.5.2.

2.5.7 Proposals that have been copyrighted by any Proposer are unacceptable and may be rejected as non-responsive.

2.6 RESPONSE FORMAT & CONTENTS

The Proposer must demonstrate its understanding of the requested goods and services and must address specifically, in writing, the Proposer's approach to providing each requirement in this RFP. Each Proposal must be organized in the manner described below:

(a) Letter of Transmittal;
(b) Executive Summary;
(c) Section-by-section response to the RFP (see Section 2.5.2 above); and,
(d) Sealed Cost Proposal (Attachment to original proposal only).

2.7 LETTER OF TRANSMITTAL

2.7.1 Proposers must submit a Letter of Transmittal that identifies the entity submitting the Proposal and includes a commitment by that entity to provide the goods and services required by the Texas Lottery in this RFP. The Letter of Transmittal must state that the Proposal is valid for one hundred and eighty (180) Days from the Day after the deadline for submitting Proposals. Any Proposal containing a term of less than one hundred and eighty (180) Days for acceptance shall be rejected. The Letter of Transmittal must be signed by a person(s) legally

authorized to bind the Proposer to the representations in the Proposal. The Proposer should also indicate, in its Letter of Transmittal, why it believes it is the most qualified Proposer to provide the goods and services required by the Texas Lottery in this RFP.

2.7.2 The Letter of Transmittal must include a statement of acceptance of the terms and conditions set forth in Part 3 of this RFP that will be included in any Contract resulting from this RFP. If the Proposer takes exception to any of the proposed terms and conditions, those exceptions must be noted in the Letter of Transmittal. The Proposer should realize, however, that failure to accept the terms and conditions specified in Part 3 of the RFP may result in disqualification of the Proposal.

2.8 EXECUTIVE SUMMARY

2.8.1 Proposers must provide an executive summary of their Proposal (excluding cost information) that asserts that the Proposer is providing, in its Proposal, all the requirements of this RFP. If the Proposer is providing goods or services beyond those specifically requested, those goods or services must be identified. If the Proposer is offering goods or services that do not meet the specific requirements of this RFP, but in the opinion of the Proposer are equivalent or superior to those specifically requested, any such differences must be noted in the Executive Summary. The Proposer should realize, however, that failure to provide the goods and services specifically required may result in disqualification.

2.8.2 The Proposer must demonstrate its understanding of the requested goods and services and must address specifically, in writing, the Proposer's approach to providing each requirement in this RFP.

2.8.3 The Executive Summary must not exceed five (5) pages and should represent a full and concise summary of the contents of the Proposal.

2.9 PROPOSER'S CONTRACTING AUTHORITY

The Proposer warrants and represents that the person named on the Proposer's Commitment (Attachment A) has the full right, power and authority to execute a Contract resulting from this RFP on behalf of the Proposer. Commitments must be unqualified, not limited, and fully commit the Proposer to provide the goods and services required under this RFP.

2.10 PROPOSER'S COST PROPOSAL

2.10.1 The Proposer must state its pricing for all goods and services rendered during the course of the proposed Contract, including any and all costs involved that are to be paid or reimbursed by the Texas Lottery. The pricing for the required services is to be presented only in the format set forth in Attachment H of the RFP. Pricing information shall include all costs associated with providing the required goods and services and must be submitted in a separate, sealed envelope clearly marked as such, attached to the original Proposal only. No reimbursement is available to the Successful Proposer beyond the amount agreed to be paid for the goods and services provided. Pricing agreed to in any resulting Contract shall be firm and remain constant through the life of the Contract.

2.10.2 The Proposer shall not disclose its Cost Proposal or other cost information in the body of the written Proposal. Including cost information in the written Proposal may be cause for disqualification.

2.11 MULTIPLE PROPOSALS

The Proposer may submit only one Proposal. If a Proposer submits more than one Proposal, all Proposals from that Proposer may be rejected.

2.12 JOINT PROPOSALS

The Successful Proposer shall exhibit a thorough understanding of Texas as a minority-majority state and demonstrate the ability to effectively reach and communicate with the general and ethnic markets. The Texas Lottery is not predisposed to any particular solution or service delivery methodology, nor does the Texas Lottery intend to limit the creativity of interested parties in their efforts to best address the unique and specialized expertise required to successfully reach all Texans in ways that are relevant and meaningful. Two or more entities may collaborate to file a Proposal, but they must designate a single entity that will contract with the Texas Lottery and be responsible for the delivery of all goods, services and requirements set forth in the Proposal. All Proposals submitted shall completely define the responsibilities of the primary contractor and each participating Subcontractor(s).

2.13 CHANGES, MODIFICATIONS AND CANCELLATION

The Texas Lottery reserves the right to make changes to and/or cancel this RFP and will post all changes and modifications, whether made as a result of a potential Proposer's written inquiries or otherwise, and cancellation notices on the Electronic State Business Daily and the Texas Lottery web site. **It is the responsibility of the Proposer to check these web sites for any additional information regarding this RFP. If the Proposer fails to monitor the ESBD and TLC web sites for any changes or modifications to the RFP, such failure will not relieve the Proposer of its obligation to fulfill the requirements as posted.**

2.14 UPDATES TO INFORMATION SUPPORTING A PROPOSAL

Following the submission of Proposals and prior to the signing of a Contract, the Proposer is under a continuing obligation to notify the Texas Lottery in writing of any updates or changes to information offered in support of its Proposal that might reasonably be expected to affect the Texas Lottery's consideration of the Proposal. Nothing in this Section shall be interpreted to permit the unilateral modification by a Proposer of its commitment to provide goods and services described in its Proposal as filed for the cost stated therein.

2.15 ADDITIONAL INFORMATION

By submitting a Proposal, a Proposer grants the Executive Director the right to obtain any information from any lawful source regarding the past history, practices, conduct, ability and eligibility under the State Lottery Act of a Proposer to supply goods, services and to fulfill requirements under this RFP, and the past history, practices, conduct, ability and eligibility of any director, officer or key employee of a Proposer. By submitting a Proposal, the Proposer generally releases from liability and waives all claims against any party providing information about the Proposer at the request of the Executive Director. Such information may be taken into consideration in evaluating Proposals.

2.16 PROPOSAL EVALUATION AND CONTRACT AWARD

2.16.1 The Executive Director intends to conduct a fair, comprehensive and impartial evaluation of all Proposals received in response to this RFP using an evaluation committee. The evaluation committee will be selected by the Executive

Director and may consist of Texas Lottery employees or outside individuals with expertise in particular areas. In addition, the Texas Lottery's General Counsel, other in-house legal counsel, and outside legal counsel may assist by advising the evaluation committee. Texas Lottery employees and consultants may also assist in the process as technical non-voting members of the evaluation committee.

2.16.2 Each member of the evaluation committee will independently score each Proposal responsive to this RFP. Evaluation committee members may seek, obtain and consider the opinions of other committee members or subject matter experts (including Texas Lottery staff, staff from other Texas agencies and consultants retained by the Texas Lottery) when evaluating and independently scoring particular areas of the Proposals.

2.16.3 The evaluation committee may request clarification of information or representations in a Proposal before completing the initial evaluation. Requests for clarification and responses to requests for clarification will be in writing and will become part of the evaluation record.

2.16.4 The procurement process will be conducted in accordance with 16 Texas Administrative Code § 401.101.

2.16.5 At a minimum, the factors to be considered by the evaluation committee in evaluating Proposals shall include:

(i) the proposer's price to provide the goods or services;
(ii) the probable quality of the offered goods or services;
(iii) The agency's evaluation of the likelihood of the proposal to produce the desired outcome for the agency, considering, among other criteria:

> (I) the quality of the proposer's past performance in contracting with the agency, with other state entities, or with private sector entities;
> (II) the qualifications of the proposer's personnel;
> (III) the experience of the proposer in providing the requested goods or services;
> (IV) the financial status of the proposer; and

(iv) whether the proposer performed the good faith effort required by the HUB subcontracting plan, when the agency has determined that subcontracting is probable.

A copy of the scoring matrix is included as Attachment G.

2.16.6 A written notice of Contract Award will be sent to all Proposers immediately following execution of a written Contract.

2.17 ORAL PRESENTATIONS

2.17.1 Proposers shall be required to make oral presentations to the evaluation committee. See the Schedule of Events for dates and times.

2.17.2 Proposers invited for an oral presentation, shall make an oral presentation under the following guidelines:

- 30 minute set-up period
- One hour for the presentation
- 30 minute question and answer period
- 30 minute tear-down period

Proposers may be required, as part of the presentation, to respond to questions developed by the evaluation committee.

2.17.3 The oral presentation must substantially represent material included in the original written Proposal, with emphasis placed on the creative response. Proposers will be provided with equal advance notice of oral presentation assignments and guidelines.

2.17.4 In addition to members of the evaluation committee, Texas Lottery purchasing and contracts staff and legal counsel may be present during the oral presentations. Oral presentations will be held at the Texas Lottery Commission headquarters in Austin, Texas, and may be videotaped by the Texas Lottery.

2.17.5 The Texas Lottery, in its sole discretion, reserves the right to conduct site visits prior to Contract Award.

2.18 PROTEST PROCEDURE

Any protest shall be governed by Texas Government Code ANN. § 466.101 and 16 Tex. Admin. Code §§ 401.102-103.

We have read Section 2 in its entirety, and we fully understand the requirements of this process and agree to comply.

SECTION THREE

CONTRACTUAL TERMS AND CONDITIONS

We would like to confirm that we have read Section 3 of this RFP in its entirety; as such, we understand fully and will comply with the terms and conditions (with the exceptions clarified herein pertaining to Insurance and Bonds in Section 3.32) of this contract, including the requirements of this process.

On account of our clarification of Section 3.32, we itemized our acknowledgements throughout this section to ensure clarity of our willingness to comply.

3.1 INTRODUCTION

This part sets forth terms and conditions applicable to the procurement process as well as terms and conditions that will become part of any Contract executed pursuant to this RFP. The Texas Lottery reserves the right to incorporate additional provisions in any Contract in the best interest of the Texas Lottery.

We have read, understand and will comply with these requirements.

3.2 GOVERNING LAW

The procurement process, the award procedure, and any Contract resulting from this RFP shall be governed by, construed and interpreted in accordance with the applicable laws of the State of Texas. Any and all actions or suits brought by a Proposer or any related party regarding this RFP or any Contract resulting therefrom shall be brought in the state district court located in Austin, Travis County, Texas. By submitting a Proposal, a Proposer is deemed to waive the right to bring any action in any other court. This section is purely a venue provision and shall not be deemed a waiver of sovereign immunity.

We have read, understand and will comply with these requirements.

3.3 CONTRACT ELEMENTS

3.3.1 Any Contract between the Texas Lottery and the Successful Proposer will follow the general format specified by the Texas Lottery. The Texas Lottery reserves the right to negotiate provisions in addition to those stipulated in this RFP. The contents of this RFP, as modified by published addenda, and the Successful Proposer's Proposal will be incorporated into the Contract. In the event of any conflict or contradiction between or among these documents,

the documents shall control in the following order of precedence: the written Contract, the RFP, and the Successful Proposer's Proposal. Specific exceptions to this general rule may be noted in the written Contract.

3.3.2 The Texas Lottery has determined that subcontracting opportunities are probable under this RFP. Therefore, the Texas Lottery requires the submission of an HSP as a part of each Proposal, as discussed further in Part 5 of this RFP. The HSP, if accepted by the Texas Lottery, will become a provision of any Contract awarded as a result of this RFP.

3.3.3 If any term or provision or this RFP or a Contract executed pursuant to this RFP is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the RFP or Contract shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

We have read, understand and will comply with these requirements.

3.4 AMENDMENTS

Any Contract resulting from this RFP may be amended only by a written agreement signed by both parties.

We have read, understand and will comply with these requirements.

3.5 WAIVER

The failure of the Texas Lottery to object to or to take affirmative action with respect to any conduct of the Successful Proposer which is in violation or breach of the terms of any Contract resulting from this RFP shall not be construed as a waiver of the violation or breach, or of any future violation or breach.

We have read, understand and will comply with these requirements.

3.6 CLARIFICATION OF LOTTERY'S INTENT

It is the responsibility of the Successful Proposer to address and resolve all questions with the Texas Lottery's designated staff members, and achieve a clear understanding of all Texas Lottery requirements during each stage of the Contract term. The Texas Lottery will use reasonable efforts to provide timely responses to questions of policy or procedure as they may affect the Successful Proposer's performance. Key Texas Lottery staff will be available to the Successful Proposer on a reasonable basis, but may not be available on State or national holidays, as defined in Section 662.003 of the Texas Government Code, or weekends. The

Texas Lottery's normal office hours are from 8:00 a.m. to 5:00 p.m., Central Time, Monday through Friday of each week of the Contract term, except State holidays.

We have read, understand and will comply with these requirements.

3.7 LOTTERY'S FINANCIAL OBLIGATIONS

The financial obligations of the Texas Lottery under any Contract resulting from this RFP are payable solely out of the receipts of the Texas Lottery and are subject to statutory restrictions and appropriations. Performance by the Texas Lottery under any Contract resulting from this RFP is subject to acts of the Texas Legislature. The Texas Lottery shall have no responsibility or liability for any damages, losses, financial obligations, breach of contract, or other claims in the event that performance by the Texas Lottery is compromised or terminated by acts or omissions of the Texas Legislature (e.g., if the Texas Lottery is discontinued or not funded by the Texas Legislature).

We have read, understand and will comply with these requirements.

3.8 RELATIONSHIP OF THE PARTIES

The Successful Proposer and the Texas Lottery agree and understand that the Successful Proposer shall render the goods, services and requirements under any resulting Contract as an independent contractor, and nothing contained in the Contract will be construed to create or imply a joint venture, partnership, employer/employee relationship, principal- agent relationship or any other relationship between the parties. Employees of the Successful Proposer will not be considered employees of the Texas Lottery within the meaning of any federal, state, or local law, ordinance, or regulation including, but not limited to, laws, ordinances, or regulations concerning unemployment insurance, social security benefits, workers compensation, or withholding requirements. The Successful Proposer shall be responsible for complying with any such laws, ordinances, or regulations, and shall indemnify and hold harmless the Texas Lottery from any costs or damages, including attorney's fees, sustained by the Texas Lottery resulting from the Successful Proposer's breach of its obligations under this section. The Texas Lottery will withhold indemnified losses from payments to the Successful Proposer, or, if no payments are made, the Texas Lottery will make demand of payment of indemnified losses. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand.

We have read, understand and will comply with these requirements.

3.9 PAYMENT

3.9.1 All payments will be made in accordance with Texas Government Code ANN. ch. 2251 ("Payments for Goods and Services"). The Successful Proposer shall submit invoices in accordance with Section 7.15 and as prescribed by the Texas Lottery, noting the contract number, detailing services rendered and date of services. Payments will be made only upon the completion of services or after the delivery of goods authorized in an approved invoice. Invoices may be submitted by mail to the Texas Lottery Commission, P. O. Box 16630, Austin, Texas 78761-6630.

3.9.2 Pursuant to Texas Government Code ANN. Section 2251.025, interest is not due on a payment until it becomes "overdue." A payment is not "overdue" until the 31st day after the latter of: (1) the date the Texas Lottery receives the goods covered by the contract; (2) the date the performance of service under the contract is completed; or (3) the date the Texas Lottery receives an invoice for the goods or services. Tex. Gov't Code ANN. Section 2251.021. Services are "completed" when accepted by the Texas Lottery.

3.9.3 The Successful Proposer agrees that if the Texas Comptroller of Public Accounts is prohibited from issuing a warrant to the Successful Proposer under Section 403.055 of the Texas Government Code, any payments owed to the Successful Proposer under any Contract resulting from this RFP will be applied towards the debt or delinquent taxes that the Successful Proposer owes the State of Texas until the debt or delinquent taxes are paid in full.

3.9.4 The Successful Proposer acknowledges that the State of Texas requires consistent, high quality performance during the entire term of any Contract resulting from this RFP and during any transition to an alternate or successor provider. The Successful Proposer agrees that to ensure such consistent high quality performance, and an orderly transition to a new vendor, the Texas Lottery may withhold the last two (2) payments due under any Contract resulting from this RFP (the "Hold Back"). Following the successful transition to a new vendor, the Texas Lottery shall release the Hold Back to the Successful Proposer. If the Successful Proposer delays the transition, the Texas Lottery shall be entitled to retain the Hold Back or such portion as the Executive Director deems equitable.

We have read, understand and will comply with these requirements.

3.10 ASSIGNMENTS

No right or obligation of the Successful Proposer under any Contract may be assigned by the Successful Proposer without the prior written approval of the Texas Lottery, and in the event of any such approval, the terms and conditions hereof shall apply to and bind the party or parties to whom the right or obligation

is assigned as fully and completely as the Successful Proposer is hereunder bound and obligated. No assignment shall operate to release the Successful Proposer from its liability for the timely and effective performance of its obligations hereunder. Assignments made in violation of this provision shall be null and void.

We have read, understand and will comply with these requirements.

3.11 SUBCONTRACTING

3.11.1 The Successful Proposer is prohibited from subletting, conveying, assigning or otherwise disposing of all or any portion of any Contract resulting from this RFP, its rights, title, or interest therein, or its power to execute such agreement without the previous written approval of the Texas Lottery. If any part of any Contract between the Texas Lottery and the Successful Proposer is to be subcontracted, the Successful Proposer must obtain prior written approval from the Texas Lottery, and the Subcontractor must comply with all applicable requirements of the Texas Lottery. The Texas Lottery reserves the sole right to require the Successful Proposer to terminate any Subcontractor with or without cause.

3.11.2 In the event the Texas Lottery approves of the use of any Subcontractor in performance of the Contract, the Successful Proposer is not relieved of its responsibility and obligation to meet all the requirements of this RFP.

3.11.3 The Texas Lottery will incur no additional obligations and the obligations of the Successful Proposer will not be reduced as a result of any such subcontracts.

3.11.4 The Successful Proposer agrees to indemnify and hold the Texas Lottery harmless from any of the claims or actions of its Subcontractors. The Texas Lottery will withhold indemnified losses from payments to the Successful Proposer, or, if no payments are made, the Texas Lottery will make demand of payment of indemnified losses. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand.

3.11.5 The Successful Proposer's obligation to pay Subcontractors is governed by Texas Government Code ANN. § 2251.022 ("Time for Payment by Vendor"), as it may be amended.

We have read, understand and will comply with these requirements.

3.12 LOTTERY APPROVAL OF STAFFING

3.12.1 The Successful Proposer shall not employ or contract with or permit the employment of unfit or unqualified persons or persons not skilled in the tasks assigned to them. The Successful Proposer shall at all times employ sufficient labor to carry out functions and services in the manner and time prescribed by any Contract awarded pursuant to this RFP. "Unfit" is defined as any person convicted of a felony, criminal fraud, gambling or gambling-related offense or a person convicted of a misdemeanor involving moral turpitude whose sentence, parole, mandatory supervision or probation ended less than ten (10) years ago. The Successful Proposer shall be responsible to the Texas Lottery for the acts and omissions of the Successful Proposer's employees, agents (including, but not limited to, lobbyists) and Subcontractors and the Successful Proposer shall enforce strict discipline among the Successful Proposer's employees, agents (including, but not limited to, lobbyists) and Subcontractors performing the services under the Contract.

3.12.2 The Successful Proposer shall provide the Texas Lottery written notification and justification within three (3) Working Days of any personnel changes involving Proposer's personnel assigned to the Texas Lottery account.

3.12.3 Notwithstanding anything herein to the contrary, any person employed by the Successful Proposer shall, at the written request of the Texas Lottery, and within the Texas Lottery's sole discretion, be removed forthwith by the Successful Proposer from work relating to the Contract.

We have read, understand and will comply with these requirements.

3.13 BACKGROUND INVESTIGATIONS

3.13.1 The Texas Lottery Commission may initiate investigations into the backgrounds of (a) the Successful Proposer; (b) any of the Successful Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Texas Government Code ANN. § 466.155, (collectively, Successful Proposer Principals); (c) any of the Successful Proposer's employees; (d) any of the Successful Proposer's Subcontractors, or Subcontractors' officers, directors, investors, owners, partners, principals or employees (collectively, Subcontractor Personnel); or (e) any other associates of the Successful Proposer it deems appropriate. The Texas Lottery Commission may also request background information for a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Successful Proposer, any Successful Proposer Principals, or Successful Proposer employees described above. Such background investigations may include fingerprint identification by

the Texas Department of Public Safety, the Federal Bureau of Investigation, and any other law enforcement agency. The Texas Lottery may terminate any Contract resulting from this RFP based solely upon the results of these background investigations.

3.13.2 The Successful Proposer agrees that, during the term of the Contract and any renewal thereof, it shall be obligated to provide such information about any Successful Proposer Principals, Successful Proposer employees, and Subcontractor Personnel as the Texas Lottery may prescribe. The Successful Proposer also agrees that the Texas Lottery may conduct background investigations of such persons.

3.13.3 Upon notification by the Texas Lottery to the Successful Proposer that the Texas Lottery objects to an employee based on a background investigation, the Successful Proposer shall prevent that employee from working on the Texas Lottery account and shall deny that employee access to the Texas Lottery systems.

We have read, understand and will comply with these requirements.

3.14 COMPLIANCE

The Successful Proposer agrees to comply with all applicable laws, rules and regulations, including without limitation those involving non-discrimination on the basis of race, color, religion, national origin, age, sex and disability.

We have read, understand and will comply with these requirements.

3.15 TERM OF CONTRACT

3.15.1 Any Contract resulting from this RFP will commence on the Contract execution date and continue through August 31, 2016 subject to the termination provisions in this RFP and subject to the Texas Lottery being continued and funded by the Texas Legislature.

3.15.2 The Texas Lottery reserves the right to extend any Contract resulting from this RFP, at its sole discretion, for up to two (2) additional two-year periods, at the Contract rate or rates as modified during the term of the Contract.

3.15.3 At the end of the initial term or any renewal period, the Texas Lottery reserves the right to extend any Contract resulting from this RFP, at its sole discretion, for up to three (3) additional months, in one month intervals, at the Contract rate or rates as modified during the term of this Contract.

3.15.4 At the end of the Contract term, or upon earlier termination under any provision of this Contract, the Successful Proposer shall, in good faith and with reasonable cooperation, aid in the transition to any new arrangement and provider, if requested by the Texas Lottery.

We have read, understand and will comply with these requirements.

3.16 TERMINATION AT WILL

The Texas Lottery, in its sole discretion, may terminate, in whole or in part, any Contract resulting from this RFP at will and without cause upon no less than thirty (30) Days' advance written notice. The Texas Lottery also may terminate any Contract immediately with written notice if the Executive Director, in his or her sole judgment, believes that the integrity or security of the Texas Lottery is in jeopardy and it is in the best interest of the Texas Lottery to do so. The Texas Lottery's right to terminate for convenience any Contract resulting from this RFP is cumulative of all rights and remedies which exist now or in the future.

We have read, understand and will comply with these requirements.

3.17 TERMINATION FOR CAUSE

The Texas Lottery reserves the right to terminate, in whole or in part, any Contract resulting from this RFP upon no less than five (5) Days' notice upon the following conditions:

(a) A receiver, conservator, liquidator or trustee of the Successful Proposer, or of any of its property, is appointed by order or decree of any court or agency or supervisory authority having jurisdiction; or an order for relief is entered against the Successful Proposer under the Federal Bankruptcy Code; or the Successful Proposer is adjudicated bankrupt or insolvent; or any portion of the property of the Successful Proposer is sequestered by court order and such order remains in effect for more than thirty (30) Days after such party obtains knowledge thereof; or a petition is filed against the Successful Proposer under any state, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation, or receivership law of any jurisdiction, whether now or hereafter in effect, and such petition is not dismissed within thirty (30) Days, or

(b) The Successful Proposer files a case under the Federal Bankruptcy Code or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, receivership or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any case or petition against it under any such law, or

(c) The Successful Proposer makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee, or liquidator of the Successful Proposer or of all or any part of its property; or judgment for the payment of money in excess of $50,000.00 (which is not covered by insurance) is rendered by any court or governmental body against the Successful Proposer, and the Successful Proposer does not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within thirty (30) Days from the date of entry thereof, and within said 30-Day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefore as may be required under generally accepted accounting principles; or a writ or warrant of attachment or any similar process shall be issued by any court against all or any material portion of the property of the Successful Proposer, and such writ or warrant of attachment or any similar process is not released or bonded within thirty (30) Days after its entry, or

(d) A court of competent jurisdiction finds that the Successful Proposer has failed to adhere to any laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, or

(e) The Successful Proposer fails to communicate with the Texas Lottery as required by the Contract, or

(f) The Successful Proposer fails to remove any person from work relating to the Contract upon written notice from the Texas Lottery, or

(g) The Successful Proposer breaches the RFP's standard of confidentiality with respect to this RFP or the goods or services provided thereunder, or

(h) The Texas Lottery makes a written determination that the Successful Proposer has failed to substantially perform under the Contract and specifies the events resulting in the Texas Lottery's determination thereof, or

(i) The Successful Proposer fails to comply with any of the terms, conditions or provisions of the Contract, in any manner whatsoever, or

(j) The Successful Proposer engages in any conduct that results in a negative public impression including, but not limited to, creating even an appearance of impropriety with respect to the Texas Lottery, Texas Lottery games, the Successful Proposer, or the State of Texas.

We have read, understand and will comply with these requirements.

3.18 TERMINATION FOR IMPOSSIBILITY OF PERFORMANCE

The Texas Lottery reserves the right to terminate, in whole or in part, any Contract resulting from this RFP upon no less than five (5) Days' notice upon any of the following conditions:

(a) The failure of the Texas Legislature to appropriate funds to the Texas Lottery for any Contract resulting from this RFP.

(b) Any act or omission by the Texas Legislature which renders performance by the Texas Lottery impossible.

We have read, understand and will comply with these requirements.

3.19 TERMINATION WITHOUT PENALTY

Pursuant to Texas Government Code ANN. § 466.014(c), the Executive Director is permitted to terminate any Contract entered into as a result of this RFP, without penalty, if an investigation reveals that the Successful Proposer would not be eligible for a sales agent license under Texas Government Code ANN. § 466.155.

We have read, understand and will comply with these requirements.

3.20 NO LIABILITY UPON TERMINATION

If any Contract entered into as a result of this RFP is terminated for any reason, the Texas Lottery and the State of Texas shall not be liable to the Successful Proposer for any damages, losses, financial obligations, breach of contract, or any other claims or amounts arising from or related to any such termination. However, the Successful Proposer may be entitled to the remedies provided in Gov't Code, Chapter 2260.

We have read, understand and will comply with these requirements.

3.21 WARRANTIES

3.21.1 The Successful Proposer warrants and agrees that it is lawfully organized and constituted under all applicable national, international, state and local laws, ordinances and other authorities of its domicile and is otherwise in full compliance with all legal requirements of its domicile.

3.21.2 The Successful Proposer warrants and agrees that it has the legal authority and capacity to enter into and perform any Contract resulting from its

response to this RFP, and that it has the financial ability to perform its obligations under such Contract.

3.21.3 The Successful Proposer warrants and agrees that it has been duly authorized to operate and do business in all places where it will be required to do business under any Contract awarded pursuant to this RFP; that it has obtained or will obtain all necessary licenses and permits required in connection with such Contract; and that it will fully comply with all laws, decrees, labor standards and regulations of its domicile and wherever performance occurs during the term of such Contract.

3.21.4 The Successful Proposer warrants and agrees that it has no present interest and shall not acquire, or assign to any third party, any interest that would conflict in any manner with its duties and obligations under any Contract awarded pursuant to this RFP.

3.21.5 The Successful Proposer warrants and agrees that all goods and services it supplies in its performance under any Contract awarded pursuant to this RFP shall meet the performance standards required thereunder and shall be performed in a prompt, high quality, professional and competent manner using only qualified personnel.

3.21.6 The Successful Proposer warrants and agrees that it shall not take any action inconsistent with any of the terms, conditions, agreements, or covenants set forth in this RFP without the express written consent of the Texas Lottery.

3.21.7 The Successful Proposer warrants that it is eligible for a sales agent license under Texas Government Code ANN. § 466.155 (Chapter 466 is also known as the State Lottery Act).

3.21.8 The Successful Proposer warrants and agrees that it shall not sell, assign, lease, transfer, pledge, hypothecate, or otherwise dispose of any component of any goods or system proposed in response to the RFP or any interest therein, or permit any of it to become a fixture or accession to other goods or property.

All of the above warranties contained in this section 3.22 shall survive expiration or termination of the Contract.

We have read, understand and will comply with these requirements.

3.22 LICENSES AND PERMITS

The Successful Proposer shall obtain, maintain and pay for all licenses, permits and certificates including all professional licenses required by any statute, ordinance, rule or regulation. The Successful Proposer shall immediately notify

the Texas Lottery of any suspension, revocation or other detrimental action against its licenses, permits or certificates.

We have read, understand and will comply with these requirements.

3.23 SUCCESSFUL PROPOSER SITE VISITS

The Texas Lottery shall have the free and unrestricted right, acting by itself or through its authorized representatives, to enter the premises of the Successful Proposer and any Subcontractors, and to enter any other sites involved in providing goods and/or services under any Contract resulting from this RFP, to examine their operations and to inspect and copy the records of the Successful Proposer and/or Subcontractors pertaining to goods and services provided under any Contract resulting from this RFP. The Successful Proposer agrees that the Successful Proposer and its Subcontractors shall implement all reasonable quality control and security procedures requested by the Texas Lottery or representatives as designated by the Texas Lottery. The Texas Lottery will use reasonable efforts not to disrupt the normal business operations of the Successful Proposer (or Subcontractor, as applicable) during site visits announced or unannounced.

We have read, understand and will comply with these requirements.

3.24 INTELLECTUAL PROPERTY RIGHTS

3.24.1 Ownership. As between the Successful Proposer and the Texas Lottery, the Works and Intellectual Property Rights in the Works are and shall be owned exclusively by the Texas Lottery, and not the Successful Proposer. The Successful Proposer specifically agrees that all Works shall be considered "works made for hire" and that the Works shall, upon creation, be owned exclusively by the Texas Lottery. To the extent that the Works, under applicable law, may not be considered works made for hire, the Successful Proposer hereby agrees that the Contract resulting from this RFP transfers, grants, conveys, assigns, and relinquishes exclusively to the Texas Lottery all right, title and interest in and to the Works, and all Intellectual Property Rights in the Works, without the necessity of any further consideration, and the Texas Lottery shall be entitled to obtain and hold in its own name all Intellectual Property Rights in and to the Works, subject to any exceptions with respect to pre-existing or third party rights as set forth below.

3.24.2 Ownership of Prior Rights by the Texas Lottery. All property and tangible or intangible items, including the Intellectual Property Rights therein, that were created, developed or owned by the Texas Lottery prior to the issuance of this RFP or execution of any Contract resulting therefrom (e.g., copyrights,

trademarks, etc.) shall continue to be exclusively owned by the Texas Lottery, and the Successful Proposer shall have no ownership thereof, and no rights thereto, other than the limited, non-exclusive right to use such property or tangible and intangible items solely for the purposes set forth in this RFP or resulting Contract, if any, and only for the duration of such Contract.

3.24.3 Ownership of Prior Rights by the Successful Proposer. All property and tangible or intangible items, including the Intellectual Property Rights therein, that were created, developed or owned by the Successful Proposer prior to the issuance of this RFP shall continue to be exclusively owned by the Successful Proposer, and the Texas Lottery shall have no ownership thereof, and no rights thereto, other than the limited, non-exclusive right to use such property or tangible or intangible items solely for the purposes set forth in this RFP or resulting Contract, if any. All intellectual property relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those goods and/or services, that was created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such intellectual property is not considered "works" as defined above, shall be, and is, licensed to the Texas Lottery on a non-exclusive, perpetual, irrevocable, royalty-free, worldwide basis, to allow the Texas Lottery or its designees to provide, and continue to provide, the goods and services set forth herein or under the Contract, including after the expiration or termination of the Contract.

3.24.4 Further Actions. The Successful Proposer, upon request and without further consideration, shall perform any acts that may be deemed necessary or desirable by the Texas Lottery to evidence more fully the transfer of ownership of all Works to the Texas Lottery to the fullest extent possible, including but not limited to the execution, acknowledgement and delivery of such further documents in a form determined by the Texas Lottery. In the event the Texas Lottery shall be unable for any reason to obtain the Successful Proposer's signature on any document necessary for any purpose set forth in the foregoing sentence, the Successful Proposer hereby irrevocably designates and appoints the Texas Lottery and its duly authorized officers and agents as the Successful Proposer's agent and the Successful Proposer's attorney-in-fact to act for and in the Successful Proposer's behalf and stead to execute and file any such document and to do all other lawfully permitted acts to further any such purpose with the same force and effect as if executed and delivered by the Successful Proposer.

3.24.5 Waiver of Moral Rights. The Successful Proposer hereby irrevocably and forever waives, and agrees never to assert, any Moral Rights in or to the Works which the Successful Proposer may now have or which may accrue to the Successful Proposer's benefit under U.S. or foreign copyright laws and any and all other residual rights and benefits which arise under any other applicable law now in force or hereafter enacted. The term "Moral Rights" shall mean any and all rights of paternity or integrity of the Works and the right to object to any modification, translation or use of the Works, and any similar rights existing under the judicial or statutory law of any country in the world or under any treaty, regardless of whether or not such right is denominated or referred to as a moral right.

3.24.6 Confidentiality. All Works and all materials forwarded to the Successful Proposer by the Texas Lottery for use in and preparation of the Works, shall be deemed the confidential information of the Texas Lottery, and the Successful Proposer shall not use, disclose, or permit any person to use or obtain the Works, or any portion thereof, in any manner without the prior written approval of the Texas Lottery.

3.24.7 Injunctive Relief. The RFP and Contract are intended to protect the Texas Lottery's proprietary rights pertaining to the Works, and the Intellectual Property Rights therein, and any misuse of such rights would cause substantial and irreparable harm to the Texas Lottery's business. Therefore, the Successful Proposer acknowledges and stipulates that a court of competent jurisdiction should immediately enjoin any material breach of the intellectual property, licensing, and confidentiality provisions of the RFP or Contract, upon a request by the Texas Lottery, without requiring proof of irreparable injury as same should be presumed.

3.24.8 Return of Works. Upon the request of the Texas Lottery, but in any event upon expiration or termination of any Contract resulting from this RFP, the Successful Proposer shall surrender to the Texas Lottery all documents and things pertaining to the Works, including but not limited to drafts, memoranda, notes, records, drawings, manuals, computer software, reports, data, and all other documents or materials (and copies of same) generated or developed by the Successful Proposer or furnished by the Texas Lottery to the Successful Proposer, including all materials embodying the Works, any Texas Lottery confidential information, or Intellectual Property Rights, regardless of whether complete or incomplete. This section is intended to apply to all Works made or compiled by the Successful Proposer, as well as to all documents and things furnished to the Successful Proposer by the Texas Lottery or by anyone else that pertains to the Works.

3.24.9 Successful Proposer's Name or Logo. The Successful Proposer shall not affix its company name, label, logo, or any other similar identifying information to or on any products, equipment or any other goods provided under any Contract resulting from this RFP.

We have read, understand and will comply with these requirements.

3.25 PRE-EXISTING AND THIRD PARTY RIGHTS

3.25.1 To the extent that any pre-existing rights and/or third party rights or limitations are embodied, reserved or reflected in the Works, the Successful Proposer shall either (a) grant to the Texas Lottery the irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license to (i) use, execute, reproduce, display, perform, distribute copies of, and prepare derivative works based upon such pre-existing rights and any derivative works thereof and (ii) authorize others to do any or all of the foregoing, or (b) where the obtaining of worldwide rights is not reasonably practical or feasible, provide written notice to the Texas Lottery of such pre-existing or third party rights or limitations, request the Texas Lottery's approval of such pre-existing or third party rights, obtain a limited right and license to use such pre-existing or third party rights on such terms as may be reasonably negotiated, and obtain the Texas Lottery's written approval of such pre-existing or third party rights and the limited use of same. The Successful Proposer shall provide the Texas Lottery with documentation indicating a third party's written approval for the Successful Proposer to use any pre-existing or third party rights that may be embodied, reserved or reflected in the Works. The Successful Proposer shall indemnify, defend and hold the Texas Lottery harmless from and against any and all claims, demands, regulatory proceedings and/or causes of action, and all losses, damages, and costs (including attorneys' fees and settlement costs) arising from or relating to, directly or indirectly, any claim or assertion by any third party that the Works infringe any third party rights. The foregoing indemnity obligation shall not apply to instances in which the Texas Lottery either (y) exceeded the scope of the limited license that was previously obtained by the Successful Proposer and agreed to by the Texas Lottery, or (z) obtained information or materials, independent of the Successful Proposer's involvement or creation, and provided such information or materials to the Successful Proposer for inclusion in the Works, and such information or materials were included by the Successful Proposer, in an unaltered and unmodified fashion, in the Works.

3.25.2 The Successful Proposer agrees that it shall have and maintain, during performance of any Contract arising from this RFP, written agreements with all employees, Subcontractors, or agents engaged by the Successful Proposer in performance hereunder, granting the Successful Proposer rights sufficient to

support all performance and grants of rights by the Successful Proposer. Copies of such agreements shall be provided to the Texas Lottery promptly upon request.

We have read, understand and will comply with these requirements.

3.26 REMEDIATION

If the Works or the Intellectual Property Rights therein become the subject of a lawsuit or claim of infringement, or the Successful Proposer becomes aware that such items are likely to become the subject of a lawsuit or claim of infringement, the Successful Proposer shall exercise one (1) of the following two (2) options in order to provide the Texas Lottery with continued and uninterrupted use of the Works and Intellectual Property Rights therein: (a) obtain for the Texas Lottery the right to continue the use of the alleged infringing Works at no additional cost to the Texas Lottery, or (b) obtain alternative, substitute or new Works for the allegedly infringing Works, which are of equivalent or superior quality to the allegedly infringing Works, at no additional cost to the Texas Lottery, and subject to the acceptance of the Texas Lottery in its sole discretion.

We have read, understand and will comply with these requirements.

3.27 INTELLECTUAL PROPERTY SEARCH

The Successful Proposer, at its expense, shall conduct all appropriate intellectual property searches (e.g., full copyright, trademark or service mark or patent searches) for all proposed Works, to ensure that the proposed Works are protectable by the Texas Lottery and do not infringe the Intellectual Property Rights of any third person or entity. The Successful Proposer holds the Texas Lottery harmless from the infringement of such Works, as set forth above. The Texas Lottery retains the right and option to obtain or secure registration of the Works in its own name, and on its own behalf, without the substantive involvement of the Successful Proposer. The Texas Lottery will withhold indemnified losses from payments to the Successful Proposer, or, if no payments are made, the Texas Lottery will make demand of payment of indemnified losses. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand.

We have read, understand and will comply with these requirements.

3.28 PERSONALITY RIGHTS

The Successful Proposer hereby warrants and represents to the Texas Lottery that individuals or characters appearing or depicted in any advertisement have provided their written consent for the use of their persona or personality rights, including name, biographical information, picture, portrait, likeness, performance, voice and/or identity ("Personality Rights"), and have been compensated for such Personality Rights, if appropriate. If such permission has been obtained for a limited time, the Successful Proposer shall be responsible for any costs associated with claims resulting from the use of the Personality Rights after the expiration of those time limits. The Successful Proposer agrees to hold the Texas Lottery harmless from any claims, including, without limitation, claims for invasion of privacy, infringement of the right of publicity, libel, unfair competition, false advertising, intentional or negligent infliction of emotional distress, copyright or trademark infringement, and/or claims for attorney's fees, resulting from use of the Personality Rights.

We have read, understand and will comply with these requirements.

3.29 ACCOUNTING RECORDS

The Successful Proposer and its Subcontractors are required to maintain their books, records, information and other materials pertaining to any Contract awarded pursuant to this RFP in accordance with generally accepted accounting principles. These records shall be available to the Texas Lottery, its internal auditor or external auditors (and other designees) and the Texas State Auditor at all times during the Contract period and for a period of four (4) full years after (i) the expiration date of any Contract awarded pursuant to this RFP, or (ii) final payment under any Contract awarded pursuant to this RFP, whichever is later.

We have read, understand and will comply with these requirements.

3.30 RIGHT TO AUDIT

The Successful Proposer understands that acceptance of state funds under this Contract acts as acceptance of the authority of the State Auditor's Office, or its designee, to conduct an audit, other assurance services or investigation in connection with those funds. The Successful Proposer further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit, other assurance services or investigation, including providing all records requested. The Successful Proposer shall ensure that this provision concerning the State Auditor's Office's authority to audit state funds and the requirement to cooperate

fully with the State Auditor's Office is included in any subcontracts it awards. Additionally, the State Auditor's Office shall at any time have access to and the rights to examine, audit, excerpt, and transcribe any pertinent books, documents, working papers, and records of the Successful Proposer relating to this Contract.

We have read, understand and will comply with these requirements.

3.31 INDEMNIFICATION

3.31.1 The Successful Proposer shall indemnify, defend and hold the Texas Lottery, its commission members, the State of Texas, and its agents, attorneys, employees, representatives and assigns (the "Indemnified Parties") harmless from and against any and all claims, demands, causes of action, liabilities, lawsuits, losses, damages, costs, expenses or attorneys' fees (collectively, "Claim"), and including any liability of any nature or kind arising out of a Claim for or on account of the Works, or other goods, services or deliverables provided as the result of any Contract resulting from this RFP, which may be incurred, suffered, or required in whole or in part by an actual or alleged act or omission of the Successful Proposer, or a Subcontractor of the Successful Proposer, or any person directly or indirectly employed by the Successful Proposer or a Subcontractor of the Successful Proposer, whether the Claim is based on negligence, strict liability, intellectual property infringement or any other culpable conduct, whether frivolous or not. The foregoing indemnity obligations of the Successful Proposer shall not apply to Claims arising out of or related to the exceptions (y) and (z) set forth in Section 3.25.1 above.

3.31.2 The Successful Proposer's liability shall extend to and include all reasonable costs, expenses and attorneys' fees incurred or sustained by the Indemnified Parties in: (a) making any investigation and in prosecuting or defending any Claim arising out of or in connection with the Works, or other goods, services or deliverables provided under any Contract resulting from this RFP (including but not limited to any claim that all or any portion of the Works infringes the patent, copyright, trade secret, trademark, confidential information, or other Intellectual Property Rights of any third party); (b) obtaining or seeking to obtain a release therefrom; or (c) enforcing any of the provisions contained in this RFP or the Contract. The Texas Lottery will withhold all indemnification costs and related expenses and fees (incurred or sustained by the Indemnified Parties) from payments to the Successful Proposer under any Contract resulting from this RFP, or if no contract payments are to be made, the Texas Lottery will make demand of payment from the Successful Proposer or seek recovery against the Successful Proposer's Performance Bond. The Indemnified Parties, upon giving notice to the Successful Proposer, shall have the right in good faith to pay, settle or compromise, or litigate any Claim under the belief that the Claim

is well founded, whether it is or not, without the consent or approval of the Successful Proposer. The Texas Lottery has sole discretion as to the choice and selection of any attorney who may represent the Texas Lottery. To the extent that the Successful Proposer makes any payments to or on behalf of the Indemnified Parties under the Contract, and to the extent permissible by law, the Successful Proposer shall be fully subrogated to all rights and claims of the Indemnified Parties in connection therewith. In any event, the Indemnified Parties shall provide reasonable notice to the Successful Proposer of any Claim known to the Indemnified Parties to arise out of the Contract.

We have read, understand and will comply with these requirements.

3.32 BONDS AND INSURANCE

All required bonds and insurance must be issued by companies or financial institutions which are financially rated Excellent or better as rated by A.M. Best Company and duly licensed, admitted, and authorized to do business in the State of Texas. The Texas Lottery shall be named as the obligee in each required bond. Each insurance policy, except those for crime, workers' compensation, employer's liability and professional liability, must name the Texas Lottery (and its officers, agents and employees) as an additional insured on the original policy and all renewals or replacements. Insurance coverage must include a waiver of subrogation in favor of the Texas Lottery, its officers, and employees for bodily injury (including death), property damage or any other loss. The insurance shall be evidenced by delivery to the Texas Lottery of certificates of insurance executed by the insurer or its authorized agency stating coverage, limits, expiration dates, and compliance with all applicable required provisions. Upon request, the Texas Lottery shall be entitled to receive, without expense, certified copies of the policies and all endorsements. Except as otherwise expressly provided herein, required coverage must remain in full force and effect throughout the term of the Contract and any extensions thereof, and provide adequate coverage for incidents discovered after termination of the Contract. Insurance coverage shall not be canceled, non-renewed or materially changed except after thirty (30) Days' notice by certified mail to the Texas Lottery. The Successful Proposer must submit original certificates of insurance for each required insurance contract, and any renewals thereof, within fifteen (15) Days after contract execution. Renewal certificates shall be submitted prior to or within fifteen (15) Days after expiration of the existing policy. Proposers must submit required bonds when and as provided in sections of this RFP outlining bond requirements.

We have read, understand and will comply with these requirements, but we must clarify our ability to comply.

This section requires possible submission of copies of our insurance policies. The policies under which TracyLocke is covered are group policies that cover multiple companies within Omnicom and which contain proprietary and confidential information not relevant to TracyLocke or to the Texas Lottery Commission. We will provide certificates of insurance, evidencing coverage, as required, but copies of policies will not be furnished. If required, the policies will be made available for physical inspection.

3.33 SELF INSURANCE

The Successful Proposer may not elect to provide entirely or in part for the insurance/bond protections described in this RFP through self-insurance. A deductible provision contained in an insurance policy that meets the requirements of this RFP is not considered as self-insurance unless the deductible amount exceeds five percent (5%) of the face amount of the insurance policy.

We have read, understand and will comply with these requirements.

3.34 PERFORMANCE BOND

3.34.1 The Successful Proposer shall provide an original performance bond (as shown in Attachment F attached hereto and incorporated for all purposes) in the amount of one million six hundred twenty five thousand dollars ($1,625,000) within fifteen (15) Days of execution of the Contract. Failure to have and keep a bond in place shall constitute a breach of any Contract entered into as a result of this RFP.

3.34.2 The bond must be maintained in full force and effect for the initial term and any renewal term of the Contract. The bond shall be forfeited to the Texas Lottery if the Successful Proposer fails to perform as required by the Contract, pay sanctions or liquidated damages, or indemnify the Texas Lottery.

We have read, understand and will comply with these requirements.

3.35 GENERAL LIABILITY INSURANCE

The Successful Proposer must maintain general liability insurance coverage with limits of not less than one million dollars ($1,000,000) per occurrence, two million dollars ($2,000,000) general aggregate, two million dollars ($2,000,000) products/completed operations aggregate, five hundred thousand dollars ($500,000) personal and advertising injury and fifty thousand dollars ($50,000) fire damage.

Professional Liability coverage must be included or provided through a separate policy as described in Section 3.38.

We have read, understand and will comply with these requirements.

3.36 WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE

The Successful Proposer must maintain Workers' Compensation insurance coverage in accordance with statutory limits, and Employers Liability insurance coverage with minimum limits for bodily injury:

(a) by accident, $100,000 per each accident; and

(b) by disease, $100,000 per employee with a per policy aggregate of $500,000.

Coverage must include a waiver of subrogation in favor of the Texas Lottery Commission, its officers and employees.

We have read, understand and will comply with these requirements.

3.37 PROFESSIONAL LIABILITY (ERRORS AND OMISSIONS) INSURANCE

The Successful Proposer must maintain professional liability (including errors and omissions) insurance coverage for the rendering of, or failure to render, professional services with minimum limits of one million dollars ($1,000,000) per occurrence, to be in full force and effect during the term of the Contract, including any extension thereof and one year thereafter. Coverage must indemnify the Texas Lottery for direct loss due to errors and omissions caused by the Successful Proposer, its officers, employees, agents, or Subcontractors of the Successful Proposer regardless of negligence.

We have read, understand and will comply with these requirements.

3.38 PROPERTY INSURANCE

The Successful Proposer must maintain insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the Successful Proposer's operations in an amount equal to or greater than the actual replacement cost thereof. Coverage must include an All Risk Property Floater to insure personal property including contents, equipment, and mobile items against fire, theft, collision, flood, etc. The Texas Lottery will not be

responsible for insuring any equipment or facilities included in or associated with the Successful Proposer's operations.

We have read, understand and will comply with these requirements.

3.39 CRIME INSURANCE

The Successful Proposer must maintain crime insurance with a limit of not less than one million dollars ($1,000,000) protecting the Texas Lottery against losses resulting from fraudulent or dishonest acts by the Successful Proposer, a subcontractor of the Successful Proposer, or any officer, director, employee or agent of either.

We have read, understand and will comply with these requirements.

3.40 DISCLOSURE OF LITIGATION

The Proposer must include in its Proposal a complete disclosure of any material civil or criminal litigation or indictment either threatened or pending involving the Proposer. "Threatened litigation" as used herein shall include governmental investigations and civil investigative demands. "Litigation" as used herein shall include administrative enforcement actions brought by governmental agencies. The Proposer must also disclose any material litigation threatened or pending involving Subcontractors, consultants, and/or lobbyists. For purposes of this section, "material" refers to, but is not limited to, any action or pending action that a reasonable person knowledgeable in the gaming industry would consider relevant to any gaming operation or any development such a person would want to be aware of in order to stay fully apprised of the total mix of information relevant to the gaming industry and its operations, together with any litigation threatened or pending that may result in a substantial change in the Proposer's financial condition, as described in Section 4.6. This is a continuing disclosure requirement, any litigation commencing after submission of a Proposal (and for the Successful Proposer, after Contract Award) must be disclosed in a written statement to the Texas Lottery's General Counsel within fifteen (15) Days of its occurrence. The Successful Proposer shall be required to file with the Texas Lottery comprehensive monthly reports regarding all threatened or pending litigation involving the Successful Proposer's Texas operations and all threatened or pending litigation that may be considered material to the overall operations of the Successful Proposer.

We have read, understand and will comply with these requirements.

3.41 CHANGES IN OWNERSHIP

During the term of any Contract resulting from this RFP or any extension or renewal thereof, the Successful Proposer shall notify the Texas Lottery in writing of any substantial change in the ownership or control of the Successful Proposer as soon as possible, but no later than fifteen (15) Days after its occurrence.

We have read, understand and will comply with these requirements.

3.42 FORCE MAJEURE / DELAY OF PERFORMANCE

3.42.1 Except as otherwise provided, neither the Successful Proposer nor the Texas Lottery shall be liable to the other for any delay in, or failure of performance of, any covenant contained herein caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance in the exercise of reasonable diligence until after the causes of delay or failure have been removed. For purposes of this RFP and any Contract resulting therefrom, "force majeure" is defined as "an act of God or any other cause of like kind not reasonably within a party's control and which, by the exercise of due diligence of such party, could not have been prevented or is unable to be overcome." The Successful Proposer must inform the Texas Lottery in writing within three (3) Days of the existence of any such force majeure or otherwise waives this right as a defense.

3.42.2 The Successful Proposer shall immediately upon discovery notify the Executive Director in writing of any delays in performance regardless of responsibility, fault or negligence. If the Successful Proposer contends that the delay is the responsibility, fault or negligence of Texas Lottery staff, the Successful Proposer must provide written notice within three (3) Days of the discovery, and to the extent possible, identify the event or individual responsible so that the Executive Director may take appropriate action to remedy the situation. Failure to provide such notice to the Executive Director as required in this Section 3.43 shall constitute a waiver of the Successful Proposer's right to assert the Texas Lottery's action/inaction as a defense.

We have read, understand and will comply with these requirements.

3.43 TAXES, FEES AND ASSESSMENTS

3.43.1 The Texas Lottery shall have no responsibility whatsoever for the payment of any federal, state or local taxes which become payable by the Successful

Proposer or its Subcontractors, or their agents, officers or employees. The Successful Proposer shall pay and discharge when due all such taxes, license fees, levies, and other obligations or charges of every nature.

3.43.2 The Successful Proposer shall be responsible for payment of all taxes attributable to any Contract awarded pursuant to this RFP and any and all such taxes shall be identified under the Successful Proposer's federal tax identification number. The Successful Proposer shall pay all federal, state and local taxes of any kind, including without limitation income, franchise, ad valorem personal property, sales, use, lease, payroll, consumption, distribution and storage taxes, for the goods, services and systems relating thereto provided by the Successful Proposer, whether or not such taxes are in effect as of the date the Contract resulting from this RFP is signed or scheduled to go into effect, or become effective during the initial term and any and all renewal terms, if any.

We have read, understand and will comply with these requirements.

3.44 NEWS RELEASES

The Successful Proposer shall not issue any news releases or publish information to the public pertaining to this procurement process or the performance of any Contract awarded by the Texas Lottery without prior written approval of the Texas Lottery. For any required disclosure or any public release of information of any kind, including a non-required disclosure, that is under a deadline imposed by any statutory or regulatory authority, the Successful Proposer shall seek approval from the Texas Lottery no less than two (2) Working Days prior to the deadline for the release of the information. In any case in which a deadline for the release of information exists, approval of the release by the Texas Lottery shall neither be construed as an endorsement of the release, as assent to the content of the release, as an indication of the accuracy of the information in the release, nor as any admission of any kind regarding any subject covered in the release.

We have read, understand and will comply with these requirements.

3.45 ADVERTISING

The Successful Proposer agrees not to use the Texas Lottery's name, logos, images, nor any data or results arising from this procurement process or Contract awarded pursuant to this RFP as a part of any commercial advertising, or to promote the Successful Proposer in another jurisdiction's procurement process, without prior written approval by the Texas Lottery.

We have read, understand and will comply with these requirements.

3.46 HIRING OF TEXAS LOTTERY PERSONNEL

3.46.1 At all times following issuance of this RFP and ending with either the award of a Contract or the rejection of all Proposals, prospective Proposers are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Texas Lottery employee involved in the evaluation of Proposals, the Contract Award, or contract negotiations. A prospective Proposer making such an offer or proposition may be disqualified from further consideration.

3.46.2 At all times following the issuance of this RFP and ending with either the award of a Contract or the rejection of all Proposals, Proposers shall not engage the services of any State of Texas employee while such person remains employed by the State without the written consent of the Texas Lottery. During the term of the Contract, the Successful Proposer shall not engage the services of any State of Texas employee while such person remains employed by the State without the written consent of the Lottery.

We have read, understand and will comply with these requirements.

3.47 HIRING OF LOBBYIST, CONSULTANT AND/OR ADVISOR; SUPPLEMENTAL INFORMATION

The Proposer shall list the names, addresses and telephone numbers for all lobbyists, consultants, and/or advisors who will perform services related to the Proposer's operations or interests in the State of Texas, pursuant to previously executed contracts, or during the three (3) years prior to the issuance of the RFP, who have performed services related to the Proposer's operations or interests in the State of Texas for the Proposer or any Subcontractors of the Proposer. The Proposer shall immediately notify the Texas Lottery in the event of change of lobbyist, consultant, or advisor information.

We have read, understand and will comply with these requirements.

3.48 NOTICES

The Proposer shall indicate in its Proposal the name and address of the person to whom any notices shall be given. Notices to the Texas Lottery shall be made by personal delivery or by certified (or registered) mail return receipt requested to the Texas Lottery at the address below unless the Proposer is notified in writing by the Texas Lottery of any change:

Texas Lottery Commission
Attention: Contracts Administration
P.O. Box 16630
Austin, Texas 78761-6630
Fax (512) 344-5058
Contracts@lottery.state.tx.us

We have read, understand and will comply with these requirements.

3.49 NON-DISCLOSURE

The Successful Proposer shall maintain as confidential, and shall not disclose to third parties without the Texas Lottery's prior written consent, any Texas Lottery information including but not limited to the Texas Lottery's business activities, practices, systems, conditions, products, services, public information and education plans and related materials, and game and marketing plans.

We have read, understand and will comply with these requirements.

3.50 USUFRUCT

If, for any reason other than breach of contract by the Texas Lottery, the Successful Proposer should lose its ability to service a Contract resulting from this RFP, the Texas Lottery shall acquire a usufruct in all contractual items owned by the Successful Proposer in conjunction with the Contract and which are necessary to provide such services. Said usufruct shall be limited to the right of the Texas Lottery to possess and make use of such contractual items solely for the use and benefit of the Texas Lottery in operating, maintaining, altering, replacing and improving the programs and systems being used by the Texas Lottery under the Contract. Such usufruct shall be limited in time to the duration of the Contract and any extension thereof, and in scope for programs, systems, and other items being used by the Texas Lottery under the Contract.

We have read, understand and will comply with these requirements.

3.51 TICKET PURCHASE

3.51.1 In accordance with Texas Government Code ANN. § 466.254 (Purchase of Ticket by or Payment of Prize to Certain Persons), no member, officer or employee of the Successful Proposer directly involved in selling or leasing the goods or performing the services that are subject of the Contract shall purchase a Texas Lottery ticket or be paid a prize in any Texas Lottery game. No spouse, child, brother, sister, or parent of such member, officer or employee who resides in the household of such member, officer or employee (collectively, "Family Members"), shall purchase a Texas Lottery ticket or be paid a prize in any Texas Lottery game. The Successful Proposer shall ensure that these statutory prohibitions are made known to each member, officer and employee of the Successful Proposer, prior to that person becoming involved in selling or leasing the goods or performing the services that are the subject of the Contract. The Successful Proposer shall require its members, officers and employees to make the statutory prohibition known to Family Members. The Successful Proposer shall promptly notify the Texas Lottery of any violation of Texas Government Code ANN. § 466.254.

3.51.2 TLC considers "directly involved" to mean, by way of illustration only, responsible for and/or actively participating in (1) Contract negotiations (including Contract signatories); (2) Contract administration (e.g., regular or direct contact with TLC staff); or (3) Contract performance (including assigned project/team leaders and members and anyone else who oversees or performs the work or provides the services). Again, by way of illustration, support staff (such as clerical, accounting or delivery employees) are not considered to be "directly involved" unless they also serve in the roles listed above for "directly involved" employees.

We have read, understand and will comply with these requirements.

3.52 LIQUIDATED DAMAGES

3.52.1 General. It is agreed by the Texas Lottery and the Successful Proposer that:

(1) If the Successful Proposer does not provide or perform the requirements referred to or listed in this RFP or fulfill the obligations of the Contract, damage to the Texas Lottery will result;

(2) establishing the precise measure of damages in the event of default by the Successful Proposer may be (i) costly, (ii) time consuming, or (iii) difficult or impossible to calculate;

(3) the liquidated damage assessments contained herein represent a good faith effort to quantify the damages that could reasonably be anticipated at the time of

execution of the Contract;

(4) the damages set forth herein are just and reasonable;

(5) nothing contained in this section shall be construed as relieving the Successful Proposer from performing all Contract requirements whether or not said requirements are set forth herein; and

(6) the Texas Lottery may, therefore, in its sole discretion, deduct damages from the compensation otherwise due to the Successful Proposer. All assessments of damages shall be within the sole discretion of the Texas Lottery.

3.52.2 Liquidated Damages Assessment. Once the Texas Lottery has determined that liquidated damages are to be assessed, the Executive Director or Executive Director's designee shall notify the Successful Proposer of the assessment(s). Failure to notify does not impact the Texas Lottery's assessment of damage and is not a condition precedent thereto. The Texas Lottery will withhold liquidated damages from payments to the Successful Proposer, or, if no payments have been made, the Texas Lottery will make demand of payment of liquidated damages. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand. In the event the Successful Proposer fails to pay within the thirty (30) day period, the Texas Lottery may then make a claim for payment against the performance bond, with or without notice to the Successful Proposer.

3.52.3 Failure to Assess Liquidated Damages. The failure of the Texas Lottery to assess liquidated damages in any instance where the Texas Lottery is entitled to liquidated damages pursuant to the terms of this RFP shall not constitute waiver in any fashion of the Texas Lottery's rights to assessment of liquidated damages.

3.52.4 Severability of Individual Liquidated Damages Clauses. If any portion of this liquidated damages provision is determined to be unenforceable, the other portions of this provision shall remain in full force and effect.

3.52.5 Failure to Meet Production Deadlines. The failure of the Successful Proposer to meet production deadlines and to adhere to fixed timelines for broadcast media air dates, campaigns, print ads, point-of-sale, or other events under the Contract may result in the assessment of liquidated damages in the amount of one thousand dollars ($1,000) for each Day of delay, or any part thereof.

We have read, understand and will comply with these requirements.

3.53 SANCTIONS AND REMEDIES SCHEDULE

3.53.1 General. Section 2261.101 of the Texas Government Code requires that all state contracts contain a remedies schedule, a graduated sanctions schedule, or both. Pursuant to that statutory provision, sanctions and remedies will apply for the incidents specified in this section. The sanctions and remedies will be referred to as "sanctions."

3.53.2 Assessment of Sanctions. Once the Texas Lottery has determined that sanctions are to be assessed, the Executive Director or Executive Director's designee may notify the Successful Proposer of the assessment(s). Failure to notify does not impact the Texas Lottery's assessment of sanctions and is not a condition precedent thereto. The Texas Lottery will withhold sanctions from payments to the Successful Proposer, or, if no payments are to be made, the Texas Lottery will make demand of payment of sanctions. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand. In the event the Successful Proposer fails to pay within the thirty (30) day period, the Texas Lottery may make a claim for payment against the performance bond, with or without notice to the Successful Proposer.

3.53.3 Failure to Assess Sanctions. The failure of the Texas Lottery to assess sanctions in any instance where the Texas Lottery is entitled to sanctions pursuant to the terms of this RFP shall not constitute waiver in any fashion of the Texas Lottery's rights to assess sanctions.

3.53.4 Severability of Individual Sanctions Clause. If any portion of this sanctions provision is determined to be unenforceable, the other portions of this provision shall remain in full force and effect.

3.53.5 Failure to Cooperate with and/or Produce Records or Information as part of Background Investigation. The failure of the Successful Proposer to cooperate with and/or produce records or information as part of a background investigation conducted pursuant to Section 4.6 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one hundred dollars ($100) per Day for each Day the records/information are not produced or answers are not provided.

3.53.6 Failure to Disclose Litigation. The failure of the Successful Proposer to disclose litigation as required by Section 3.41 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.7 Failure to Obtain Prior Written Approval before Issuing News Release. The failure of the Successful Proposer to comply as required by Section 3.45 of this RFP regarding the issuance of news releases may result in the

Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.8 Purchase of Texas Lottery Tickets. The failure of the Successful Proposer to comply with the requirements of Section 3.52 of this RFP regarding the purchase of Texas Lottery tickets may result in the Successful Proposer being assessed sanctions in the amount of five thousand dollars ($5000) per incident.

3.53.9 Failure to Report Significant Incidents and Anomalies and/or to Comply with the RFP Code of Conduct Requirements. The failure of the Successful Proposer to report all significant incidents and anomalies to the Texas Lottery as required by Section 3.66 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per Day for each Day not reported. The failure of the Successful Proposer to comply with the code of conduct requirements in Section 3.64 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.10 Failure to Notify the Texas Lottery of a Change in Financial Condition or Change of Ownership. The failure of the Successful Proposer to notify the Texas Lottery of a change in financial condition or change of ownership or control as required by this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.11 Failure to Permit an Examination, Produce Requested Records/ Information or Reports, or Provide an Answer Timely. Notwithstanding anything herein to the contrary and except as otherwise provided above, the failure of the Successful Proposer to permit an examination, produce requested records/information or reports, or provide an answer timely, as required by this RFP, may result in the Successful Proposer being assessed sanctions in the amount of one hundred dollars ($100) per Day for each Day the examination is not permitted, the records/information or reports are not produced, or the answer is not provided.

3.53.12 Unauthorized Release of Media Materials. The unauthorized release of media materials for broadcast or publication without the Texas Lottery's prior written approval may result in the Successful Proposer being assessed sanctions in the amount of ten thousand dollars($10,000) per incident.

3.53.13 Unauthorized Disclosure. The failure of the Successful Proposer to comply with the nondisclosure requirement in Section 3.50 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of five thousand dollars ($5,000) for each unauthorized disclosure.

3.53.14 Failure to Provide Written Notification of Staffing Changes Timely. The failure of the Successful Proposer to provide written notification of staffing changes as required by Sections 6.4.2 and 3.13.2 may result in the Successful Proposer being assessed sanctions in the amount of one hundred dollars ($100) per Day for each Day the written notification is not received.

3.53.15 Failure to Provide Advertising and Media Plans Timely. The failure of the Successful Proposer to provide advertising and media plans as required by Section 7.3 may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1,000) per incident, plus five hundred dollars ($500) per Day for each Day after the due date until the plan(s) is provided by the Successful Proposer and accepted by the Texas Lottery.

3.53.16 Failure to Provide Reports Required under RFP Section 7.5 Timely. The failure of the Successful Proposer to provide reports as required by Section 7.5 may result in the Successful Proposer being assessed sanctions in the amount of five hundred dollars ($500) per incident, plus one hundred dollars ($100) per Day for each day after the due date until the report(s) is provided by the Successful Proposer and accepted by the Texas Lottery.

3.53.17 Missing/Incomplete Intellectual Property Search. The failure of the Successful Proposer to adequately conduct an intellectual property search as required by this RFP may result in the Successful Proposer being assessed sanctions in an amount equal to the cost of the Works (whether finished or in production stages) plus any additional expenses associated with expediting the production of replacement Works. The foregoing is in addition to and shall not supplant the other rights and remedies accorded to TLC, or the obligations of the Successful Proposer in the event of a Claim.

We have read, understand and will comply with these requirements.

3.54 DISPUTE RESOLUTION

The dispute resolution process provided for in Texas Government Code Chapter 2260 and 16 Texas Administrative Code Ch. 403 must be used by the Successful Proposer to attempt to resolve any disputes brought by the Successful Proposer arising under this Contract.

We have read, understand and will comply with these requirements.

3.55 CERTIFICATIONS

3.55.1 Pursuant to Texas Government Code ANN. § 466.103, the Executive Director may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code ANN. § 466.155. All Proposers must read and be familiar with Texas Government Code ANN. § 466.155, attached hereto as Attachment D. All Proposals shall include a completed Background Information Certification Form, attached hereto as Attachment D-1, which certifies that the Proposer has reviewed Texas Government Code ANN. § 466.155 and neither the Proposer nor any of the following persons would be denied a license as a sales agent pursuant to said section: (a) Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Texas Government Code ANN. § 466.155 (collectively, Proposer Principals); or (b) any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Proposer or any of the Proposer Principals.

We have read, understand and will comply with these requirements. As such, we have executed Attachment D-1 and included it on the following page.

ATTACHMENT D-1
BACKGROUND INFORMATION CERTIFICATION

Texas Government Code § 466.155

Pursuant to Texas Government Code §466.103, the Executive Director of the Texas Lottery Commission may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code §466.155.

TLP, Inc. dba TracyLocke

(Company Name)

certifies that it has reviewed Texas Government Code §466.155 and that it would not be denied a license as a sales agent pursuant to said section.

Stewart Campbell

(signature of person authorized to contractually bind the Proposer)

Stewart Campbell

(printed name)

C.D.O.

(title)

2.13.12

(date)

3.55.2 Under § 231.006 of the Texas Family Code, the Proposer certifies that the individual or business entity named in the Proposal or Contract is not ineligible to receive the specified grant, loan or payment and acknowledges that any Contract resulting from this RFP may be terminated and payment may be withheld if this certification is inaccurate. Furthermore, any Proposer subject to Section 231.006 must include names and social security numbers of each person with at least 25% ownership of the business entity submitting the Proposal. This information must be provided prior to Contract Award.

3.55.3 Under Section 2261.053 of the Texas Government Code, a state agency may not accept a bid or award a contract that includes proposed financial participation by a person who, during the five year period preceding the date of the bid or award, has been: (1) convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or (2) assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005. In submitting a Proposal under this RFP, the Proposer certifies as follows: "Under Section 2261.053 of the Texas Government Code, the contractor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate."

3.55.4 The Proposer certifies that: (a) the Proposer has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted Proposal; and (b) neither the Proposer nor the firm, corporation, partnership, or institution represented by the Proposer, nor anyone acting for such firm, corporation, partnership, or institution has violated the antitrust laws of the State of Texas (Tex. Bus. & Comm. Code Sec. 15.01, et seq.), or the antitrust laws of the United States (15 U.S.C.A. Section 1, et seq.), nor communicated directly or indirectly the submitted Proposal to any competitor or any other person engaged in such line of business.

3.55.5 The Proposer certifies that it is in compliance with Texas Government Code, Title 6, Subtitle B, Section 669.003 of the Government Code, relating to contracting with the executive head of a state agency. If Section 669.003 applies, the Proposer will complete the following information in order for the Proposal to be evaluated:

Name of Former Executive
Name of State Agency
Date of Separation from State Agency
Position with Proposer
Date of Employment with Proposer

3.55.6 By signing this Proposal, the Proposer certifies that if a Texas address is shown as the address of the Proposer, the Proposer qualifies as a Texas Resident Bidder as defined in Texas Administrative Code, Title 34, Part 1, Chapter 20.

3.55.7 The Texas Lottery is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective 9/24/2001 and any subsequent changes made to it via cross-referencing respondents/vendors with the Federal General Services Administration's Excluded Parties List System (EPLS, http://www.epls.gov), which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list.

3.55.8 Pursuant to Section 2155.004 of the Texas Government Code, the Proposer has not received compensation from the Texas Lottery for participating in the preparation of the specifications for this RFP and certifies as follows: "Under Section 2155.004, Government Code, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate."

We have read, understand and will comply with these requirements.

3.56 PREFERENCES

Any bidder or Proposer entitled to a preference(s) under Texas law shall claim the preference(s) in its Proposal.

We have read, understand and will comply with these requirements.

3.57 DECEPTIVE TRADE PRACTICES; UNFAIR BUSINESS PRACTICES

The Successful Proposer represents and warrants that it has not been the subject of allegations of Deceptive Trade Practices violations under Tex. Bus. & Com. Code, Chapter 17, or allegations of any unfair business practice in any administrative hearing or court suit and that the Successful Proposer has not

been found to be liable for such practices in such proceedings. The Successful Proposer certifies that it has no officers who have served as officers of other entities that have been the subject of allegations of Deceptive Trade Practices violations or allegations of any unfair business practices in an administrative hearing or court suit and that such officers have not been found to be liable for such practices in such proceedings.

We have read, understand and will comply with these requirements.

3.58 IMMIGRATION

The Successful Proposer represents and warrants that it shall comply with the requirements of the Immigration Reform and Control Act of 1986, the Immigration Act of 1990 and the Illegal Immigrant Reform and Immigrant Responsibility Act of 1996 regarding employment of any individual who will perform labor or services under any Contract entered into as a result of this RFP.

We have read, understand and will comply with these requirements.

3.59 ELECTRONIC AND INFORMATION RESOURCES ACCESSIBILITY STANDARDS, AS REQUIRED BY 1 TAC CHAPTER 213 (APPLICABLE TO STATE AGENCY AND INSTITUTIONS OF HIGHER EDUCATION PURCHASES ONLY).

3.59.1 Effective September 1, 2006 state agencies and institutions of higher education shall procure products which comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 TAC Chapter 213 when such products are available in the commercial marketplace or when such products are developed in response to a procurement solicitation.

3.59.2 The Successful Proposer shall provide DIR with the URL to its Voluntary Product Accessibility Template (VPAT) for reviewing compliance with the State of Texas Accessibility requirements (based on the federal standards established under Section 508 of the Rehabilitation Act), or indicate that the product/service accessibility information is available from the General Services Administration "Buy Accessible Wizard" (http://www.buyaccessible.gov). Proposers not listed with the "Buy Accessible Wizard" or supplying a URL to their VPAT must provide DIR with a report that addresses the same accessibility criteria in substantively the same format. Additional information regarding the "Buy Accessible Wizard" or obtaining a copy of the VPAT is located at http://www.section508.gov/.

We have read, understand and will comply with these requirements.

3.60 FALSE STATEMENTS; BREACH OF REPRESENTATIONS

By submitting a Proposal, the Proposer makes all the representations, warranties, guarantees, certifications and affirmations included in its Proposal. If a Proposer signed its Proposal with a false statement or is selected as the Apparent Successful Proposer and signs any Contract resulting from this RFP with a false statement, or it is subsequently determined that Proposer has violated any of the representations, warranties, guarantees, certifications or affirmations included in the RFP or resulting Contract, the Proposer shall be in default and if the determination is made before Contract Award, the Texas Lottery may reject the Proposal or if the determination is made after Contract Award, the Texas Lottery may terminate the Contract for cause and pursue all other remedies available to the Texas Lottery under the RFP, Contract and applicable law.

We have read, understand and will comply with these requirements.

3.61 LIMITATION ON AUTHORITY; NO OTHER OBLIGATIONS

The Successful Proposer shall have no authority to act for or on behalf of the Texas Lottery or the State of Texas except as expressly provided for in this RFP or any resulting Contract. The Successful Proposer may not incur any debts, obligations, expenses or liabilities of any kind on behalf of the State of Texas or the Texas Lottery.

We have read, understand and will comply with these requirements.

3.62 PROPOSER ASSIGNMENT

The Successful Proposer hereby assigns to the Texas Lottery any and all claims for overcharges associated with any Contract resulting from this RFP arising under the antitrust laws of the United States, 15 U.S.C.A. Section 1, et seq., and the antitrust laws of the State of Texas, Tex. Bus. & Comm. Code Sec. 15.01, et seq.

We have read, understand and will comply with these requirements.

3.63 CODE OF CONDUCT

The Texas Lottery is an extremely sensitive enterprise because its success depends on maintaining the public trust by protecting and ensuring the security of lottery products. The Texas Lottery incorporates the highest standards of security

and integrity in the management and sale of entertaining lottery products, and lottery vendors are held to the same standards. Therefore, it is essential that operation of the Texas Lottery, and the operation of other enterprises which would be linked to it in the public mind, avoid not only impropriety, but also the appearance of impropriety. Because of this, the Successful Proposer shall:

(a) Offer goods and services only of the highest quality and standards.

(b) Use its best efforts to prevent the industry from becoming embroiled in unfavorable publicity.

(c) Make presentations in a responsible manner and when it is felt necessary to point out the superiority of its goods or services over those of its competitors, do so in such a manner as to avoid unfavorable publicity for the industry.

(d) Avoid activities, operations, and practices that could be interpreted as improper and cause embarrassment to the Texas Lottery and/or to the industry.

(e) Report security problems or potential security problems with any services provided pursuant to this RFP immediately and only to the Texas Lottery.

(f) Otherwise comply with the State Lottery Act (Texas Gov't Code ANN. Ch. 466) and Texas Lottery rules, procedures and policies.

(g) Provide best practices related to security and integrity standards within the industry.

We have read, understand and will comply with these requirements.

3.64 CONTACT WITH TEXAS LOTTERY COMMISSION

3.64.1 Employees, Subcontractors and agents of all prospective Proposers and employees, Subcontractors and agents of the Successful Proposer may not offer or give a gift to a Texas Lottery employee. For purposes of this section, "gift" has the meaning as defined in Tex. Gov't Code ANN. § 467.001(4) and as may be subsequently changed or amended by acts of the Texas Legislature.

3.64.2 Employees, Subcontractors and agents of all prospective Proposers and employees, Subcontractors and agents of the Successful Proposer should not engage in nonprofessional socialization (socialization outside of a work context) with a Texas Lottery employee. There may be circumstances, however, in which nonprofessional socialization is acceptable, for example, because of family relationships, common acquaintances, or common outside activities. The restrictions on nonprofessional socialization are not meant to apply to unplanned, incidental social contact. In such circumstances, employees, Subcontractors and

agents of all prospective Proposers and employees, Subcontractors and agents of the Successful Proposer should not discuss Texas Lottery business.

3.64.3 Professional socialization at activities such as industry trade conferences and site visits is permitted.

We have read, understand and will comply with these requirements.

3.65 INCIDENTS AND ANOMALIES

3.65.1 The Successful Proposer shall report immediately all significant incidents and anomalies to the Texas Lottery, followed by a written report to be submitted within one workday of the incident or anomaly. At a minimum, incident and anomaly reporting shall include a description of the incident, its cause, and corrective action taken. For purposes of this section, "significant" incidents include, by way of illustration only, any occurrence that affects the Texas Lottery, lottery retailers, or players, and deviation from established procedures and those items where sanctions or liquidated damages are applicable.

We have read, understand and will comply with these requirements.

3.66 NON-EXCLUSIVE CONTRACT

The Texas Lottery intends to enter into a non-exclusive contract with the Successful Proposer to provide the services described in this RFP and expressly reserves the right to engage other vendor(s) to perform similar services and/or to conduct such services itself.

We have read, understand and will comply with these requirements.

We have read Section 3 in its entirety, understand fully and will comply with the terms and conditions of this contract (with the exceptions of the notes herein pertaining to Bonds and Insurance, Section 3.32.)

SECTION FOUR
REQUIRED INFORMATION

TEXAS LOTTERY PROPOSAL

4.1 EXPERIENCE OF PROPOSER

Each Proposer shall provide the following information relating to its experience:

4.1.1 Each Proposer should state why it believes it has the required experience to provide the goods and services required under this RFP. Proposers must demonstrate an understanding of Texas as a minority-majority state as well as the ability to effectively reach and speak to the general and ethnic markets.

In 1992, the State of Texas set out on a new journey – one that required the state to cross the intersection of governmental service and commerce. As such, there are certain, very high, expectations. Concepts such as fairness, impartiality, profitability, entertainment, responsibility, philanthropy, creativity and sales are all managed. The management of those concepts is complex but, with the right partners and the right talent, a whole lot of fun.

Throughout our response to this RFP, we will showcase our unique combination of experience that suits the Texas Lottery's needs and goals. We believe we have the people, history, know-how, attention to detail, audience knowledge and creativity to meet and exceed those goals.

No other agency has the right fit of experience that TracyLocke has when it comes to the Texas Lottery.

- **Our agency experience working with the Texas Lottery (9 years)**
- **Our staff experience working with the Texas Lottery (130 years)**
- **Our strong knowledge of Texas Lottery products and communication standards (40+ campaigns)**
- **Our national and international knowledge of the Lottery industry (our membership in industry associations)**
- **Our heritage in Texas (nearly 100 years)**
- **Our staff experience building advertising programs (1,000+ years)**
- **Our stable of current complimentary clients (PepsiCo brands, 7-Eleven and Starbucks, among others)**
- **Our understanding of specialty partner-agency expertise (know-how and chemistry)**

We also hope in this response you sense our passion for your business. This team has spent a total of 130 years working on your business; we feel like an extension of your team.

As you consider your options for the next turn in the road, think of our response as a road map of our past, present and future together. We have a past full of learning and successes; a present complete with an engaged, tenured team; and a future full of ideas on how to push thinking and build sales based on experience, knowledge and creativity.

Over the course of the 40+ campaigns, 4,000+ pounds of invoices, 1,000+ reports and countless conversations, we looked back on our experience of successes together and identified five critical principles to which we must adhere.

Our Principles for Success:

1) Responsible communications to all Texans.

2) Stay focused on generating sales.

3) Creative that connects with consumers across all media – from TV to digital to events and beyond.

4) Campaign ideas that connect across ethnicities.

5) Understand and carefully execute every last detail.

None of these principles are more important than the other. Rather, they are each critical for success. To support our experience and capabilities, we'll address them one-by-one.

1) RESPONSIBLE COMMUNICATIONS TO ALL TEXANS.

We are proud to say that we have never had an ad pulled due to lack of adherence to one of the Texas Lottery's sensitivities, and we have never received a fine for noncompliance. We have certainly brought creative that tested the bounds of "what's been done before," but our commitment to bringing you responsible communications is unwavering.

We have a principle belief that our goal is to reach all Texans; therefore we do not target our communications. We believe in striking a balance with all Texans, focusing on the fun and entertaining aspect of the Texas Lottery's products.

Practically speaking, this responsibility comes to life in each and every ad we create, as well as the media itself. A couple of recent examples:

Social media: Developed a social media strategy for the Texas Lottery with a strategic foundation set upon the idea of supporting the Texas Lottery in a responsible, brand-appropriate manner, which includes establishing governance for age restrictions to ensure no under-age access. This approach also created a platform to showcase beneficiary information and provide new communications methods for anti-gambling education, Amber Alerts and more.

Purchased media: Made adjustments to our media buying process to ensure appropriate delivery of communications across the state, resulting in a new and improved reporting of expenditures.

Responsibility also comes in the form of shared values. Our organizations are like-minded in our commitments to our customers, vendor partners and each other.

Integrity and Responsibility

We have the highest level of integrity and operate with a great sense of responsibility. We have helped the Texas Lottery deliver its products with integrity and responsibility as we have delivered ours with the same beliefs. We recognize the importance of our role in helping generate revenue for the State of Texas without unduly influencing players to participate in the games.

As you do, we value and require ethical behavior by our employees, subcontractors and vendor partners. As a sign of our commitment, our senior managers are required to participate in and have all benefited from Omnicom training on this subject.

Innovation

With the changing landscape of consumer needs, media and communication, we are very proactive when it comes to innovation. We have consistently delivered innovative ideas throughout our relationship with the Texas Lottery. Recent examples include creative solutions such as the Powerball® nontraditional concepts and digital campaign, to procedural innovation such as triple bidding key production jobs over multiple campaigns to achieve better pricing and higher vendor accountability.

Fiscal Accountability

We are careful stewards of the Texas Lottery's budgets. TracyLocke takes pride in providing the Texas Lottery with all the necessary billing procedures that help make the Texas Lottery's accounting team contractually compliant and, most of all, efficient. In FY 2011, we saved over $1 million in media negotiations alone. Executing these processes takes carefully planned systems and experience to complete. Should you decide to grant the contract to TracyLocke, your billing will continue into FY13 without any disruption.

Customer Responsiveness

Just as you are responsive to your customers, we are responsive to our customer: the staff of the Texas Lottery. We provide the highest-quality account management. Our staff has always been available around the clock and is ready and willing to meet not only the requirements of the contract, but all of the services necessary to help the Texas Lottery meet its objectives.

Teamwork

The successes on the Texas Lottery business have come from a high level of teamwork. We look forward to a new level of collaboration with our complete agency team: Sanders\Wingo, Asher Media and TracyLocke. We are a unique group of like-minded professionals. Mutual respect is the foundation of our working relationship.

Excellence

This year, *PROMO* magazine named TracyLocke "Agency of the Year." This is just one of many awards we receive annually from the advertising community acknowledging TracyLocke's commitment to excellence in ideas. But the idea is only as good as the execution. We are proud of our ability to execute top-notch productions, on time and on budget. The State Fair of Texas, an event that spans 24 days and can be as unpredictable as the weather, is a good example of our commitment to excellence. Since TracyLocke took over the management of the State Fair contract (2010 and 2011), we've seen an overall 12% sales increase.

2) STAY FOCUSED ON GENERATING SALES.

At TracyLocke, we believe in Creativity with Consequence™: Every idea must deliver results. We have proven this year after year in our work with the Texas Lottery. The sales records we have shared with the Texas Lottery are among our proudest achievements as an agency.

Some highlights over this 9-year period together include:

- **$35.75 billion in sales generated**
- **8 consecutive years of generating more than $1 billion in revenue**
- **Total sales have increased 28% since 2003**
- **$9 billion transferred to the Foundation School Fund since 2003**
- **In FY11, set new annual sales record of $3.811 billion (previous record in 2006, $3.775 billion)**
- **As of February 1, 2012, FY12 is pacing at a 3% increase above the record-breaking sales in FY11**
- **Negotiated more than $5 million in media added value in FY11**
- **Negotiated media savings in excess of $1 million in FY11**
- **Increased 2011 State Fair total sales by 12% from 2009 to 2011**
- **Increased 2011 State Fair daily sales by 9.2% YOY**
- **NASPL 2011 New Product Launch of the Year: Texas Lottery Black**

To provide additional analysis of ongoing campaigns, we recommend developing a digital portal where campaign performance is accessed by authorized users. In some cases, this "dashboard" tool will allow for real-time analysis by initiative – from media executions and social media conversations to events and remotes. In Section 8.1.4 (e), we will expand on this capability and recommendation.

Staying focused on generating sales also means staying focused on the nearly 17,000 retailers across the state. TracyLocke has consistently brought ideas to support this critical business channel.

- Nine annual plans, where we strive to go above and beyond the contractual requirements, which oftentimes includes ways to deliver new connections at retail
    - For FY12, we increased C-Store paid support by 80%, reaching approximately 1,000 locations and adding to the vast reach of locations supported through GTECH's efforts
    - In FY11, we added digital pump-top advertising, generating an additional 34.8 million impressions through this device alone
- During each campaign, we supported retailers with as many as 12 creative units. We have executed this support 50+ times for the Texas Lottery, including:
    - 25+ million print items produced
    - 555 print production jobs
    - In 2011 alone:
        - 35,000+ change mats
        - 12,000 pump toppers
        - 79,000 Playstation inserts
        - 72,000 mini-billboards
        - 36,000 shelf wobblers
        - 33,000+ bin toppers

Ultimately, these numbers illustrate the extensive experience we have in performing the very specific requirements under this contract. To add to our focus on this area, we will add a dedicated print coordinator to our production staff. We are committed to flawless execution in this area.

3) CREATIVE THAT CONNECTS WITH CONSUMERS ACROSS ALL MEDIA – FROM TV TO DIGITAL TO EVENTS AND BEYOND.

There are two parts to achieving connection with consumers: communicating in the right place at the right time and using communications that get noticed.

Communicating at the Right Place at the Right Time

The days of scheduled TV watching are waning. As we create campaigns, we must acknowledge our consumers' path to purchase and how they live their daily lives. From checking their mobile devices for a myriad of reasons to listening to the radio (analog or digital) while driving down the road, at TracyLocke, mapping this complex path to purchase is a core area of expertise.

- ***Hub Magazine*** **has placed TracyLocke among the top five shopper marketing agencies in the nation for the past four years**
- **Voted 2011 Agency of the Year by *PROMO* magazine**

An important component in the path to purchase is establishing a digital presence in campaigns. In January 2012, TracyLocke launched a new Texas Lottery digital campaign based on impactful uses of rich media and, though the full report has yet to be published, we are currently seeing outstanding results, breaking industry standards in click-through rate and speed of impression delivery.

Communicating to Get Noticed

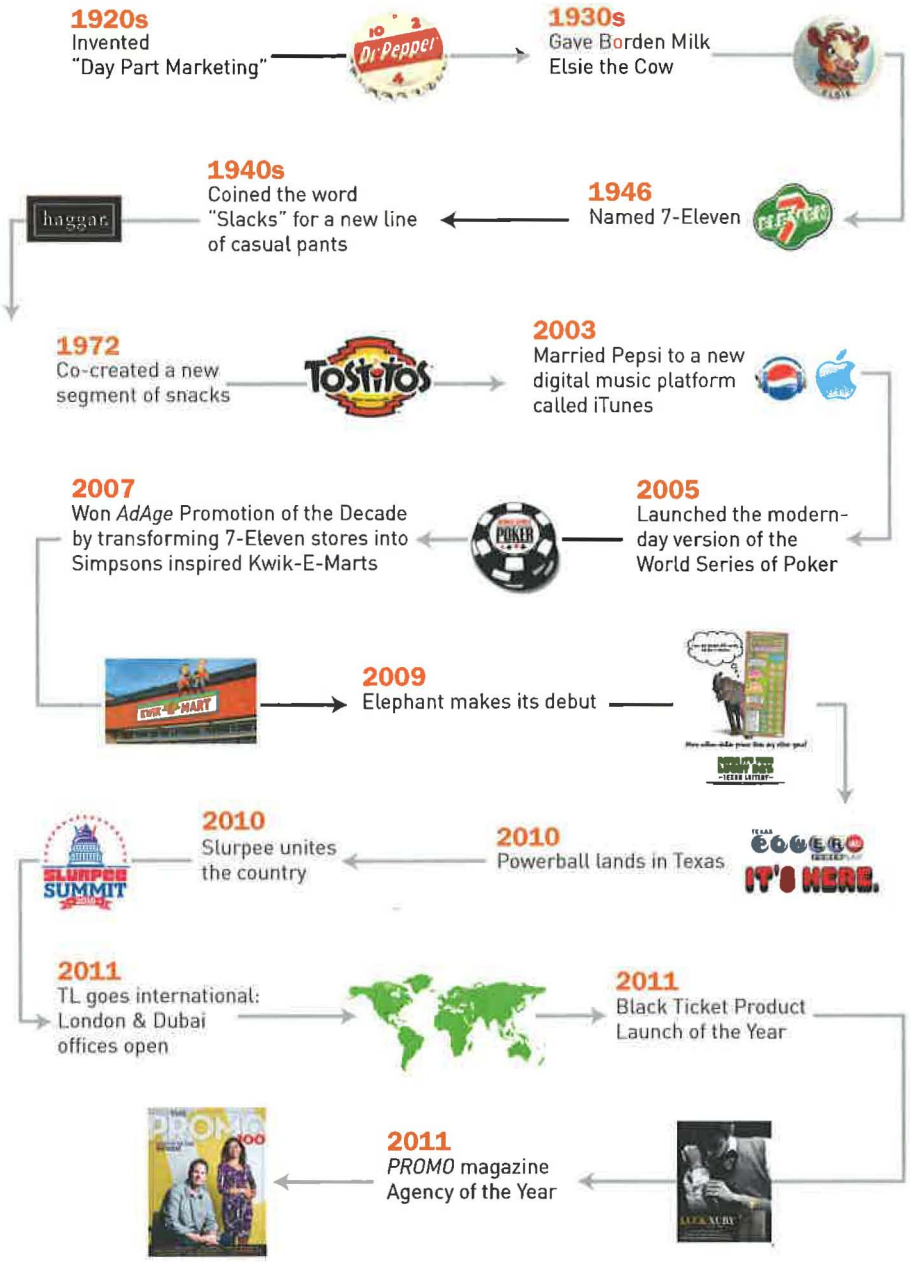
We must not only put communications in the consumer's path, they must also get noticed. More specifically, the Texas Lottery and its products must get noticed. At TracyLocke, we understand getting noticed and being relevant go hand in hand, and we call it meaningful engagement. To create relevant and engaging communications that also get noticed takes a thorough understanding of audience mindsets and behaviors.

Every campaign we've developed with the Texas Lottery has been grounded in audience insight and a thorough knowledge of how they think and behave. The result is campaigns that become iconic, being remembered many years after they've left the air, whether its bringing an elephant into the living room or bringing a new meaning to luxury.

In addition to the powerful campaigns TracyLocke has developed for the Texas Lottery, the creative team assigned to this account is internationally accomplished – all from work generated while at TracyLocke, on current TracyLocke clients:

NY Festivals: 3 Gold
NY Festivals: 2 Bronze
London International Awards: Gold
London International Awards: Silver
2 Cannes Gold Lions
3 Cannes Finalists
***Creativity* magazine Creativity of the Year Award 2008**
DA&D Inductee
Dallas Society of Visual Communicators: Gold
Dallas Society of Visual Communicators: Silver
Dallas Society of Visual Communicators: Judges Choice Award
Effie: Silver
MAA Worldwide: Gold, Global Best of the Best in the World 2008
MAA Worldwide: Gold, Global Best in Show 2011
One Show: Gold
One Show: 3 Finalists
***PROMO* magazine PRO Awards: 1st place 8 times**
***PROMO* magazine PRO Awards: Best in Show 2008 and 2011**
Public Relations Society of America: Silver Anvil
Reggie: 4 Gold
Reggie: Silver
Reggie: 2 Bronze
Reggie: SUPER REGGIE
***Wall Street Journal*: 2nd Best Marketing Idea 2008**
Radio Mercury Awards Finalists: Top 25 spots in the country 2010
Design of the Times: Gold
***PRINT* magazine Design Annual**
Dallas ADDYs: 3 Best in Show, 5 Gold, 7 Silver, 10 Bronze
District 10 ADDYs: Best in Show, 3 Gold, 3 Silver
National ADDYs: Best in Show, 3 Gold

Simply put, developing campaigns that connect with consumers is what TracyLocke does and has been doing for nearly 100 years. Take a look at a snapshot of our iconic heritage:



4) CAMPAIGN IDEAS THAT CONNECT ACROSS ETHNICITIES.

Throughout the years, we have seen incredible changes in the Texas marketplace, particularly with regard to the demographic landscape. This truism requires very specific experience to understand how to fairly communicate the Texas Lottery's news and vision. Because of our keen appreciation for this fact, we are partnering with Sanders\Wingo, a premier ethnic marketing agency based in El Paso and Austin.

Let's take a moment to focus on the complex audience landscape.

Through our collective experience in Texas and compared to behavior throughout the nation, we've built a unique perspective on the term "general market." We define general market as being the market in general, which inherently includes all of the diverse ethnicities and cultures representative of the Texas population; simple clarity on an oftentimes misused term.

According to U.S. Census data released in 2010, the ethnicity breakdown in Texas is 45.3% white/non-Hispanic, 37.6% Hispanic, 11.8% African American, 3.8% Asian and 1.5% Other. This is important information for evaluating certain opportunities, but it is just one piece of the puzzle. Understanding the culture is another important piece, and no one label defines any of these cultures.

The changing face of Texas' demography is a textbook explanation of the "tanning of America." The ethnic revolution occurring in our country is driven primarily by states such as Texas.

Hispanics in Texas

The 2000 Census showed that 6.7 million residents of Hispanic origin reside in Texas. Since then, the population has grown significantly in terms of percentage of the whole and in contrast to the demographic changes across the country.

The most recent Census (2010) reports that 9.5 million Texas residents are of Hispanic origin – a 41% increase in only a decade. This is compared to a total state population growth rate of 17% and a 16% growth rate among Caucasian residents.

While Hispanic population growth has been the headline, representation of other ethnic groups helps demonstrate the state's demographic complexity.

African Americans in Texas

Nationally, African Americans make up 12.6% of the population. And while Texas as a state is technically representative of the national African American population footprint, its major urban hubs tell a different story. African American residents make up 17.1% of Houston's population and 14.4% of the Dallas-Fort Worth metroplex.

Asians in Texas

While Hispanics and African Americans make up much of the state's diverse base, it is also important to keep in mind high concentrations of other ethnic groups. Texas is home to just under one million Asian Americans. The Dallas and Austin markets have Asian populations representative of the national Asian footprint, and Houston's Asian population exceeds the national Asian population percentage by 31%.

Why Our Experience Is Unparalleled

Working with Sanders\Wingo, we are confident we have the knowledge and insights to build single-minded campaigns that unify the Texas Lottery brand across cultures.

- **Sanders\Wingo brings long-standing expertise in Texas: 54 years in El Paso, all focused on ethnic advertising.**
- **Sanders\Wingo has offices across the state (El Paso and Austin), giving them broad Texas roots.**
- **Sanders\Wingo represents the same team-minded spirit that we embody at TracyLocke.**
- **TracyLocke and Sanders\Wingo are committed to building campaigns from a single idea across all ethnicities. We have established a process to ensure this is adhered to.**
- **Sanders\Wingo is a HUB agency of significant stature, with more than $100 million in billings and more than 90 employees.**
- **TracyLocke and Sanders\Wingo will engage research tools to ensure both population and culture are represented in our communications. We will expand on this point later in this document (Section 7.1.3), however, in brief:**
    - **Shoppability Study™**
    - **Moods of Moms™**
    - **digital-DNA™**
    - **Noiz-E™**

- LATTE™
- MRI
- Scarborough
- Texas Lottery Commission's Ipsos Reid
- Forrester
- Simmons
- Mintel
- Path to Purchase Institute
- Kantar Media
- Trendwatching
- TRU
- Hitwise
- Alterian
- ESRI
- 20+ research tools

5) UNDERSTAND AND CAREFULLY EXECUTE EVERY LAST DETAIL.

We have never been imposed a fine for breaking compliance

According to our most recent records, TracyLocke has never been imposed a fine for being noncompliant. The compliance requirements are complex, but our staff and processes have been developed to provide the attention necessary.

Consistently over-deliver on HUB requirements

In FY11, TracyLocke delivered 85% of the contract to HUB organizations. It is our intention and plan to continue delivery at or near this level.

Detail-oriented execution

In FY11, we managed 531 Texas Lottery assignments. We are very proud of our track record of delivering materials on time and on budget with extremely high production value.

Making things right when something goes wrong

Mishaps can happen. But when they do, we take responsibility, correct the situation and put processes in place to ensure the same mistake does not happen again. We encourage open conversation when such a situation arises. Through this we fix it and press on.

Stretching the State's dollars

Whether it's event production, TV production or media buying, we are experts in achieving value for each dollar spent.

The addition of Asher Media as our media buying partner in 2011 made a significant contribution to our ability to stretch Texas Lottery budget dollars. In only a few months, we've already accomplished some incredible results on behalf of the Texas Lottery:

- Delivered $1,268,671 in savings across three campaigns (17% of planned dollars)
    - 2011 Jackpot Campaign savings = $250,377
    - 2011 Holiday savings = $499,208
    - 2012 Powerball® savings = $519,086
- Secured $753,651 in added value for these three campaigns

Respecting Texas Lottery staff time

We know meetings are very difficult to schedule. It is our commitment to publish a "one week ahead" update that outlines meeting needs, predicting processing documents and getting important inter-office communications aligned for best time management. This will be published the Monday of the week before said client needs.

The Road Ahead

Because we've been on this journey together for a while and have gotten to know each other so well, you may be surprised by some of the things you've learned; for example, that TracyLocke is the 2011 *PROMO* magazine Agency of the Year or that TracyLocke will turn 100 soon. You may even see some creative in Section 8 that's different from what you're used to.

It's all to help share the vast resource you have in your TracyLocke team. We're fully capable of zooming along the road as we have for years. Or, if you're interested, we'll throw it into a new gear and see what this baby can do.

The road ahead will be an interesting one. Consumers will become more and more comfortable making purchases by never entering a store. Convenience shopping will bolster at the pump. And though it may not happen in Texas soon, lottery sales online are inevitable in the U.S. The Texas Lottery will need a partner that understands its processes, sensitivities and objectives more clearly than ever before.

TracyLocke is uniquely qualified, completely prepared and very much looking forward to the road ahead.

4.1.2 Each Proposer shall describe in detail its experience and shall include descriptions of all engagements of comparable complexity and sensitivity to the requirements of this RFP conducted within the past five (5) years. The description of experience shall be detailed and cover the contracts the Proposer and any Subcontractors have had and all experience similar to this contract which qualifies the Proposer to meet the requirements of this contract, including but not limited to:

(a) Size of contract.

(b) Reason for contract termination/expiration, if contract is no longer in effect.

(c) Types of services directly provided by the Proposer and whether the Proposer was the contractor or subcontractor.

(d) Term and type of contract, including effective dates.

(e) Any problems encountered.

We have read, understand and will comply with these requirements. However, as stated in Section 1.7.1, we have marked the following pages "Confidential" specifically as it relates to (a) size of contract and (c) services rendered for all current and past clients named in this section. This information is confidential and proprietary and shall not be disclosed, duplicated, used or displayed in whole or in part for any other purpose other than to evaluate this proposal.

Confidentiality Claimed
PIA §552.110

CONFIDENTIAL INFORMATION

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Confidentiality Claimed
PIA §552.110

CONFIDENTIAL INFORMATION

4.1.3 The Proposer shall state whether or not any of the following have occurred during the last three years:

(a) The Proposer has had a contract terminated, and if so, shall provide full details, including the other party's name, address and telephone number.

TXU Energy
Michael Grasso
Chief Marketing Officer
6555 Sierra Dr.
Irving, TX 75039
(972) 868-8380

It is important to note that though TracyLocke and TXU Energy ended the contract agreement, Asher Media continues to work with TXU Energy. These contracts were never connected. In fact, Michael Grasso is a reference for Asher Media in Section 4.2. TracyLocke maintains a very positive relationship with TXU Energy.

(b) The Proposer has been assessed any penalties or liquidated damages under any existing or past contracts and if so note the reason for and the amount of the penalty or liquidated damages for each incident.

We have not had any penalties or damages assessed.

(c) The Proposer was the subject of (i) any disciplinary action for substandard work and unethical practices or (ii) any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Proposer to engage in any business, practice or activity.

We have not been the subject of any disciplinary action.

(d) The Proposer has been involved in any litigation related to contract performance.

We have not been involved in any litigation related to contract performance.

4.1.4 Failure to include any of the items in this section may result in disqualification of the Proposal.

We have read, understand and will comply with the requirements of this and all sections.

4.2 REFERENCES

A minimum of five (5) verifiable references must be provided that include contact person, name of company, phone, fax number, and e-mail address, if available. Proposers' references shall include references for which Proposer has provided similar services as described in Part 7 of this RFP. The Texas Lottery reserves the right to verify all information in the Proposal submitted by the Proposer and seek other information it deems necessary to conduct a thorough review.

TRACYLOCKE

Tex. Gov't Code §552.137

7-Eleven
Nancy Smith
VP of Marketing
Office: (972) 828-0711

PepsiCo
Bryan Welsh
VP, Shopper Marketing
Office: (914) 253-3734

Buffets, Inc.
Mike Andrews
CEO
Office: (864) 989-2124

Pizza Hut
Scott Bergren
CEO
Office: (972) 338-7488

JPMorgan Chase
Greg Stranz
Senior Marketing Manager
Office: (302) 282-3634

FAX NUMBERS UNAVAILABLE.

TracyLocke values the contributions from our selected partner agencies, Sanders\Wingo and Asher Media. As such, we thought it beneficial to you to include references from a sampling of their relevant clients as well.

SANDERS\WINGO

AT&T
Valerie Vargas
VP, Consumer Advertising
Office: (404) 499-3677

State Farm Insurance
Mark Gibson
Assistant VP Marketing
Office: (309) 763-5751

ASHER MEDIA

Consolidated Restaurant Operations
Bill Watson
VP, Marketing
Office: (972) 888-4232
Fax: (972) 888-4200

TXU Energy
Michael Grasso
Chief Marketing Officer
Office: (972) 868-8380
Fax: (972) 556-6658

Tex. Gov't Code §552.137

4.3 CONTACT PERSON

Each Proposer shall provide the name, address, telephone number, email address, and facsimile number of a person to contact concerning questions regarding its Proposal.

Kim Elenez
Group Account Director
TracyLocke
1999 Bryan St.
Ste 2800
Dallas, TX 75201
Phone: (214) 259-3976
Fax: (214) 258-5976
kim.elenez@tracylocke.com

4.4 CONFLICT OF INTEREST

4.4.1 The Proposer must disclose any actual, potential or perceived conflict of interest relative to the performance of the requirements of this RFP. The Proposer must disclose any personal or business relationship of (a) itself; (b) any of its principals, officers, directors, investors, owners, partners, and employees (collectively, Proposer Personnel); (c) any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any Proposer Personnel; (d) any affiliate; or (e) any Subcontractor with any employee or representative of the Texas Lottery (including the Texas Lottery Executive Director and its commissioners) or its prime vendors. As of the time of the issuance of this RFP, prime Texas Lottery vendors include, but are not limited to: GTECH Corporation, lottery operator; Scientific Games International, instant ticket manufacturer; Pollard Banknote Limited Partnership, instant ticket manufacturer; GTECH Printing Corporation, instant ticket manufacturer; TLP, Inc. dba TracyLocke and LatinWorks, advertising services; Davila, Buschhorn and Associates, P.C., lottery drawings audit services; Elephant Productions, Inc., drawings broadcast services; Barker & Herbert Analytical Laboratories, Inc., instant ticket testing services; Maxwell Locke & Ritter, LLP., annual financial audit and Mega Millions and Powerball agreed-upon procedures engagement; Meyertons, Hood, Kivlin, Kowert & Goetzel, P.C., outside counsel for intellectual property matters; Eubank & Young Statistical Consulting, LLC, statistical consulting services; Knight Security Systems, LLC, surveillance camera products and related services; and Elsym Consulting, Inc., internal control systems and services. Additionally, any such relationship that might be perceived or represented as a conflict should be disclosed. Failure to disclose any such relationship may be a cause for disqualification of a Proposal.

Neither TracyLocke nor our partner agencies, Sanders\Wingo and Asher Media, have any material potential or perceived conflict of interest relative to the performance of the requirements of this RFP.

With that said, Sanders\Wingo currently has three employees who previously worked at LatinWorks, two of whom worked on the Texas Lottery account. Additionally, the spouse of a TracyLocke employee has acted as voiceover talent on behalf of LatinWorks for the Texas Lottery.

TracyLocke, Sanders\Wingo and Asher Media, and our principals, affiliates and subcontractors do not have any personal relationships with any representative of the Texas Lottery (including the Texas Lottery Executive Director and its commissioners) or its vendors.

TracyLocke, Sanders\Wingo and Asher Media, and our principals, affiliates and subcontractors do not have any business relationships outside of our current advertising services contract with any representative of the Texas Lottery (including the Texas Lottery Executive Director and its commissioners) or its vendors.

Although this might seem obvious, we felt like we must disclose that we are the Texas Lottery current general market advertising agency, TracyLocke, as referenced in the vendor list above. As a result, we do have business relationships with many representatives of the Texas Lottery, including the Executive Director and its commissioners. In addition, under our current contract with the Texas Lottery, we have developed business relationships on behalf of the Texas Lottery with several of the Texas Lottery's vendors, including GTECH Corporation, Scientific Games and Ipsos Reid Corporation.

4.4.2 This is a continuing disclosure requirement. The Proposer shall disclose to the Texas Lottery in writing any actual, potential or perceived conflict of interest, relative to the performance of the requirements of this RFP, during the period prior to the award of any Contract pursuant to the RFP, at the time the conflict is identified. Failure to promptly notify the Texas Lottery will be sufficient grounds for rejecting the Proposal.

We have read, understand and will comply as the Successful Proposer.

4.5 FINANCIAL SOUNDNESS

4.5.1 Each Proposer must provide evidence of financial responsibility and stability for performance of any Contract awarded as a result of this RFP and must demonstrate the ability to finance the project described in its submission.

TracyLocke is a financially stable and responsible company, fully backed and funded by our parent company, Omnicom Group Inc. Omnicom's financial strength is evidenced by our 2010 results, published with the Securities and Exchange Commission: $19.57 billion in total assets, $12.54 billion in annual revenue and $827.7 million in annual net income.

TracyLocke has experienced 8% growth over the past 2 years in revenues and has sufficient resources to finance the advertising work of the Texas Lottery under the terms of this contract.

4.5.2 Proposer shall provide evidence of financial responsibility and stability based on any and/or all of the following:

1) If Proposer is the sole source of financial resources and will finance the project on its own with current resources;

2) If Proposer is the subsidiary of a parent corporation and the parent corporation is providing financial resources or assurance, the parent corporation must complete Attachment B, and the Proposer must submit financials for both the Proposer and the parent;

3) If Proposer is a joint venture or a group of affiliated companies, the Proposal must include financials for each member or affiliate of such joint venture or group, as applicable;

If 1, 2 or 3 apply, then, each Proposer shall submit the following documentation with its Proposal:

(a) Copies of audited financial statements and/or complete tax returns for each of the Proposer's (and its parent corporation, if applicable, or joint venture member or affiliate, if applicable) two (2) most recently ended fiscal years; and/or

(b) If documentation under (a) is not available, provide other proof of financial assurance.

4) If Proposer is relying on financial resources other than items 1 through 3 above, then Proposer shall submit the following documentation with its Proposal:

(a) Other proof of financial assurance.

TracyLocke is a wholly owned subsidiary of Omnicom Group Inc. Omnicom has provided a statement in the required format, which is attached here, at the end of Section 4.5.

Additionally, as a wholly owned subsidiary of Omnicom Group, Inc., TracyLocke does not publish financial information. The financial information is rolled up into the Omnicom Financials, which are published in the Omnicom Annual Report. Following is the 2010 Annual Report, which includes five years of audited financial statements. The 2011 Annual Report is yet to be published.

ATTACHMENT B
FINANCIAL COMMITMENT AND RESPONSIBILITY

This financial commitment and responsibility statement is to be completed by the parent corporation's chief financial officer.

TLP, Inc dba Tracy Locke **is a fully-owned subsidiary of**

(Subject)

Omnicom Group Inc. **and that as such** Omnicom Group Inc.

(Parent) **(Parent)**

is fully responsible for any and all financial obligations of

TLP, Inc dba Tracy Locke

(Subject)

Signature: _____

Title: EVP and CFO

Date: 2-2-12

Omnicom

ANNUAL REPORT

2010

COMPARATIVE HIGHLIGHTS(a)

	2010	2009	2008	2007	2006
				(Amounts in Millions Except Per Share Amounts)	
Operating Data:					
Revenue	**$12,542.5**	$11,720.7	$13,359.9	$12,694.0	$11,376.9
Operating Income	**1,460.2**	1,374.9	1,689.4	1,659.1	1,483.5
Net Income – Omnicom Group Inc.	**827.7**	793.0	1,000.3	975.7	857.9
Net Income per share: – Omnicom Group Inc.					
–Basic	**$2.74**	$2.54	$3.17	$2.95	$2.47
–Diluted	**2.70**	2.53	3.14	2.93	2.46
Dividends per share	**$0.80**	$0.60	$0.60	$0.575	$0.50

(a) In June 2007, pursuant to a two-for-one stock split which was effected in the form of a 100% stock dividend, each shareholder received one additional share of Omnicom Group Inc. common stock for each share held. In connection with the stock split, Net Income per share – Omnicom Group Inc. and dividends per share amounts for 2007 and 2006 have been adjusted to reflect the stock split.

Effective January 1, 2009, we retrospectively adopted new accounting standards included in the FASB Accounting Standards Codification ("ASC") Topic 260, Earnings Per Share, with respect to allocating earnings to participating securities in applying the two-class method of calculating earnings per share. Net Income Per Common Share – Omnicom Group Inc. amounts for 2008, 2007, and 2006 have been restated in accordance with the new accounting standard.

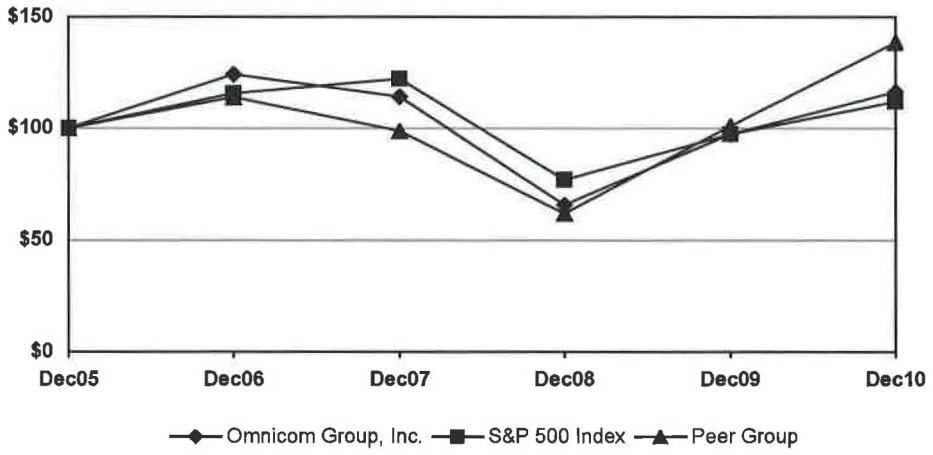
Additionally, effective January 1, 2009, we retrospectively adopted new accounting standards included in ASC Topic 470, Debt, with respect to our convertible debt to separately account for the liability and equity components. On adoption, we recorded additional interest expense, net of income taxes, of $6.1 million in 2006. This amount represents the fair value of embedded conversion options. Net Income – Omnicom Group Inc. and Net Income per Common Share – Omnicom Group Inc. for 2006 has been restated to reflect the adoption of the new accounting standard.

PERFORMANCE GRAPH

The graph below compares the cumulative total return on our common stock during the last five fiscal years with the Standard & Poor's 500 Composite Index and a peer group of publicly held corporate communications and marketing holding companies. The peer group consists of The Interpublic Group of Companies, Inc., WPP plc, Publicis Groupe SA and Havas SA. The graph shows the value at the end of each year of each $100 invested in our common stock, the S&P 500 Index and the peer group. The graph assumes the reinvestment of dividends.

Returns depicted in the graph are not indicative of future performance.

Comparison of Cumulative Five Year Return



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Dear Fellow Shareholders

Two thousand ten was a marked, and welcome, contrast to 2009. In 2009, our focus was on aligning the cost structures of our agencies in response to a very difficult revenue environment. In 2010, clients around the world returned to investing in their expansion. Omnicom's own return to growth was tempered by the understanding that the pace of economic and technological change in our industry is rapid. With that perspective, we continued to improve our operations while investing in our higher growth markets and businesses. We also pushed ourselves and our agencies to be innovative in our business models and service offerings to deliver more value to our clients.

Omnicom's financial performance for 2010 speaks for itself, but it does not reflect the significant challenge we presented to our agencies at the beginning of the year: get closer to clients in the face of tightening budgets, maintain strict cost discipline, and continue to focus on growth. Through hard work and unrelenting professionalism, our people made tremendous progress meeting those challenges while maintaining industry-leading quality – accomplishments for which they deserve great credit.

Financial overview. Omnicom's worldwide revenue increased 7.0% in 2010 to $12.5 billion. The gains we made were driven by strong organic growth across all the industry sectors we serve and each of our marketing disciplines. Economic recovery was certainly a major factor in the increase, but the gain was also driven by our networks' and agencies' focus on delivering value and innovation to existing clients, as well as on winning new clients.

Operating income rose 6.2% in 2010 to $1.5 billion and diluted earnings per share totaled $2.70, an increase of 6.7%. Our operating margin, at 11.6%, was on par with the prior year and we finished 2010 with a cost structure that is better aligned for growth. Our focus now is on improving our margins back to the pre-recession levels of 2007 by the end of 2012. As part of this effort, we launched a strategic review to identify under-performing and non-core agencies across the Omnicom portfolio that need to be repositioned or considered for disposal. We expect to see progress toward our margin goal as we continue to invest in, merge or dispose of some agencies and implement cost-reduction strategies at others to drive further efficiencies in our back-office functions.

Returns to shareholders. With more than $1 billion, our free cash flow remained very strong last year, as did our balance sheet. Over the past two years, we've taken advantage of the attractive pricing and availability of capital to lengthen the maturities of our debt. That in turn has given us a great deal of flexibility to deploy capital and free cash flow through a combination of dividends, share repurchases, and acquisitions – the ways that we believe returns to shareholders are delivered most effectively.

We returned nearly $1.4 billion to Omnicom shareholders last year through dividend payments and share repurchases, and our Board recently approved a 25% increase in our quarterly dividend to $0.25 per share. Our financial strength also enabled us to be more aggressive in making acquisitions and investing in start-up business initiatives. We significantly increased acquisition-related expenditures during 2010, and we expect to see another increase in 2011.

It's worth repeating that acquisition is a complementary rather than core strategy for Omnicom. Acquisitions give us the opportunity to continue to build our product and service offerings, including digital capabilities, and to expand more quickly in rapidly growing markets like Asia. As always, these purchases must meet our rigorous tests of strategy, fit and price.

Growth in Asia. We completed several acquisitions or investments during 2010, among them a move to a 100% stake in our field marketing operations in China. One of our biggest investments, which we completed in early 2011, was to buy a controlling interest in Clemenger Group, the largest marketing communications group in Australia and New Zealand. Our step up to majority ownership gives us the flexibility to truly leverage the skills, reputation and people of Clemenger. We have worked closely with the group for more than three decades through BBDO Worldwide, and our increased investment makes it integral to the continuing growth of Omnicom's business in the region.

In terms of the volume and quality of our work in Asia, we've met all of the goals we set for Omnicom five years ago. We are now in a far stronger position to serve our multinational clients' needs for integrated marketing in Asia, and to provide marketing services and best practices to Asian companies with global ambitions. Our

growth in the region has been substantive and organic. More importantly, it is growth that has been driven by an unrelenting focus on quality and a deep commitment to developing the best people and practices in the industry.

No discussion about Asia can be complete without recognition of the recent, tragic events in Japan. Our thoughts are with the people of Japan, and the families of our clients and staff members who were affected. Our agencies are standing by their clients to recover and push through the many obstacles facing the country, and are doing their utmost to help ensure a swift return to business as usual.

Great work, everywhere. The creative awards won by our agencies and networks in 2010 are strong evidence that our brands in Asia are stronger and more widely recognized for their work on behalf of clients.

- In the 2010 *Campaign Asia-Pacific* awards, Asia's premier ranking, DDB Group Asia-Pacific was named Creative Agency Network of the Year and Tribal DDB Asia-Pacific won Digital Agency Network of the Year, while PHD was the top Media Agency Network.
- At the *Spikes Asia* Advertising Festival, which focuses on creative excellence, our agencies won all Agency of the Year titles, four of seven Grand Prix and the most Gold awards.
- In China specifically, BBDO, DDB and TBWA won the top awards in the prestigious China International Advertising Festival and DDB Group China was named *Ad Age China*'s Agency of the Year.

Asia is not an exception, however. Around the globe, 2010 was also a stellar year for our agencies across a range of disciplines, highlighting the breadth of creative talent in our organization.

- In *The Gunn Report*, which accumulates all creative awards given throughout the world, BBDO Worldwide was the Most Awarded Network in the World for a remarkable fifth consecutive year. DDB Worldwide ranked as the second Most Awarded Network, with TBWA Worldwide in fifth spot.
- DDB Stockholm was *The Gunn Report*'s Most Awarded Digital Agency in the World, and Omnicom agencies took nine of the top 20 digital agency rankings.

- In *The Directory Big Won* ranking, BBDO and DDB clinched the No. 1 and No. 2 spots, respectively, while Almap BBDO Sao Paulo and BBDO New York led the Top 20 Agencies in the World listing.
- At the *International Advertising Festival* in Cannes, agencies from each Omnicom network won a total of five of the coveted Grand Prix awards in 12 categories, as well as the first-ever Grand Prix for Good.

Digital innovation and collaboration. Digital was a key component in most of these award-winning campaigns. The battle to focus on individual consumers is not only driving continual technological innovation, it is requiring unprecedented integration across marketing disciplines to promote client messages and brands. That suits our business model well. Omnicom's client-centric culture enables us to collaborate in formal and virtual networks across agencies and disciplines to deliver the value and innovation our clients need.

While digital is both a tool and a medium for creating and delivering effective messaging, the combination of technology and integration continues to shift the landscape dramatically. This is making new demands on the creativity, efficiency and accountability of our agencies. We have always recognized that each of our agencies must develop digital skill sets in their respective disciplines, and they are meeting these demands extremely well. We continue to facilitate this development by focusing on talent recruitment and education initiatives.

We are also collaborating with technology leaders, as demonstrated by our recent partnerships with Google, Microsoft, Yahoo! and AOL, to provide our clients with more innovative services and to enhance our agencies' competencies in digital marketing, media and analytics. At the same time, we continue to make selective acquisitions of agencies with deep digital skills, and fund start-up business initiatives, that can add depth to our offerings or round out our services in certain geographies.

Investing in talent. Ultimately, we believe that the best capital investment we can make is in our human capital. Our agencies and networks have always placed strong emphasis on training and development of their people. Omnicom University has offered

management-level courses on digital trends for many years. Now, after a trial run with thousands of employees, we intend to expand digital education programs to every Omnicom employee through sophisticated distance-learning tools. A digitally capable and highly skilled workforce across all of our networks has the potential to be a defining competitive advantage, not just for our agencies but for their clients as well.

We will also continue to build on the success we've had over the past 15 years in disseminating our collective knowledge and best practices in professional services. Each year, we invest millions of dollars in training our future leaders through executive education programs like those offered through Omnicom University in North America, Europe and Asia. The three primary programs were initially developed with the faculty of the Harvard Business School and have been continually enhanced ever since. In 2010, we also re-introduced our Financial Leadership Conferences in the U.S., Europe and Asia. These gatherings disseminate our expertise on key business management issues such as working capital management, accounting, financial systems, risk management and business planning.

Last year, we increased the number of leadership development courses, like the Advanced Management Program, that we make available to our senior managers in China. We offered the first MBA Residency program to students in China and marked the third year of the Omnicom MBA Scholarship Awards, which are presented to outstanding students enrolled in MBA programs in China. Omnicom's MBA Residency program, now in its seventh year, provides recent graduates of top business schools the opportunity to rotate through four marketing disciplines at different agencies.

Meeting our social responsibilities. Our commitment to developing the next generation of talent runs deep in the Omnicom ethos. So does our obligation to be a responsible member of the communities where we operate. Our objective is to harness the same creativity and quality with which we serve clients to do the right thing for the communities that support us. Among the many highlights of 2010:

- **Diversity.** We are very committed to using best practices and tools for recruiting and retaining a workforce that reflects our global community. Under the guidance of our Chief Diversity

Officer, we continue to attract students from minorities underrepresented in our industry, share best practices for hiring, development and inclusion and increase access for diverse suppliers at our agencies.

- **Environment.** Over the past two years, we have refined our measurement of the carbon footprint of our 1,500 agencies worldwide. With our 2008 consumption as a baseline, we have a goal to reduce our electricity usage by more than 10% by 2013. We're also exploring more ways to facilitate continuous energy efficiency improvements and increase sustainable business practices across our agencies. We are making substantial progress. In the 2010 Green Rankings of the top 500 U.S. companies compiled by *Newsweek*, Omnicom was ranked 106, a dramatic improvement from our rank of 472 in 2009.
- **Accountability.** We launched Omnicom's corporate social responsibility (CSR) website, which details our CSR and sustainability policies and progress, along with highlights of individual agency accomplishments, projects and donations. http://csr.omnicomgroup.com.
- **Community.** Omnicom and its family of agencies have a strong tradition of supporting worthy community causes with a combination of creative talent, financial contributions and old-fashioned volunteerism. In conjunction with our 2010 Financial Leadership Conferences, for example, Omnicom employees refurbished Kids Village in Budapest, Hungary, helped give a much-needed facelift to St. Jude's Ranch for Children in Las Vegas, and donated funds and time to a 24-hour children's drop-in and crisis center in Kuala Lumpur, Malaysia.

  As part of a multi-year commitment, Omnicom leveraged considerable creative and financial resources, and its global network of contacts, for Plan International's work on behalf of the world's most marginalized children. Our support has ranged from securing water purification products in Zimbabwe to youth training skills in India and Vietnam, as well as strategic advice in planning, brand development and cause-related marketing programs. Omnicom employees have also supported Plan's global "Because I am a Girl" campaign, which fights gender inequality, promotes girls' rights and is focused on lifting millions of girls out of poverty.

Looking ahead. Over the past two years, our agencies have done an excellent job with the difficult challenge of aligning their cost structures. With an expected return to a relatively normal economic environment in 2011, we believe that the growth we experienced last year will continue as stronger margins take hold. In short, we're optimistic about Omnicom's opportunities.

We recognize there are some global risks to the economic recovery, but we are more enthusiastic about the growth prospects we see around the world than we have been in some time. We believe we have the right service platform to harness that growth, a platform that is as well balanced by business skills and creative talent as it is by discipline and geography. We intend to continue to expand our digital skill sets to leverage new and constantly changing technologies, both inside our existing agencies and with new partnerships and acquisitions. And we will also look for strongly managed organizations that meet the tests of strategy, fit and price to help expand our presence in rapidly developing markets.

We are truly grateful for the opportunity to collaborate with the world's leading businesses and for the tireless efforts of our agencies on behalf of those clients. Serving more of the needs of our largest clients, wherever they operate, and in any medium they require, has always been the cornerstone of our strategy for Omnicom. It is a strategy that has proven its worth time and again, through all types of markets and dramatic evolutions in technology. Harnessed to a more efficient organization, we expect that strategy to drive sustainable operating gains in the years ahead.

Sincerely,

John D. Wren
President & Chief Executive Officer
April 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR FISCAL YEAR ENDED DECEMBER 31, 2010

Commission File Number: 1-10551

OMNICOM GROUP INC.

(Exact name of registrant as specified in its charter)

New York	13-1514814
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
437 Madison Avenue, New York, NY	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 415-3600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.15 Par Value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve months (or for such shorter periods that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates as of June 30, 2010 was $10,317,000,000.

As of February 15, 2011, 284,035,000 shares of Omnicom Common Stock, $.15 par value, were outstanding.

Certain portions of Omnicom's definitive proxy statement relating to its annual meeting of shareholders scheduled to be held on May 24, 2011 are incorporated by reference into Part III of this report.

OMNICOM GROUP INC.

ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2010

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* The information regarding Executive Officers of the Registrant is included in Part I, Item 1, "Business." Additional information called for by Items 10, 11, 12, 13 and 14, to the extent not included in this document, is incorporated herein by reference to the information to be included under the captions "Corporate Governance," "Transactions with Related Persons," "Executive Compensation" and "Stock Ownership" in our definitive proxy statement, which is expected to be filed by April 14, 2011.

FORWARD LOOKING STATEMENTS

Certain of the statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, from time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. These statements relate to future events or future financial performance and involve known and unknown risks and other factors that may cause our actual or our industry's results, levels of activity or achievement to be materially different from those expressed or implied by any forward-looking statements. These risks and uncertainties, including those resulting from specific factors identified under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," include, but are not limited to, our future financial position and results of operations, future global economic conditions and conditions in the credit markets, losses on media purchases and production costs incurred on behalf of clients, reductions in client spending and/or a slowdown in client payments, competitive factors, changes in client communication requirements, managing conflicts of interest, the hiring and retention of personnel, maintaining a highly skilled workforce, our ability to attract new clients and retain existing clients, reliance on information technology systems, changes in government regulations impacting our advertising and marketing strategies, risks associated with assumptions we make in connection with our critical accounting estimates, legal proceedings, settlements, investigations and claims, and our international operations, which are subject to the risks of currency fluctuations and foreign exchange controls. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue" or the negative of those terms or other comparable terminology. These statements are our present expectations. Actual events or results may differ. We undertake no obligation to update or revise any forward-looking statement, except as required by law.

AVAILABLE INFORMATION

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports are available free of charge in the Investor Relations section of our website at www.omnicomgroup.com, as soon as is reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission, or the SEC. The information found on our website is not part of this or any other report we file with or furnish to the SEC. Any document that we file with or furnish to the SEC may also be read and copied at the SEC's Public Reference Room located at Room 1580, 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available at the SEC's website at www.sec.gov and at the offices of the New York Stock Exchange.

PART I

Introduction

This report is both our 2010 annual report to shareholders and our 2010 Annual Report on Form 10-K required under the federal securities laws.

We are a strategic holding company, providing professional services to clients through multiple agencies operating in all major markets around the world. Our companies provide advertising, marketing and corporate communications services. The terms "Omnicom," "we," "our" and "us" each refer to Omnicom Group Inc. and our subsidiaries unless the context indicates otherwise.

Item 1. Business

Our Business: Omnicom, a strategic holding company, was formed in 1986 by the merger of several leading advertising, marketing and corporate communications companies. We are one of the world's largest advertising, marketing and corporate communications companies and we operate in a highly competitive industry. The proliferation of media channels, including the rapid development of interactive technologies and mediums, along with their integration within all offerings, has fragmented consumer audiences targeted by our clients. These developments make it increasingly more difficult for marketers to reach their target audiences in a cost-effective way, causing them to turn to marketing service providers such as Omnicom for a customized mix of advertising and marketing communications services designed to make the best use of their total marketing expenditures.

Our agencies operate in all major markets around the world and provide a comprehensive range of services which we group into four fundamental disciplines: traditional media advertising; customer relationship management ("CRM"); public relations; and specialty communications. The services included in these disciplines are:

- advertising
- brand consultancy
- corporate social responsibility consulting
- crisis communications
- custom publishing
- database management
- digital and interactive marketing
- direct marketing
- entertainment marketing
- environmental design
- experiential marketing
- field marketing
- financial / corporate business-to-business advertising
- graphic arts
- healthcare communications
- instore design
- investor relations
- marketing research
- media planning and buying
- mobile marketing services
- multi-cultural marketing
- non-profit marketing
- organizational communications
- package design
- product placement
- promotional marketing
- public affairs
- public relations
- recruitment communications
- reputation consulting
- retail marketing
- search engine marketing
- social media marketing
- sports and event marketing

Although the medium used to reach a client's target audience may differ across each of these disciplines, we develop and deliver the marketing message in a similar way by providing client-specific consulting services.

Our business model was built and continues to evolve around our clients. While our agencies operate under different names and frame their ideas in different disciplines, we organize our services around our clients. The fundamental premise of our business is to deliver our services and allocate our resources based on the specific requirements of our clients. As clients increase their demands for marketing effectiveness and efficiency, they have tended to consolidate their business with larger, multi-disciplinary agencies or integrated groups of agencies. Accordingly, our business model demands that multiple agencies within Omnicom collaborate in formal and informal virtual networks that cut across internal organizational structures to execute against our clients' specific marketing requirements. We believe that this organizational philosophy, and our ability to execute it, differentiates us from our competitors.

Our agency networks and our virtual networks provide us with the ability to integrate services across all disciplines and geographies. This means that the delivery of our services can, and does, take place across agencies, networks and geographic regions simultaneously. Further, we believe that our virtual network strategy facilitates better integration of services required by the demands of the marketplace for advertising and marketing communications services. Our over-arching business strategy is to continue to use our virtual networks to grow our business relationships with our clients.

The various components of our business and material factors that affected us in 2010 are discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", or MD&A, of this report. None of our acquisitions or dispositions in 2010, 2009 or 2008 were material to our consolidated financial position or results of operations. For information concerning our acquisitions, see Note 4 to our consolidated financial statements.

Geographic Regions and Segments: Our revenue is almost evenly divided between our U.S. and non-U.S. operations. For financial information concerning domestic and foreign operations and segment reporting, see our MD&A and Note 7 to our consolidated financial statements.

Our Clients: Consistent with our fundamental business strategy, our agencies serve similar clients, in similar industries, and in many cases the same clients, across a variety of geographic regions and locations. Our clients participate in virtually every industry sector of the global economy. Furthermore, in many cases, our agencies or networks serve different brand and/or product groups within the same clients served by our other agencies or networks. For example, our largest client was served by more than 100 of our agencies in 2010 and represented 3.0% of our 2010 revenue. No other client accounted for more than 2.4% of our 2010 revenue. Our top 100 clients ranked by revenue were each served, on average, by more than 50 of our agencies in 2010 and collectively represented 50.6% of our 2010 revenue.

Our Employees: At December 31, 2010, we employed approximately 65,500 people. We are not party to any significant collective bargaining agreements. The skill-sets of our workforce across our agencies and within each discipline are similar. Common to all is the ability to understand a client's brand or product and their selling proposition and to develop a unique message to communicate the value of the brand or product to the client's target audience. Recognizing the importance of this core competency, we have established tailored training and education programs for our service professionals around this competency. See our MD&A for a discussion of the effect of salary and related costs on our results of operations.

Executive Officers of the Registrant: Our executive officers as of February 15, 2011 are:

Name	Position	Age
Bruce Crawford	Chairman of the Board	82
John D. Wren	President and Chief Executive Officer	58
Randall J. Weisenburger	Executive Vice President and Chief Financial Officer	52
Peter Mead	Vice Chairman	71
Philip J. Angelastro	Senior Vice President Finance and Controller	46
Michael J. O'Brien	Senior Vice President, General Counsel and Secretary	49
Dennis Hewitt	Treasurer	66

Each executive officer has held his present position for at least five years.

Additional information about our directors and executive officers appears under the captions "Corporate Governance," "Transactions with Related Persons," "Election of Directors," "Executive Compensation" and "Stock Ownership" in our definitive proxy statement, which is expected to be filed by April 14, 2011.

Item 1A. Risk Factors

Future global economic conditions could adversely impact our business and results of operations and financial position.

In 2010, our revenue increased 7.0% compared to 2009. The increase reflects an improvement in business conditions in our industry over 2009. However, the pace of the global economic recovery is uneven and a future economic downturn could renew reductions in client spending levels and adversely affect our results of

operations and financial position. We will continue to closely monitor economic conditions, client spending and other factors, and will take actions available to us to improve our cost structure and manage working capital. In the current environment there can be no assurance of the effects of future economic conditions, client spending patterns, client creditworthiness and other developments on us and whether or to what extent our efforts to respond will be effective.

Conditions in the credit markets could adversely impact our results of operations and financial position.

Turmoil in the credit markets or a contraction in the availability of credit would make it more difficult for businesses to meet their capital requirements and could lead clients to change their financial relationship with their vendors, including us. If that were to occur, we may require additional financing to fund our day-to-day working capital requirements. There is no assurance that such additional financing will be available on favorable terms, if at all. This could materially adversely impact our results of operations and financial position.

In a period of severe economic downturn, the risk of a material loss related to media purchases and production costs incurred on behalf of our clients could significantly increase.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that substantially exceed our revenue in connection with the services provided. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. The media commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets many of our contracts with media providers specify that if our client defaults on its payment obligation then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and, in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace in addition to those cited above to mitigate the potential loss, including negotiating with media providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. The risk of a material loss could significantly increase in periods of severe economic downturn. Such a loss could have a material adverse effect on our results of operations and financial position.

A reduction in client spending and a slowdown in client payments could have a material adverse effect on our working capital.

The recent global recession caused a reduction in the volume of client spending and/or a delay in the time our clients took to pay us, negatively affecting our working capital. Renewed global economic uncertainty could cause our clients to take the same or additional actions that would negatively affect our working capital. Consequently, we could need to obtain additional financing in such circumstances. There is no assurance that such additional financing would be available on favorable terms, if at all. Such circumstances could therefore have a material adverse effect on our results of operations and financial position.

Companies periodically review and change their advertising, marketing and corporate communications services business models and relationships. If we are unable to remain competitive or retain key clients, our business and financial results may be materially adversely affected.

The markets in which we participate are highly competitive. Key competitive considerations for retaining existing business and winning new business include our ability to develop marketing solutions that meet client needs, the quality and effectiveness of the services we offer and our ability to efficiently serve clients, particularly large international clients, on a broad geographic basis. While many of our client relationships are long-standing, from time to time clients put their advertising, marketing and corporate communications services

business up for competitive review. We have won and lost accounts in the past as a result of these reviews. To the extent that we are not able to remain competitive or retain key clients, our revenue may be adversely affected, which could have a material adverse effect on our results of operations and financial position.

The success of our acquiring and retaining clients depends on our ability to avoid and manage conflicts of interest arising out of other client relationships, retention of key personnel and maintaining a highly skilled workforce.

Our ability to retain existing clients and to attract new clients may, in some cases, be limited by clients' perceptions of, or policies concerning, conflicts of interest arising out of other client relationships. If we are unable to maintain multiple agencies to manage multiple client relationships and avoid potential conflicts of interests, our business, results of operations and financial position may be materially adversely affected.

Our employees are our most important assets. Our ability to attract and retain key personnel is an important aspect of our competitiveness. If we are unable to attract and retain key personnel, our ability to provide our services in the manner our customers have come to expect may be adversely affected, which could harm our reputation and result in a loss of clients, which could have a material adverse effect on our results of operations and financial position.

Further, as the evolution of our business continues to become integrated with the digital marketplace, we are increasingly dependent on the technical skills of a highly skilled workforce and their ability to maintain the skills necessary to serve our clients.

We received approximately 50.6% of our revenue from our 100 largest clients in 2010, and the loss of several of these clients could adversely impact our results of operations and financial position.

Our clients generally are able to reduce advertising and marketing spending or cancel projects at any time on short notice for any reason. It is possible that our clients could reduce spending in comparison with historical patterns, or they could reduce future spending. A significant reduction in advertising and marketing spending by our largest clients, or the loss of several of our largest clients, if not replaced by new clients or an increase in business from existing clients, would adversely affect our revenue and could have a material adverse effect on our results of operations and financial position.

We rely extensively on information technology systems.

We rely on information technology systems and infrastructure to process transactions, summarize results and manage our business, including maintaining client marketing and advertising strategies. The size and complexity of our information technology systems make them potentially vulnerable to breakdown, malicious intrusion and random attack. Likewise, data privacy breaches by employees and others with or without permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. While we have invested heavily in the protection of data and information technology systems, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our reputation or business.

Government regulations and consumer advocates may limit the scope of the content of our services, which could affect our ability to meet our clients' needs, which could have a material adverse effect on our results of operations and financial position.

Government agencies and consumer groups directly or indirectly affect or attempt to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, through regulation or other governmental action. Any limitation on the scope of the content of our services could affect our ability to meet our clients' needs, which could have a material adverse effect on our results of operations and financial position. In addition, there has been an increasing tendency on the part of businesses to resort to the judicial system to challenge advertising practices. Such claims by businesses or governmental agencies could have a material adverse effect on our results of operations and financial position in the future.

Government or legislative action may limit the tax deductibility of advertising expenditures by certain industries or for certain products and services. These actions could cause our clients affected by such actions to reduce their spending on our services which could have a material adverse effect on our results of operations and financial position.

Laws and regulations, related to user privacy, use of personal information and internet tracking technologies have been proposed or enacted in the United States and certain international markets. These laws and regulations could affect the acceptance of the internet as an advertising medium. These actions could affect our business and reduce demand for certain of our services, which could have a material adverse effect on our results of operations and financial position.

We are a global service business and face certain risks of doing business abroad, including political instability and foreign exchange controls, which could have a material adverse effect on our results of operations and financial position.

We face a number of risks normally associated with a global service business. The operational and financial performance of our businesses are typically tied to overall economic and regional market conditions, competition for client assignments and talented staff, new business wins and losses and the risks associated with extensive international operations. The risks of doing business abroad, including political instability and foreign exchange controls, do not affect domestic-focused firms. These risks could have a material adverse affect on our results of operations and financial position. For financial information on our operations by geographic area, see Note 7 to our consolidated financial statements.

We are exposed to risks from operating in developing countries.

We conduct business in numerous developing countries around the world. Some of the risks associated with conducting business in developing countries include: slower payment of invoices; nationalization; social, political and economic instability; and currency repatriation restrictions. In addition, commercial laws in some developing countries can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in developing countries where we conduct business, our prospects and business in those countries could be harmed, which could then have a material adverse impact on our results of operations and financial position.

Holders of our convertible notes have the right to cause us to repurchase up to $660 million of notes, in whole or in part, at specified dates in the future.

In August 2011, $252.7 million of our Convertible Notes due July 31, 2032 ("2032 Notes") may be put back to us for repurchase and in June 2013, $406.7 million of our Convertible Notes due July 1, 2038 ("2038 Notes") may be put back to us for repurchase. If we are required to satisfy one or more puts to repurchase our convertible notes, we expect to have sufficient available cash and unused credit commitments to fund the puts. We also believe that we will have sufficient capacity under our credit facility to meet our cash requirements for our normal business operations after any put. However, in the event that our credit facility or our cash flow from operations were to decrease, we may need to seek additional funding. There is no assurance that such additional financing would be available on comparable terms, if at all.

Downgrades of our debt credit ratings could adversely affect us.

Standard and Poor's Rating Service currently rates our long-term debt BBB+, Moody's Investors Service rates our long-term debt Baa1 and Fitch Ratings rates our long-term debt A-. Our short-term debt ratings are A2, P2 and F2 by the respective agencies. Our outstanding senior notes, convertible notes and bank credit facility do not contain provisions that require acceleration of cash payment upon a ratings downgrade. The interest rates and fees on our bank credit facility, however, would increase if our long-term debt credit rating is downgraded.

Additionally, our access to the capital markets could be adversely affected by downgrades in our short-term or long-term debt credit ratings. Furthermore, the 2032 Notes and 2038 Notes are convertible at specified ratios if, in the case of the 2032 Notes, our long-term debt credit ratings are downgraded to BBB or lower by Standard & Poor's Ratings Service, or Baa3 or lower by Moody's Investors Service or in the case of the 2038

Notes to BBB- or lower by S&P, and Ba1 or lower by Moody's. These events would not, however, result in an adjustment of the number of shares issuable upon conversion and would not accelerate the holder's right to cause us to repurchase the notes.

We may be unsuccessful in evaluating material risks involved in completed and future acquisitions.

We regularly evaluate potential acquisition of businesses that we believe are complementary to our businesses and client needs. As part of the evaluation, we conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in any particular transaction. Despite our efforts, we may be unsuccessful in ascertaining or evaluating all such risks. As a result, we might not realize the intended advantages of any given acquisition. If we fail to identify certain material risks from one or more acquisitions, our results of operations and financial position could be adversely affected.

Goodwill may become impaired.

In accordance with U.S. generally accepted accounting principles, or U.S. GAAP or GAAP, we have recorded a significant amount of goodwill in our consolidated financial statements resulting from our acquisition activities, which principally represents the specialized know-how of the workforce at the acquired businesses. As discussed in Note 3 to our consolidated financial statements, we test the carrying value of goodwill for impairment at least annually at the end of the second quarter and whenever events or circumstances indicate the carrying value may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in connection with the impairment testing could differ from future actual results of operations and cash flows. While we have concluded, for each year presented in our financial statements included in this report, that our goodwill is not impaired, future events could cause us to conclude that the asset values associated with a given operation may become impaired. Any resulting non-cash impairment loss could have a material adverse effect on our results of operations and financial position.

We could be affected by future laws or regulations enacted in response to climate change concerns and other actions.

Although our businesses may not be directly affected by current cap and trade laws and current requirements to reduce emissions, we could be in the future. However, we could also be affected indirectly by increased prices for goods or services provided to us by companies that are directly affected by these laws and regulations and pass their increased costs through to their customers. Additionally, to comply with potential future changes in environmental laws and regulations, we may need to incur additional costs. At this time, we cannot estimate what impact such costs may have on our results of operations and financial position.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We maintain office space in major cities around the world. The facility requirements of our businesses are similar across geographic regions and disciplines. Our facilities are primarily used for office and administrative purposes by our employees in performing professional services and we believe that our facilities are in suitable and well-maintained condition for our current operations. Our principal corporate offices are at 437 Madison Avenue, New York, New York and One East Weaver Street, Greenwich, Connecticut. We also maintain executive offices in London, England; Shanghai, China; and Singapore.

We lease substantially all our office facilities under operating leases that expire at various dates. Leases are generally denominated in the local currency of the operating business. Office base rent expense was $358.1 million in 2010, $377.1 million in 2009 and $386.9 million in 2008 that reflects a reduction of rent received from non-cancelable third-party subleases of $16.3 million, $18.9 million and $22.8 million, respectively.

Future minimum office base rent under terms of non-cancelable operating leases, reduced by rent receivable from existing non-cancelable third-party subleases, are (dollars in millions):

	Net Rent
2011	$330.9
2012	278.4
2013	232.4
2014	189.0
2015	149.8
Thereafter	446.9

See Note 16 to our consolidated financial statements for a discussion of our lease commitments and our MD&A for the impact of leases on our operating expenses.

Item 3. Legal Proceedings

We are involved from time to time in various legal proceedings in the ordinary course of business. We do not presently expect that these proceedings will have a material adverse effect on our results of operations or financial position.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "OMC." On February 15, 2011, there were 2,783 holders of record of our common stock.

The range of quarterly high and low sales prices reported on the New York Stock Exchange Composite Tape for our common stock and the dividends paid per share for 2010 and 2009 were:

	High	Low	Dividends Paid Per Share
2010			
First Quarter	$40.29	$34.54	$0.20
Second Quarter	44.08	34.18	0.20
Third Quarter	40.00	33.50	0.20
Fourth Quarter	47.88	38.54	0.20
2009			
First Quarter	$28.80	$20.09	$0.15
Second Quarter	33.21	23.01	0.15
Third Quarter	38.49	29.71	0.15
Fourth Quarter	39.99	34.24	0.15

Stock repurchase activity during the three months ended December 31, 2010 was:

Period:	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 2010	4,234,823	$42.42	—	—
November 2010	11,636,726	45.56	—	—
December 2010	417,637	46.06	—	—
Total	16,289,186	$44.76	—	—

During the quarter ended December 31, 2010, 15,338,000 shares of our common stock were purchased in the open market for general corporate purposes and 951,186 shares of our common stock were withheld from employees to satisfy estimated tax obligations primarily related to stock option exercises. The value of the common stock withheld was based upon the closing price of our common stock on the exercise dates.

There were no unregistered sales of equity securities during the three months ended December 31, 2010.

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with our consolidated financial statements and related notes that begin on page F-1 of this report, as well as our MD&A.

	(Dollars in millions, except per share amounts)				
For the years ended December 31:	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue	$12,542.5	$11,720.7	$13,359.9	$12,694.0	$11,376.9
Operating Income	1,460.2	1,374.9	1,689.4	1,659.1	1,483.5
Net Income – Omnicom Group Inc	827.7	793.0	1,000.3	975.7	857.9
Net Income Per Common Share – Omnicom Group Inc.:					
Basic	2.74	2.54	3.17	2.95	2.47
Diluted	2.70	2.53	3.14	2.93	2.46
Dividends Declared Per Common Share	0.80	0.60	0.60	0.575	0.50

At December 31:	(Dollars in millions) 2010	2009	2008	2007	2006
Cash and cash equivalents and short-term investments	$ 2,300.0	$ 1,594.8	$ 1,112.4	$ 1,841.0	$ 1,928.8
Total Assets	19,566.1	17,920.7	17,318.4	19,271.7	17,804.7
Long-Term Obligations:					
Long-term notes payable	2,465.1	1,494.6	1,012.8	1,013.2	1,013.2
Convertible debt	659.5	726.0	2,041.5	2,041.5	2,041.5
Long-term liabilities	576.5	462.0	444.4	481.2	305.8
Total Shareholders' Equity	3,580.5	4,194.8	3,522.8	4,091.7	3,871.3

In June 2007, pursuant to a two-for-one stock split which was effected in the form of a 100% stock dividend, each shareholder received one additional share of Omnicom Group Inc. common stock for each share held. In connection with the stock split, dividends declared per common share and Net Income per Common Share – Omnicom Group Inc. amounts for 2007 and 2006 have been adjusted to reflect the stock split.

Effective January 1, 2009, we retrospectively adopted new accounting standards included in the FASB Accounting Standards Codification, or ASC, Topic 260, Earnings Per Share, with respect to allocating earnings to participating securities in applying the two-class method of calculating earnings per share. Net Income Per Common Share -Omnicom Group Inc. amounts for 2008, 2007 and 2006 have been restated in accordance with the new accounting standard.

Additionally, effective January 1, 2009, we retrospectively adopted new accounting standards included in ASC Topic 470, Debt, with respect to our convertible debt to separately account for the liability and equity components. On adoption, we recorded additional interest expense, net of income taxes, of $6.1 million in 2006. This amount represents the fair value of embedded conversion options. Net Income – Omnicom Group Inc. and Net Income per Common Share – Omnicom Group Inc. for 2006 has been restated to reflect the adoption of the new accounting standard.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Summary

We are a strategic holding company. We provide professional services to clients through multiple agencies around the world. On a global, pan-regional and local basis, our agencies provide these services in the following disciplines: traditional media advertising, CRM, public relations and specialty communications. Our business model was built and continues to evolve around our clients. While our agencies operate under different names and frame their ideas in different disciplines, we organize our services around our clients. The fundamental premise of our business is that our clients' specific requirements should be the central focus in how we deliver our services and allocate our resources. This client-centric business model results in multiple agencies collaborating in formal and informal virtual networks that cut across internal organizational structures to deliver consistent brand messages for a specific client and execute against each of our client's specific marketing requirements. We continually seek to grow our business with our existing clients by maintaining our client-centric approach, as well as expanding our existing business relationships into new markets and with new clients. In addition, we pursue selective acquisitions of complementary businesses with strong, entrepreneurial management teams that typically currently serve or have the ability to serve our existing client base.

As one of the world's leading advertising, marketing and corporate communications companies, we operate in all major markets of the global economy. We have a large and diverse client base. Our largest client represented 3.0% of our 2010 revenue and no other client accounted for more than 2.4% of our 2010 revenue. Our top 100 clients accounted for 50.6% of our 2010 revenue. Our business is spread across a significant number of industry sectors with no one industry comprising more than 16% of our 2010 revenue from our 1,000 largest clients. Although our revenue is generally balanced between the U.S. and international markets and we have a large and diverse client base, we are not immune to general economic downturns.

In 2010, our revenue increased 7.0% compared to 2009. The increase reflects an improvement in business conditions in our industry over 2009. Revenue increased across all our disciplines driven by economic recovery in the U.S. and continued growth in the emerging markets in Asia and Latin America. In Europe, we experienced

a moderate increase in revenue in the U.K., while economic recovery has lagged in our Euro markets. We will continue to closely monitor economic conditions, client spending and other factors and, in response, take actions available to us to improve our cost structure and manage working capital. In the current economic environment, there can be no assurance as to the effects on us of future economic conditions, client spending patterns, client creditworthiness and other developments and whether and to what extent our efforts to respond will be effective.

Certain business trends have had a positive impact on our business and industry. These trends include our clients increasingly expanding the focus of their brand strategies from national markets to pan-regional and global markets and integrating traditional and non-traditional marketing channels, as well as utilizing interactive technologies and new media outlets. Additionally, in an effort to gain greater efficiency and effectiveness from their total marketing budgets, clients are increasingly requiring greater coordination of marketing activities and concentrating these activities with a smaller number of service providers. We believe these trends have benefitted our business in the past and, over the medium and long term, will continue to provide a competitive advantage to us.

In 2011, barring unforeseen events and excluding foreign exchange impacts, we expect our revenues to increase as a result of continuing increases in client spending and the contribution of several small acquisitions we completed in the fourth quarter of 2010. We will continue to identify acquisition candidates that will build upon the core capabilities of our strategic business platforms, expand our operations in the emerging markets and enhance our capabilities to leverage new technologies. In early February 2011, we acquired a controlling interest in the Clemenger Group, our affiliate in Australia and New Zealand. The additional 27% acquired brings our ownership up to almost 75%. In connection with this transaction, in the first quarter of 2011 we expect to record a non-cash gain of approximately $120 million resulting from the remeasurement of the carrying value of our equity interest to the acquisition date fair value. We believe that this acquisition will help us further develop our combined businesses throughout the Asia Pacific region.

We have an objective of improving margins to 2007 levels. In connection with achieving this goal, we are in the process of a strategic review of our businesses that is focused on improving our strategic position and operations. As part of this process, we are evaluating our agencies to identify non-core and underperforming businesses that need to be repositioned or considered for disposal. We expect that these actions will reduce revenue in the range of $250 million to $300 million on an annual basis. We believe that on an annual basis, the reduction in revenue will approximately equal the increase in revenue from our recent acquisitions. We are also pursuing numerous operational consolidations to further drive efficiencies in our back office functions. As a result of the actions to be taken in connection with our strategic review, in the first quarter of 2011 we expect to incur charges ranging from $90 million to $110 million for severance, lease termination and asset impairment costs.

Given our size and breadth, we manage our business by monitoring several financial indicators. The key indicators that we analyze are revenue and operating expenses.

We analyze revenue growth by reviewing the components and mix of the growth, including growth by major geographic location, growth by discipline, growth from currency fluctuations, growth from acquisitions and growth from our largest clients, and growth by client industry group.

In recent years, our revenue has been divided almost evenly between our domestic and international operations. In 2010, our revenue increased 7.0%, of which 0.1% was related to changes in foreign exchange rates, 0.5% was related to acquisitions, net of dispositions and 6.4% was from organic growth. Across our geographic markets revenue increased 8.2% in the U.S., 4.3% in the U.K. and 18.7% in our other markets, primarily Asia and Latin America, while in our Euro markets revenue decreased 3.6%. The increase in revenue in 2010 compared to 2009, in our four fundamental disciplines was: traditional media advertising, 7.1%; CRM, 6.5%; public relations, 6.5% and specialty communications, 9.2%.

We measure operating expenses in two distinct cost categories: salary and service costs, and office and general expenses. Salary and service costs are primarily comprised of employee compensation and related costs and direct service costs. Office and general expenses are primarily comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses. Each of our agencies requires professionals with a skill set that is similar across our disciplines. At the core of this skill set is the ability to understand a client's brand or product and their selling proposition, and to develop a unique message to

communicate the value of the brand or product to the client's target audience. The facility requirements of our agencies are similar across geographic regions and disciplines, and their technology requirements are generally limited to personal computers, servers and off-the-shelf software.

Because we are a service business, we monitor salary and service costs and office and general costs as a percentage of revenue. Salary and service costs tend to fluctuate in conjunction with changes in revenue. Salary and service costs as a percentage of revenue increased to 73.5% in 2010 compared to 72.1% in 2009. The increase in salary and service costs resulted primarily from a combination of a change in our business mix and increased compensation costs, primarily related to freelance labor and incentive compensation, partially offset by a decrease in severance costs. Office and general expenses are less directly linked to changes in our revenue than salary and service costs. Office and general expenses decreased to 14.9% of revenue in 2010 compared to 16.2% in 2009.

Net income – Omnicom Group Inc. in 2010 increased $34.7 million or 4.4% to $827.7 million from $793.0 million in 2009. The period-over-period increase in net income – Omnicom Group Inc. is principally due to the factors described above, partially offset by an increase in pre-tax net interest expense for 2010 of $9.1 million. Diluted net income per common share – Omnicom Group Inc. increased 6.7 % to $2.70 in 2010, as compared to $2.53 in the prior year. The year-over-year increase in diluted net income per common share – Omnicom Group Inc. is due to the factors described above as well as the impact of the reduction in our weighted average common shares outstanding. This reduction was the result of our purchases of our common stock during 2010, net of stock option exercise and shares issued under our employee stock purchase plan.

Critical Accounting Policies and New Accounting Standards

Critical Accounting Policies

We have prepared the following summary of our critical accounting policies to assist the reader in better understanding our financial statements and the related discussion in this MD&A. We believe that the following policies may involve a higher degree of judgment and complexity in their application and represent the critical accounting policies used in the preparation of our financial statements. Readers are encouraged to consider this summary together with our consolidated financial statements and the related notes, including our discussion in Note 3 setting forth our accounting policies in greater detail, for a more complete understanding of critical accounting policies discussed below.

Estimates: Our financial statements are prepared in conformity with U.S. GAAP and require us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities including valuation allowances for receivables and deferred tax assets, accruals for incentive compensation and the disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenue and expense during the reporting period. A fair value approach is used in testing goodwill for impairment and when evaluating our cost-method investments to determine if an other-than-temporary impairment has occurred.

Acquisitions and Goodwill: We have made and expect to continue to make selective acquisitions. In making acquisitions, the price we pay is based on an evaluation of various factors, including specialized know-how, reputation, competitive position, geographic coverage and service offerings, as well as our experience and judgment.

Business combinations are accounted for using the acquisition method and, accordingly, the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired business are recorded at their acquisition date fair values. In circumstances where control is obtained and less than 100% of an entity is acquired, we record 100% of the goodwill acquired. Acquisition related costs, including advisory, legal, accounting, valuation and other costs are expensed as incurred. Any liability for contingent purchase price obligations (earn-outs) are recorded at the acquisition date at fair value. Changes in the fair value of the earn-out liability are recorded in our results of operations. The results of operations of acquired businesses are included in our results of operations from the acquisition date. In 2010, we completed seven acquisitions of new subsidiaries and made additional investments in businesses in which we had an existing minority ownership interest. Total

goodwill additions from these transactions were $123.6 million. In addition and unrelated to the acquisitions completed in 2010, we made or accrued contingent purchase price payments of $117.2 million, which were included in goodwill.

A summary of our contingent purchase price obligations for acquisitions completed prior to January 1, 2009 is discussed in the "Liquidity and Capital Resources" section of this MD&A. The amount of contingent purchase price obligations is based on future performance. Contingent purchase price obligations for acquisitions completed prior to January 1, 2009 are accrued, in accordance with U.S. GAAP, when the contingency is resolved and payment is certain.

Our acquisition strategy is focused on acquiring the expertise of an assembled workforce in order to continue to build upon the core capabilities of our various strategic business platforms and agency brands through the expansion of their geographic reach and/or their service capabilities to better serve our clients. Additional key factors we consider include the competitive position and specialized know-how of the acquisition targets. Accordingly, as is typical in most service businesses, a substantial portion of the intangible asset value we acquire is the know-how of the people, which is treated as part of goodwill and is not valued separately. For each acquisition, we undertake a detailed review to identify other intangible assets and a valuation is performed for all such identified assets. A significant portion of the identifiable intangible assets acquired is derived from customer relationships, including the related customer contracts, as well as trade names. In valuing these identified intangible assets, we typically use an income approach and consider comparable market participant measurements. The expected benefits of our acquisitions are typically shared across multiple agencies as they work together to integrate the acquired agency into our client service strategy.

We evaluate goodwill for impairment at least annually at the end of the second quarter of the year. We identified our regional reporting units as components of our operating segments, which are our five agency networks. The regional reporting units of each agency network are responsible for the agencies in their region. They report to the segment managers and facilitate the administrative and logistical requirements of our client-centric strategy for delivering services to clients in their regions. We have concluded that for each of our operating segments, their regional reporting units had similar economic characteristics and should be aggregated for purposes of testing goodwill for impairment at the operating segment level. Our conclusion was based on a detailed analysis of the aggregation criteria set forth in the ASC. Consistent with our fundamental business strategy, the agencies within our regional reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our regional reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services and office and general costs, which include rent and occupancy costs, technology costs that are generally limited to purchased computers, servers and off-the-shelf software and other overhead expenses. Finally, the expected benefits of our acquisitions are typically shared across multiple agencies and regions as they work together to integrate the acquired agency into our client service strategy.

Estimates and Assumptions — Goodwill Impairment Review: We use the following valuation methodologies to determine the fair value of our reporting units: (1) the income approach which utilizes discounted expected future cash flows, (2) comparative market participant multiples for EBITDA (earnings before interest expense, income taxes, depreciation and amortization), and (3) when available, consideration of recent and similar purchase acquisition transactions.

In applying the income approach, we use estimates to derive the expected discounted cash flows ("DCF") for each reporting unit that serves as the basis of our valuation. These estimates and assumptions include revenue growth and operating margin, EBITDA, tax rates, capital expenditures, weighted average cost of capital and related discount rates and expected long-term cash flow growth rates. All these estimates and assumptions are affected by conditions specific to our businesses, economic conditions related to the industry in which we operate, as well as conditions in the global economy. The assumptions which have the most significant effect on our valuations derived using a DCF methodology are: (1) the expected long-term growth rate of our reporting units' cash flows and (2) the weighted average cost of capital ("WACC").

The range of assumptions used for the long-term growth rate and WACC in our evaluation as of June 30, 2010 and 2009 were:

	June 30	
	2010	2009
Long-Term Growth Rate	4.0%	4.5%
WACC	10.3% – 10.9%	11.1% – 11.8%

Long-term growth rates represent our estimate of a conservative long-term growth rate for the industry in which we operate and the global economy. The average historical revenue growth rate of our reporting units for the past nine years was approximately 7.7% and the average nominal GDP growth of the countries comprising our major markets that account for substantially all of our revenue ("Average Nominal GDP") was 4.9% over the same period. We considered this history when determining the long-term growth rates to be used in our annual impairment test at June 30, 2010. We believe marketing expenditures over the long term have a high correlation to GDP. We also believe, based on our historical performance, that our long-term growth rate will exceed Average Nominal GDP growth. For our annual test as of June 30, 2010, beginning in 2016, we used an estimated long-term growth rate of 4.0% for all of our reporting units.

When performing our annual impairment test as of June 30, 2010 and estimating the future cash flows of all of our reporting units, we also considered the changes in the economic outlook in mid-year 2010. We experienced an increase in our revenue in the first half of 2010 of 6.1%, of which 2.0% was due to foreign exchange movements. This led us to estimate growth rates for the subsequent five years that reflect current business conditions and increase gradually throughout this period.

The risk-adjusted discount rate used in our DCF analysis represents the estimated WACC for each of our reporting units. The WACC is comprised of (1) a risk-free rate of return, (2) a business risk index ascribed to us and to companies in our industry comparable to our reporting units based on a market derived variable that measures the volatility of the share price of equity securities relative to the volatility of the overall equity market, (3) an equity risk premium that is based on the rate of return on equity of publicly traded companies with business characteristics comparable to our reporting units, and (4) the current after-tax market rate of return on debt of companies with business characteristics similar to our reporting units, each weighted by the relative market value percentages of our equity and debt. The reduction in the WACC used at June 30, 2010 compared to June 30, 2009 was primarily the result of a decrease in the long-term U.S. Treasury bond, the risk-free rate of return used.

Sensitivity Analysis and Conclusion — Goodwill Impairment Review: Consistent with our fundamental business strategy, the agencies within our reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services, and office and general costs, which include rent and occupancy costs, technology costs and other overhead expenses.

Our reporting units do vary in size with respect to revenue and the amount of debt allocated to them. These differences drive the variations in fair value among our reporting units. In addition, these differences as well as differences in book value, including goodwill, cause the variations in the amount by which fair value exceeds book value among the reporting units. The reporting unit goodwill balances and debt vary by reporting unit primarily because our three legacy agency networks were acquired at the formation of Omnicom and were accounted for as a pooling of interests that did not result in any additional debt or goodwill being recorded. The remaining two agency networks, including Reporting Unit 5, were built through a combination of internal growth and acquisitions that were accounted for as purchase transactions and as a result, they have a relatively higher amount of goodwill and debt.

The decline in the fair value of our reporting units that would need to occur in order to fail step one of our goodwill impairment test (the "Threshold") is as follows (dollars in millions):

	June 30, 2010		June 30, 2009	
Reporting Units	Goodwill	Threshold	Goodwill	Threshold
1 and 2	$1,792.6	>60%	$1,769.9	>55%
3 and 4	$2,112.6	>70%	$2,099.2	>70%
5	$3,565.7	>55%	$3,577.5	>50%

Based on the analysis described above, we concluded that our goodwill was not impaired as of June 30, 2010 because the fair values of each of our reporting units were substantially in excess of their respective net book values. Notwithstanding our belief that the assumptions we used in our impairment testing for our WACC and long-term growth rate are reasonable, we performed a sensitivity analysis for each of our reporting units. The results of this sensitivity analysis for our annual impairment test as of June 30, 2010 revealed that if our WACC was increased by 1%, and/or our long-term growth rate was decreased by 1%, the fair value of each of our reporting units would continue to be substantially in excess of their respective net book values and pass step one of the impairment test.

We plan to continue to perform our impairment test at the end of the second quarter of each year unless certain events or circumstances trigger the need for an interim evaluation for impairment. The estimates we use in testing our goodwill for impairment do not constitute forecasts or projections of future results of operations, but rather are estimates and assumptions based on historical results and assessments of macroeconomic factors affecting our reporting units. We believe that our estimates and assumptions are reasonable, but they are subject to change from period to period. Actual results of operations and other factors will likely differ from the estimates used in our discounted cash flow valuation and it is possible that differences could be material. A change in the estimates we use could result in a decline in the estimated fair value of one or more of our reporting units from the amounts derived as of our latest valuation and could cause us to fail step one of our goodwill impairment test if the estimated fair value for the reporting unit is less than the carrying value of the net assets of the reporting unit, including its goodwill. A large decline in estimated fair value of a reporting unit could result in a non-cash impairment charge and may have an adverse effect on our results of operations and financial position.

Additional information about acquisitions and goodwill appears in Notes 3 and 5 to our consolidated financial statements.

Revenue Recognition: We recognize revenue in accordance with ASC Topic 605, Revenue Recognition, and applicable SEC Staff Accounting Bulletins. Substantially all of our revenue is derived from fees for services or a rate per hour or equivalent basis. Revenue is realized when the service is performed in accordance with terms of each client arrangement, upon completion of the earnings process and when collection is reasonably assured. We record revenue net of sales, use and value added taxes. Certain of our businesses earn a portion of their revenue as commissions based upon performance in accordance with client arrangements. These principles are the foundation of our revenue recognition policy and apply to all client arrangements in each of our service disciplines – traditional media advertising, CRM, public relations and specialty communications.

More specifically, our policy requires the following key elements to be satisfied prior to recognizing revenue: persuasive evidence of an arrangement must exist; the sales price must be fixed or determinable; delivery, performance and acceptance must be in accordance with the client arrangement; and collection is reasonably assured. Because the services that we provide across each of our disciplines are similar and delivered to clients in similar ways, all of the key elements in revenue recognition apply to client arrangements in each of our four disciplines.

In the majority of our businesses, we act as an agent and record revenue equal to the net amount retained, when the fee or commission is earned. Although we may bear credit risk in respect of these activities, the arrangements with our clients are such that we act as an agent on their behalf. In these cases, costs incurred with external suppliers are excluded from our revenue. In certain arrangements, we act as principal and we contract directly with suppliers for media payments and third-party production costs and are responsible for payment. In these arrangements, revenue is recorded at the gross amount billed since revenue has been earned for the sale of goods or services.

A portion of our client contractual arrangements include performance incentive provisions designed to link a portion of our revenue to our performance relative to both quantitative and qualitative goals. We recognize this portion of revenue when the specific quantitative goals are achieved, or when our performance against qualitative goals is determined by our clients. Additional information about our revenue recognition policy appears in Note 3 to our consolidated financial statements.

Employee Share-Based Compensation: Employee share-based compensation is measured at the grant date fair value based on the fair value of the award. We use the Black-Scholes option valuation model to determine the fair value of share-based compensation awards. This valuation model uses several assumptions and estimates such as expected life, rate of risk free interest, volatility and dividend yield. If different assumptions and estimates were used to determine the fair value, our actual results of operations and cash flows would likely differ from the estimates used and it is possible that differences and changes could be material. Additional information about these assumptions and estimates appears in Note 3 to our consolidated financial statements.

Share-based employee compensation expense for the years ended December 31, 2010, 2009 and 2008 was $69.3 million, $78.6 million and $59.3 million, respectively. Information about our specific awards and stock plans can be found in Note 10 to our consolidated financial statements.

New Accounting Standards

Additional information regarding new accounting guidance can be found in Note 2 to our consolidated financial statements. Note 3 to our consolidated financial statements provides a summary of our significant accounting policies.

Financial Results from Operations — 2010 Compared with 2009

	Year Ended December 31, (Dollars in millions, except per share amounts)	
	2010	2009
Revenue	$12,542.5	$11,720.7
Operating Expenses:		
Salary and service costs	9,214.2	8,450.6
Office and general expenses	1,868.1	1,895.2
	11,082.3	10,345.8
Operating Income	1,460.2	1,374.9
Interest Expense	134.7	122.2
Interest Income	24.9	21.5
Income Before Income Taxes and Income from Equity Method Investments	1,350.4	1,274.2
Income Tax Expense	460.2	433.6
Income from Equity Method Investments	33.5	30.8
Net Income	923.7	871.4
Less: Net Income Attributed to Noncontrolling Interests	96.0	78.4
Net Income – Omnicom Group Inc	$ 827.7	$ 793.0
Net Income Per Common Share – Omnicom Group Inc.:		
Basic	$ 2.74	$ 2.54
Diluted	2.70	2.53
Dividends Declared Per Common Share	$ 0.80	$ 0.60

Revenue: Our 2010 revenue increased 7.0% to $12,542.5 million from $11,720.7 million in 2009. Foreign exchange impacts increased revenue by $17.1 million, acquisitions net of dispositions increased revenue by $55.6 million and organic growth increased revenue by $749.1 million. The components of total 2010 revenue changes in the U.S. ("domestic") and the remainder of the world ("international") were (dollars in millions):

	Total		Domestic		International	
	$	%	$	%	$	%
December 31, 2009	$11,720.7	—	$6,178.4	—	$5,542.3	—
Components of revenue change:						
Foreign exchange impact	17.1	0.1%	—	—	17.1	0.3%
Acquisitions, net of dispositions	55.6	0.5%	(30.7)	(0.5)%	86.3	1.6%
Organic growth	749.1	6.4%	535.4	8.7%	213.7	3.9%
December 31, 2010	$12,542.5	7.0%	$6,683.1	8.2%	$5,859.4	5.7%

The components and percentages are calculated as follows:

- The foreign exchange impact is calculated by first converting the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at a constant currency revenue ($12,525.4 million for the Total column in the table for the year). The foreign exchange impact equals the difference between the current period revenue in U.S. Dollars and the current period revenue in constant currency ($12.542.5 million less $12,525.4 million for the Total column in the table for the year).
- The acquisition component is calculated by aggregating the applicable prior period revenue of the acquired businesses, less revenue of any business included in the prior period revenue that was disposed of subsequent to the prior period.
- Organic growth is calculated by subtracting both the foreign exchange and acquisition revenue components from total revenue growth.
- The percentage change is calculated by dividing the individual component amount by the prior period revenue base of that component ($11,720.7 million for the Total column in the table for the year).

Revenue in 2010 and the percentage change from 2009 in our primary geographic markets were (dollars in millions):

	Revenue	% Change
United States	$ 6,683.1	8.2%
Euro Markets	2,459.3	(3.6)%
United Kingdom	1,090.2	4.3%
Other	2,309.9	18.7%
Total	$12,542.5	7.0%

Foreign exchange impacts increased our 2010 revenue by $17.1 million. The most significant impacts resulted from the weakening of the U.S. Dollar against the Canadian Dollar, Brazilian Real, Australian Dollar, South African Rand and Japanese Yen, partially offset by the strengthening of the U.S. Dollar against the Euro and British Pound.

Assuming exchange rates at February 15, 2011 remain unchanged, we expect foreign exchange impacts to increase our full year 2011 revenue by approximately 1%.

Additional geographic information relating to our business is contained in Note 7 to our consolidated financial statements.

Due to a variety of factors, in the normal course, our agencies both gain and lose business from clients each year. The net result in 2010 was an overall gain in new business. Under our client-centric approach, we seek to broaden our relationships with our largest clients. Revenue from our single largest client represented 3.0% and 3.1% of our revenue in 2010 and 2009, respectively. No other client represented more than 2.4% of revenue in 2010 or more than 2.5% of revenue in 2009. Our ten largest and 100 largest clients represented 18.0% and 50.6% of our 2010 revenue, respectively, and 17.8% and 50.4% of our 2009 revenue, respectively.

Driven by our clients' continuous demand for more effective and efficient branding activities, we strive to provide an extensive range of advertising, marketing and corporate communications services through various client-centric networks that are organized to meet specific client objectives. These services include advertising, brand consultancy, crisis communications, custom publishing, database management, digital and interactive marketing, direct marketing, entertainment marketing, environmental design, experiential marketing, field marketing, financial / corporate business-to-business advertising, graphic arts, healthcare communications, instore design, investor relations, marketing research, media planning and buying, mobile marketing services, multi-cultural marketing, nonprofit marketing, organizational communications, package design, product placement, promotional marketing, public affairs, public relations, recruitment communications, reputation consulting, retail marketing, search engine marketing, social media marketing and sports and event marketing. In an effort to monitor the changing needs of our clients and to further expand the scope of our services to key clients, we monitor revenue across a broad range of disciplines and group them into four disciplines: traditional media advertising; CRM; public relations; and specialty communications. Revenue for 2010 and 2009 and revenue change for our four disciplines were:

	Year Ended December 31, (Dollars in millions)					
	2010		2009		2010 vs 2009	
	Revenue	% of Revenue	Revenue	% of Revenue	$ Change	% Change
Traditional media advertising	$ 5,679.0	45.3%	$ 5,301.4	45.2%	$377.6	7.1%
CRM	4,547.9	36.3%	4,272.3	36.5%	275.6	6.5%
Public relations	1,145.7	9.1%	1,075.3	9.2%	70.4	6.5%
Specialty communications	1,169.9	9.3%	1,071.7	9.1%	98.2	9.2%
	$12,542.5		$11,720.7		$821.8	7.0%

Operating Expenses: Our 2010 operating expenses increased $736.5 million, or 7.1%, to $11,082.3 million from $10,345.8 million in 2009, as shown below.

	Year Ended December 31, (Dollars in millions)							
	2010			2009			2010 vs 2009	
	$	% of Revenue	% of Total Operating Expenses	$	% of Revenue	% of Total Operating Expenses	$ Change	% Change
Revenue	$12,542.5			$11,720.7			$821.8	7.0%
Operating Expenses:								
Salary and service costs	9,214.2	73.5%	83.1%	8,450.6	72.1%	81.7%	763.6	9.0%
Office and general expenses	1,868.1	14.9%	16.9%	1,895.2	16.2%	18.3%	(27.1)	(1.4)%
Total Operating Expenses	11,082.3	88.4%		10,345.8	88.3%		736.5	7.1%
Operating Income	$ 1,460.2	11.6%		$ 1,374.9	11.7%		$ 85.3	6.2%

Salary and services costs are comprised of employee compensation and related costs and direct service costs. Salary and service costs increased $763.6 million in 2010 compared to 2009. Salary and service costs as a percentage of revenue increased to 73.5% in 2010 compared to 72.1% in 2009. This increase resulted primarily from a combination of a change in our business mix and increased compensation costs, primarily related to freelance labor and incentive compensation, partially offset by a decrease in severance costs.

Office and general expenses decreased $27.1 million in 2010 compared to 2009. Office and general expenses as a percentage of revenue decreased 1.3% in 2010 compared to 2009. These costs are comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses, and are less directly linked to changes in our revenue. Included in office and general expenses is a $26.0 million non-cash gain resulting from the remeasurement to fair value of our existing ownership interests in affiliates in the Middle East and South America in which we acquired a controlling interest, bringing our ownership up to 68.6% and 100%, respectively. Further, we recorded a $13.0 million charge primarily related to fixed asset impairment and other costs on the disposal of certain underperforming businesses in Europe.

Net Interest Expense: Net interest expense increased to $109.8 million in 2010, as compared to $100.7 million in 2009. Gross interest expense increased $12.5 million to $134.7 million. The increase was primarily due to increased interest resulting from our 6.25% Senior Notes issued in July 2009, our 4.45% Senior Notes issued in August 2010 and amortization of supplemental interest payments made on our Convertible Notes due 2038. This increase was partially offset by lower interest expense resulting from no borrowings under our credit facility during 2010 and decreases in amortization of supplemental interest payments made in prior periods on our Convertible Notes due 2031 and our Convertible Notes due 2032, as well as a net reduction in interest expense on our 2016 Notes resulting from our interest rate swap entered into in August 2010. Gross interest income increased $3.4 million to $24.9 million in 2010. This increase was attributable to higher foreign cash balances available for investment and higher investment rates.

See "Liquidity and Capital Resources" and "Quantitative and Qualitative Disclosures About Market Risk" for a discussion of our indebtedness and related matters.

Income Taxes: Our 2010 consolidated effective income tax rate was 34.1%, which increased slightly from the 2009 rate of 34.0%.

Net Income Per Common Share – Omnicom Group Inc.: For the foregoing reasons, our net income – Omnicom Group Inc. in 2010 increased $34.7 million, or 4.4%, to $827.7 million from $793.0 million in 2009. Diluted net income per common share – Omnicom Group Inc. increased 6.7% to $2.70 in 2010, as compared to $2.53 in the prior year. The year-over-year increase in diluted net income per common share – Omnicom Group Inc. is due to the factors described above, as well as the impact of the reduction in our weighted average common shares outstanding. This reduction was the result of our purchases of our common stock during 2010, net of stock option exercises and shares issued under our employee stock purchase plan.

Financial Results from Operations — 2009 Compared with 2008

	Year Ended December 31, (Dollars in millions, except per share amounts)	
	2009	2008
Revenue	$11,720.7	$13,359.9
Operating Expenses:		
Salary and service costs	8,450.6	9,560.2
Office and general expenses	1,895.2	2,110.3
	10,345.8	11,670.5
Operating Income	1,374.9	1,689.4
Interest Expense	122.2	124.6
Interest Income	21.5	50.3
Income Before Income Taxes and Income from Equity Method Investments	1,274.2	1,615.1
Income Tax Expense	433.6	542.7
Income from Equity Method Investments	30.8	42.0
Net Income	871.4	1,114.4
Less: Net Income Attributed to Noncontrolling Interests	78.4	114.1
Net Income – Omnicom Group Inc	$ 793.0	$ 1,000.3
Net Income Per Common Share – Omnicom Group Inc.:		
Basic	$ 2.54	$ 3.17
Diluted	2.53	3.14
Dividends Declared Per Common Share	$ 0.60	$ 0.60

Fourth Quarter 2009: In the fourth quarter of 2009, we recorded a net gain of $32.4 million related to transactions with affiliated companies. The net gain was comprised of a $41.3 million non-cash gain resulting from the remeasurement to fair value of our ownership interest in an affiliated company in which we acquired a controlling interest, bringing our ownership up to 85%, in December 2009 and was partially offset by impairment charges of $8.9 million principally related to the loss on the sale of an investment in an affiliated company in January 2010. Also in the fourth quarter of 2009, we took a charge of $33.2 million in connection

with the loss in the quarter of a significant client in the automotive sector, primarily for severance and lease termination costs. Salary and service costs for 2009 reflect an increase in severance costs of $15.4 million related to the client loss. Office and general expenses for 2009 reflect a decrease of $14.6 million related to the remeasurement gain of $41.3 million, offset by lease termination costs of $17.8 million related to the client loss and the impairment charges of $8.9 million on investments in affiliated companies.

Revenue: Our 2009 revenue decreased 12.3% to $11,720.7 million from $13,359.9 million in 2008. Foreign exchange impacts decreased revenue by $454.3 million, acquisitions net of dispositions, decreased revenue by $30.8 million and organic growth decreased revenue by $1,154.1 million. The components of total 2009 revenue changes in the U.S. ("domestic") and the remainder of the world ("international") were (dollars in millions):

	Total		Domestic		International	
	$	%	$	%	$	%
December 31, 2008	$13,359.9	—	$6,890.0	—	$6,469.9	—
Components of revenue change:						
Foreign exchange impact	(454.3)	(3.4)%	—	—	(454.3)	(7.0)%
Acquisitions, net of dispositions	(30.8)	(0.2)%	(41.0)	(0.6)%	10.2	0.2%
Organic growth	(1,154.1)	(8.7)%	(670.6)	(9.7)%	(483.5)	(7.5)%
December 31, 2009	$11,720.7	(12.3)%	$6,178.4	(10.3)%	$5,542.3	(14.3)%

The components and percentages are calculated as follows:

- The foreign exchange impact is calculated by first converting the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at a constant currency revenue ($12,175.0 million for the Total column in the table for the year). The foreign exchange impact equals the difference between the current period revenue in U.S. Dollars and the current period revenue in constant currency ($11,720.7 million less $12,175.0 million for the Total column in the table for the year).
- The acquisition component is calculated by aggregating the applicable prior period revenue of the acquired businesses, less revenue of any business included in the prior period revenue that was disposed of subsequent to the prior period.
- Organic growth is calculated by subtracting both the foreign exchange and acquisition revenue components from total revenue growth.
- The percentage change is calculated by dividing the individual component amount by the prior period revenue base of that component ($13,359.9 million for the Total column in the table for the year).

Revenue in 2009 and the percentage change from 2008 in our primary geographic markets were (dollars in millions):

	Revenue	% Change
United States	$ 6,178.4	(10.3)%
Euro Markets	2,551.3	(14.6)%
United Kingdom	1,045.3	(21.1)%
Other	1,945.7	(9.7)%
Total	$11,720.7	(12.3)%

For the full year 2009, foreign exchange impacts decreased our revenue by $454.3 million. Beginning late in the third quarter of 2008 and continuing through the third quarter of 2009, the U.S. Dollar strengthened against most other major currencies, such as the British Pound, Euro, Canadian Dollar, Brazilian Real and Australian Dollar.

For the fourth quarter of 2009, foreign exchange impacts increased our international revenue by $130.5 million. The most significant impacts resulted from the weakening of the U.S. Dollar against the British Pound, Euro, Brazilian Real, Australian Dollar, and Korean Won.

Additional geographic information relating to our business is contained in Note 7 to our consolidated financial statements.

Due to a variety of factors, in the normal course, our agencies both gain and lose business from clients each year. The net result in 2009 was an overall gain in new business. Under our client-centric approach, we seek to broaden our relationships with our largest clients. Revenue from our single largest client represented 3.1% and 2.8% of our revenue in 2009 and 2008, respectively. No other client represented more than 2.5% of revenue in 2009 or more than 2.1% of revenue in 2008. Our ten largest and 100 largest clients represented 17.8% and 50.4% of our 2009 revenue, respectively, and 16.7% and 47.4% of our 2008 revenue, respectively.

Driven by our clients' continuous demand for more effective and efficient branding activities, we strive to provide an extensive range of advertising, marketing and corporate communications services through various client-centric networks that are organized to meet specific client objectives. These services include advertising, brand consultancy, crisis communications, custom publishing, database management, digital and interactive marketing, direct marketing, entertainment marketing, environmental design, experiential marketing, field marketing, financial / corporate business-to-business advertising, graphic arts, healthcare communications, instore design, investor relations, marketing research, media planning and buying, mobile marketing services, multi-cultural marketing, nonprofit marketing, organizational communications, package design, product placement, promotional marketing, public affairs, public relations, recruitment communications, reputation consulting, retail marketing, search engine marketing, social media marketing and sports and event marketing. In an effort to monitor the changing needs of our clients and to further expand the scope of our services to key clients, we monitor revenue across a broad range of disciplines and group them into the four disciplines: traditional media advertising; CRM; public relations; and specialty communications. Revenue for 2009 and 2008 and revenue change for our four disciplines were:

	Year Ended December 31, (Dollars in millions)					
	2009		2008		2009 vs 2008	
	Revenue	% of Revenue	Revenue	% of Revenue	$ Growth	% Growth
Traditional media advertising	$ 5,301.4	45.2%	$ 5,908.4	44.2%	$ (607.0)	(10.3)%
CRM	4,272.3	36.5%	4,898.0	36.7%	(625.7)	(12.8)%
Public relations	1,075.3	9.2%	1,261.7	9.4%	(186.4	(14.8)%
Specialty communications	1,071.7	9.1%	1,291.8	9.7%	(220.1)	(17.0)%
	$11,720.7		$13,359.9		$(1,639.2)	(12.3)%

Operating Expenses: Our 2009 operating expenses decreased $1,324.7 million, or 11.4%, to $10,345.8 million from $11,670.5 million in 2008, as shown below.

	Year Ended December 31, (Dollars in millions)							
	2009			2008			2009 vs 2008	
	$	% of Revenue	% of Total Operating Expenses	$	% of Revenue	% of Total Operating Expenses	$ Growth	% Growth
Revenue	$11,720.7			$13,359.9			$(1,639.2)	(12.3)%
Operating Expenses:								
Salary and service costs	8,450.6	72.1%	81.7%	9,560.2	71.6%	81.9%	(1,109.6)	(11.6)%
Office and general expenses	1,895.2	16.2%	18.3%	2,110.3	15.8%	18.1%	(215.1)	(10.2)%
Total Operating Expenses	10,345.8	88.3%		11,670.5	87.4%		(1,324.7)	(11.4)%
Operating Income	$ 1,374.9	11.7%		$ 1,689.4	12.6%		$ (314.5)	(18.6)%

Salary and services costs are comprised of employee compensation and related costs and direct service costs. Salary and service costs decreased $1,109.6 million in 2009 compared to 2008. This reflects actions we took to reduce our workforce and contain compensation related costs in the face of reduced client spending. Salary and service costs as a percentage of revenue increased slightly to 72.1% in 2009 compared to 71.6% in

2008, principally due to the year-over-year increase in severance costs of $31.4 million that included severance costs recorded in the fourth quarter of $15.4 million related to the loss in the quarter of a client in the automotive sector.

Office and general expenses represented 18.3% and 18.1% of our operating expenses in 2009 and 2008, respectively. Office and general expenses as a percentage of revenue increased 0.4% in 2009 compared to 2008. These costs are comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses, and are less directly linked to changes in our revenue. Excluding the net impact of the remeasurement gain, lease termination costs and impairment charges in the fourth quarter of 2009 totaling $14.6 million, office and general expenses decreased $200.5 million in 2009 compared to 2008. This decrease was primarily a result of our cost containment activities.

Net Interest Expense: Our net interest expense increased to $100.7 million in 2009, as compared to $74.3 million in 2008. Gross interest expense decreased $2.4 million to $122.2 million. The decrease was primarily due to lower interest rates and lower borrowings under our credit facility and commercial paper issuances that substantially offset the increased interest resulting from our 6.25% Senior Notes issued on July 1, 2009. Our gross interest income decreased $28.8 million to $21.5 million in 2009. This decrease was attributable to lower investment rates and foreign exchange impacts on the interest earned on our foreign cash balances.

See "Liquidity and Capital Resources" and "Quantitative and Qualitative Disclosures About Market Risk" for a discussion of our indebtedness and related matters.

Income Taxes: Our 2009 consolidated effective income tax rate was 34.0%, which is slightly higher than our 2008 rate of 33.6%. The increase in our effective tax rate was caused by higher foreign taxes, including a tax expense incurred in 2009 of $12.9 million due to the resolution of an uncertain tax position for a foreign subsidiary. This was substantially offset by a reduction in income tax expense in 2009 of $11.0 million from the recognition of foreign income tax credits.

Net Income Per Common Share — Omnicom Group Inc.: For the foregoing reasons, our net income – Omnicom Group Inc. in 2009 decreased $207.3 million, or 20.7%, to $793.0 million from $1,000.3 million in 2008. Diluted net income per common share – Omnicom Group Inc. decreased 19.4% to $2.53 in 2009, as compared to $3.14 in the prior year. The year-over-year decrease was smaller than the decrease in net income – Omnicom Group Inc. due to the reduction in our weighted average common shares outstanding.

Liquidity and Capital Resources

Cash Sources and Requirements, Including Contractual Obligations

Historically, the majority of our non-discretionary cash requirements have been funded from operating cash flow, cash on hand and short-term investments. Working capital is our principal non-discretionary funding requirement. In addition, we have contractual obligations related to our senior notes and convertible notes, our recurring business operations, primarily related to lease obligations, as well as certain contingent acquisition obligations related to acquisitions made in prior years.

Our principal discretionary cash requirements include dividend payments to our shareholders, payments for strategic acquisitions, capital expenditures and repurchases of our common stock. Our discretionary spending is funded from operating cash flow, cash on hand and short-term investments. In addition, depending on the level of discretionary spending, we may use other sources of available funding, such as the issuance of commercial paper and borrowing under our credit facility or other long-term borrowings to finance these activities. However, we expect that over the course of 2011 we should be able to fund both our discretionary and non-discretionary cash requirements without incurring additional long-term debt.

We have a seasonal cash requirement, peaking during the second quarter, primarily due to the timing of payments for incentive compensation, income taxes and contingent acquisition obligations. This typically will result in a net borrowing requirement that decreases over the course of the year. We expect that all our treasury centers will have cash invested at the end of the calendar year. At December 31, 2010, our cash and cash equivalents increased by $701.7 million from December 31, 2009. The components of the increase in 2010 are (dollars in millions):

Sources		
Cash flow from operations		$ 1,488.0
Less change in working capital		(310.3)
Principal cash sources		1,177.7
Uses		
Capital expenditures	$ (153.7)	
Dividends paid	(229.7)	
Acquisition payments, including contingent acquisition obligations of $107.7, net of cash acquired	(152.1)	
Repurchase of common stock of $1,296.0, net of proceeds from stock option exercises and stock sold to our employee stock purchase plan of $123.1 and tax benefits of $44.6	(1,128.3)	
Principal discretionary cash uses		(1,663.8)
Discretionary cash uses in excess of principal cash sources		(486.1)
Exchange rate changes		44.7
Financing activities and other		832.8
Add back change in working capital		310.3
Increase in cash and cash equivalents		$ 701.7

Principal Cash Sources and Principal Discretionary Cash Uses amounts are non-GAAP financial measures. These amounts exclude changes in working capital and other investing and financing activities, including commercial paper issuances and redemptions used to fund working capital changes and discretionary cash uses. This presentation reflects the metrics used by us to assess our sources and uses of cash and was derived from our consolidated statements of cash flows. We believe that this presentation is meaningful for understanding our primary sources and primary uses of that cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP. Non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies. Additional information regarding our cash flows can be found in our consolidated financial statements.

Cash Management

We manage our cash and liquidity centrally through our regional treasury centers in North America, Europe and Asia. The regional treasury centers are managed by our wholly-owned finance subsidiaries. Each day, operations with excess funds invest these funds with their regional treasury center. Likewise, operations that require funding borrow funds from their regional treasury center. The treasury centers aggregate the net position, which is either invested with or borrowed from third parties. To the extent that our treasury centers require liquidity, they have the ability to access local currency uncommitted lines of credit, our $2.0 billion credit facility or, depending on market conditions at the time, issue up to $1.5 billion of U.S. Dollar-denominated commercial paper. This process enables us to more efficiently manage our debt balances and effectively utilize our cash, as well as better manage our risk to foreign exchange changes.

In certain countries where we either do not conduct treasury operations or it is not feasible for one of our treasury centers to fund net borrowing requirements on an intercompany basis, we arrange for uncommitted local credit lines in those countries.

Our cash and cash equivalents increased $701.7 million and our short-term investments increased $3.5 million from the prior year. Short-term investments principally consist of time deposits with financial institutions that we expect to convert into cash in our current operating cycle, generally within one year.

At December 31, 2010, $715.3 million of our cash and cash equivalents was held in the United States and the remainder was held internationally, primarily in Canada, the United Kingdom and Hong Kong. The majority of our offshore cash is available to us as a source of funds, net of any tax obligations or assessments.

Unrepatriated cumulative earnings of certain foreign subsidiaries are considered to be invested indefinitely outside the United States. In managing our day-to-day liquidity and our long-term capital structure, we do not rely on the unrepatriated earnings as a source of funds. We have not provided U.S. federal and state income taxes on these undistributed foreign earnings. Determination of the amount of this tax liability is based on the rate differential of the U.S. income taxes in excess of the foreign taxes on any remittances of the undistributed earnings and is not practicable because of the complexities associated with its hypothetical calculation. Changes in U.S. tax rules and regulations covering international operations and foreign tax credits may affect our future reported financial results or the way we conduct our business.

During 2010, we opportunistically accessed the capital markets and issued $1.0 billion aggregate principal amount of 4.45% Senior Notes due August 15, 2020 and repurchased $66.5 million of our Convertible Notes. Our cash and cash equivalents and short-term investments increased $705.2 million from the prior year end. As a result, our net debt position, which we define as total debt outstanding less cash and short-term investments, increased $213.3 million as compared to the prior year-end, as follows (dollars in millions):

	2010	2009
Debt:		
Short-term borrowings (due less than one year)	$ 50.2	$ 19.3
Commercial paper	—	—
5.90% Senior Notes due April 15, 2016	1,000.0	1,000.0
6.25% Senior Notes due July 15, 2019	500.0	500.0
4.45% Senior Notes due August 15, 2020	1,000.0	—
Convertible notes due February 7, 2031	0.1	5.8
Convertible notes due July 31, 2032	252.7	252.7
Convertible notes due June 15, 2033	0.1	0.1
Convertible notes due July 1, 2038	406.6	467.4
Other debt	1.5	18.6
Unamortized discount on Senior Notes	(8.7)	(6.2)
Fair value hedge adjustment on Senior Notes due 2016	(26.3)	—
Total debt	3,176.2	2,257.7
Cash and cash equivalents and short-term investments	2,300.0	1,594.8
Net debt	$ 876.2	$ 662.9

Net Debt is a non-GAAP financial measure. We believe this presentation, together with the comparable U.S. GAAP measures, reflects one of the key metrics used by us to assess our cash management. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP. Non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies.

Debt Instruments, Guarantees and Related Covenants

In December 2010, we entered into a new credit facility expiring on December 9, 2013 with a consortium of banks led by Citibank, JPMorgan Chase and Bank of America providing borrowing capacity of up to $2.0 billion as described in Note 6 to our consolidated financial statements. The credit facility replaced our $2.5 billion credit facility that was due to expire in June 2011. Our credit facility provides support for our commercial paper issuances, as well as back-up liquidity in the event any of our convertible notes are put back to us. During 2010 and 2009, we repurchased a total of $1,382.0 million of convertible notes that were put. At December 31, 2010, the outstanding convertible notes totaled $659.5 million. Depending on market conditions at the time, we typically fund our daily borrowing needs by issuing commercial paper, borrowing under our uncommitted lines of credit or borrowing under our credit facility.

For the three years ended December 31, 2010, commercial paper issuances and borrowings under our committed credit facility were (dollars in millions):

	2010	2009	2008
Commercial paper:			
Average amount outstanding during the year	$ 406.5	$ 180.3	$ 175.8
Maximum amount outstanding during the year	$ 1,050.6	$ 618.0	$ 743.0
Total borrowings during the year	$13,319.2	$12,703.3	$14,735.0
Amount outstanding at December 31	—	—	—
Weighted average interest rate	0.40%	0.72%	3.43%
Average days outstanding	11.1	5.2	4.4
Committed credit facility:			
Average amount outstanding during the year	—	$ 753.3	$ 554.9
Maximum amount outstanding during the year	—	$ 1,500.0	$ 1,150.0
Total borrowings during the year	—	$21,562.0	$13,400.0
Amount outstanding at December 31	—	—	—
Weighted average interest rate	—	0.61%	2.88%
Average days outstanding	—	12.4	14.9

The combined maximum amount outstanding for our commercial paper and credit facility borrowings was $1,050.6 million for 2010, $1,757.8 million for 2009 and $1,254.2 million for 2008.

At December 31, 2010, short-term borrowings of $50.2 million outstanding were comprised of bank overdrafts and credit lines by our international subsidiaries. The bank overdrafts and credit lines are treated as unsecured loans pursuant to the bank agreements supporting the facilities.

Our credit facility contains financial covenants that restrict our ability to incur indebtedness as defined in the agreement. These financial covenants limit the ratio of total consolidated indebtedness to total consolidated EBITDA (under our credit agreement, EBITDA is defined as earnings before interest, taxes, depreciation and amortization) to no more than 3.0 times. In addition, we are required to maintain a minimum ratio of EBITDA to interest expense of at least 5.0 times. At December 31, 2010, we were in compliance with these covenants, as our ratio of debt to EBITDA was 1.9 times and our ratio of EBITDA to interest expense was 12.7 times. In addition, our credit facility does not limit our ability to declare or pay dividends.

In August 2010, we issued $1.0 billion aggregate principal amount of 4.45% Senior Notes due August 15, 2020. The proceeds from the issuance before deducting underwriting commissions and offering expenses were $996.5 million.

Standard and Poor's Rating Service currently rates our long-term debt BBB+, Moody's Investors Service rates our long-term debt Baa1 and Fitch Ratings rates our long-term debt A-. Our short-term debt credit ratings are A2, P2 and F2 by the respective agencies. Our outstanding 5.90% Senior Notes due April 15, 2016, 6.25% Senior Notes due July 15, 2019, 4.45% Senior Notes due August 15, 2020 (collectively "Senior Notes"), convertible notes and credit facility do not contain provisions that require acceleration of cash payments should our debt credit ratings be downgraded. The interest rates and fees on our credit facility, however, will increase if our long-term debt credit ratings are lowered.

Our Senior Notes and convertible notes were co-issued by us and two of our wholly owned finance subsidiaries, Omnicom Capital Inc. ("OCI") and Omnicom Finance Inc. ("OFI"), as co-obligors. Our Senior Notes and convertible notes are a joint and several liability of the issuer and the co-obligors and we unconditionally guarantee the obligations of OCI and OFI with respect to the Senior Notes and the convertible notes. Our Senior Notes are senior unsecured notes that rank in equal right of payment with all existing and future unsecured senior indebtedness.

OCI and OFI provide funding for our operations by incurring debt and lending the proceeds to our operating subsidiaries. OCI and OFI's assets consist of intercompany loans made to our operating subsidiaries and the related interest receivable. There are no restrictions in the Senior Notes or convertible note indentures on the ability of OCI, OFI or us to obtain funds from our subsidiaries through dividends, loans or advances.

In June 2010, we amended the indenture relating to our 2038 Notes to permit us to redeem our 2038 Notes on June 17, 2013 and June 15, 2018. After June 15, 2018, we can redeem the 2038 Notes at any time. Additionally, holders of $403.2 million of our 2038 Notes agreed to waive their right to contingent cash interest, if payable, from December 15, 2010 through and including December 15, 2013. Holders of $3.4 million of our 2038 Notes did not put their notes to us for purchase and did not consent to the amendments and $60.8 million aggregate principal amount of the 2038 Notes were repurchased and retired.

In August 2010, we entered into a series of interest rate swap agreements to hedge the risk of changes in fair value of the $1 billion aggregate principal amount of our 5.90% Senior Notes due April 15, 2016 ("2016 Notes") attributable to changes in the benchmark interest rate. Under the terms of these agreements, we will receive fixed interest rate payments and will make variable interest rate payments on the total principal amount of the 2016 Notes. These agreements effectively convert the 2016 Notes from fixed rate debt to floating rate debt from the inception of the swaps through the maturity of the 2016 Notes. The swaps qualify as a hedge for accounting purposes at inception and at December 31, 2010 and are designated as a fair value hedge on the 2016 Notes. The variable interest rate we pay is based on the one month and three month U.S. LIBOR rate, flat. The fixed rate we receive is 1.766%. The swaps mature on April 15, 2016, the same day as the 2016 Notes. The swaps are recorded in our balance sheet at fair value and the change in the fair value of the swaps and the change in the fair value of the 2016 Notes (the hedged item) are recorded in earnings as an adjustment to interest expense. We will continue to evaluate these arrangements for hedge accounting treatment. At December 31, 2010, we recorded a liability of $24.2 million representing the fair value of the swaps and we also recorded a decrease in the carrying value of the 2016 Notes of $26.3 million reflecting the change in fair value of the 2016 Notes from the inception of the fair value hedge. The net change in fair value of the swap and the carrying value of the 2016 Notes and any hedge ineffectiveness was not material to our results of operations.

From time to time, we have made non-contractual supplemental interest payments to holders of our convertible notes who did not put their notes back to us for repurchase on the respective put date or who agreed to certain amendments to the convertible note indentures. The supplemental interest payments are amortized to interest expense ratably over the period to the next put date. See Note 6 to our consolidated financial statements.

Holders of our convertible notes exercised their right to put their notes to us for repurchase at par on the respective put date. For the two years ended December 31, 2010, the following repurchases were made (dollars in millions):

	2010	2009
2031 Notes	$ 5.7	$ 841.2
2032 Notes	—	474.3
2038 Notes	60.8	—
	$66.5	$1,315.5

At December 31, 2010, outstanding debt and amounts available under our credit facility were (dollars in millions):

	Debt Outstanding	Available Credit
Short-term borrowings (due in less than one year)	$ 50.2	$ —
Commercial paper issued under $2.0 billion credit facility due December 9, 2013	—	2,000.0
5.90% Senior Notes due April 15, 2016	1,000.0	—
6.25% Senior Notes due July 15, 2019	500.0	—
4.45% Senior Notes due August 15, 2020	1,000.0	—
Convertible notes due February 7, 2031	0.1	—
Convertible notes due July 31, 2032	252.7	—
Convertible notes due June 15, 2033	0.1	—
Convertible notes due July 1, 2038	406.6	—
Other debt	1.5	—
Unamortized discount on Senior Notes	(8.7)	
Fair value hedge adjustment on Senior Notes due 2016	(26.3)	
Total	$3,176.2	$2,000.0

Looking forward to 2011, we expect to continue to use our cash flow from operations to pay dividends and make capital expenditures, as well as to repurchase our common stock and fund acquisitions. Additional information about our indebtedness is included in Note 6 to our consolidated financial statements.

Credit Markets and Availability of Credit

In December 2010, we entered into a new three-year credit facility providing borrowing capacity of $2.0 billion. The credit facility replaced our $2.5 billion credit facility that was due to expire in June 2011. During the term of the prior credit facility, a maximum of $2.0 billion of our convertible notes could have been put back to us. During the term of the new credit facility, a maximum of $660 million of convertible notes can be put back to us. Accordingly, we decreased the amount of our new credit facility by $500 million to $2.0 billion. We believe the reduced amount is sufficient to satisfy the potential put of the total amount of convertible notes outstanding, as well as provide the required support for issuances under our $1.5 billion commercial paper program.

We will continue to take actions available to us to respond to changing economic conditions and we will continue to actively manage our discretionary expenditures. We will continue to monitor and manage the level of credit made available to our clients. We believe that these actions, in addition to the availability of our $2.0 billion credit facility, are sufficient to fund our near-term working capital needs and our discretionary spending. For additional information about our credit facility, see Note 6 to our consolidated financial statements.

In funding our day-to-day liquidity, we have historically been a participant in the commercial paper market. We expect to continue funding our day-to-day liquidity need through the commercial paper market. However, prior disruptions in the credit markets led to periods of illiquidity in the commercial paper market and higher credit spreads. During these periods of disruption, to mitigate these conditions and to fund our day-to-day liquidity, we used our uncommitted lines of credit and borrowed under our credit facility. We will continue to closely monitor our liquidity and the credit markets. We cannot predict with any certainty the impact on us of any future disruptions in the credit markets.

Contractual Obligations and Other Commercial Commitments

We enter into numerous contractual and commercial undertakings in the normal course of business. The following tables should be read in conjunction with our consolidated financial statements.

Contractual obligations at December 31, 2010 are (dollars in millions):

		Obligation Due			
	Total Obligation	2011	2012 - 2013	2014 - 2015	After 2015
Long-term notes payable	$2,501.5	$ 1.4	$ —	$ 0.1	$2,500.0
Interest on long-term notes payable	1,007.4	134.7	269.5	269.5	333.7
Convertible notes	659.5	0.1	659.4	—	—
Lease obligations	1,747.0	388.0	561.2	348.6	449.2
Uncertain tax positions	165.1	11.3	41.1	112.7	—
	$6,080.5	$535.5	$1,531.2	$730.9	$3,282.9

Contractual commitments at December 31, 2010 are (dollars in millions):

		Commitment Expires			
	Total Commitment	2011	2012 - 2013	2014 - 2015	After 2015
Standby letters of credit	$ 7.1	$ 2.9	$2.2	$1.6	$0.4
Guarantees	27.2	21.5	1.3	2.3	2.1
	$34.3	$24.4	$3.5	$3.9	$2.5

The liability for uncertain tax positions is subject to uncertainty as to when or if the liability will be paid. We have assigned the liability to the period(s) presented based on our judgment as to when these liabilities will be resolved by the appropriate taxing authorities.

Holders of the convertible notes have the right to cause us to repurchase up to the entire aggregate face amount of the notes then outstanding for par value at certain dates in the future. The next date holders of our 2032 Notes may put the notes back to us for cash is August 2011. The next date on which holders of our 2038 Notes may put the notes back to us for cash is June 2013. If these rights were exercised at the earliest possible future date $252.7 million of convertible notes could be due in 2011 and $ 406.7 million could be due in 2013. At December 31, 2010, we classified our convertible notes as long-term in our consolidated balance sheet because our credit facility does not expire until December 2013 and it is our intention to fund any put with our credit facility.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that substantially exceed our revenue in connection with the services we provide. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. These commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets many of our contracts with media providers specify that if our client defaults on its payment obligation, then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and, in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace, in addition to those cited above to mitigate the potential loss, including negotiating with media providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. We have not experienced a material loss related to media purchases or production costs incurred on behalf of our clients. However, the risk of a material loss could significantly increase in a severe economic downturn.

Pension and Postemployment Funding: The unfunded benefit obligation for our defined benefit pension plans and postemployment arrangements at December 31, 2010 was $180.8 million. During 2010, we contributed $7.5 million to our defined benefit pension plans and paid $10.0 million in benefits for our postemployment arrangements. We do not expect these payments to increase significantly in 2011.

Contingent Acquisition Obligations: Certain of our acquisitions are structured with contingent purchase price obligations, often referred to as earn-outs. We utilize contingent purchase price structures in an effort to minimize the risk associated with potential future negative changes in the performance of the acquired business during the post-acquisition transition period. These payments are not contingent upon future employment. At December 31, 2010, the amount of future contingent purchase price payments that we would be required to pay for acquisitions completed prior to January 1, 2009, assuming that the businesses perform over the relevant future periods at their current profit levels, is approximately $115 million. The ultimate amounts payable cannot be predicted with reasonable certainty because they are dependent upon future results of operations of the subject businesses and are subject to changes in foreign currency exchange rates. In accordance with U.S. GAAP, we have not recorded a liability for these items in our consolidated balance sheet since the definitive amount was not determinable or distributable prior to January 1, 2009. Actual results can differ from these estimates and the actual amounts that we pay are likely to be different from these estimates. Our obligations change from period to period primarily as a result of payments made during the current period, changes in the performance of the acquired businesses and changes in foreign currency exchange rates. These differences could be significant. The contingent purchase price obligations as of December 31, 2010, calculated assuming that the acquired businesses perform over the relevant future periods at their current profit levels, are (dollars in millions):

2011	2012	2013	Total
$76	$32	$7	$115

Contingent purchase price obligations related to acquisitions completed subsequent to December 31, 2008 are recorded as liabilities at fair value in our consolidated balance sheet and are remeasured at each reporting period. Changes in fair value of the liability are recorded in our results of operations. These liabilities are not included in the above amounts.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a global service business, we operate in multiple foreign currencies and issue debt in the capital markets. In the normal course of business, we are exposed to the impact of interest rate changes and foreign currency fluctuations. We limit these risks through risk management policies and procedures, including the use of derivatives. For interest rate exposure, derivatives are used to manage the related cost of debt. For foreign currency exposure, derivatives are used to better manage the cash flow volatility arising from foreign exchange rate fluctuations.

As a result of using derivative instruments, we are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we have a policy of only entering into contracts with carefully selected major financial institutions based on credit ratings and other factors.

We evaluate the effects of changes in interest rates and foreign currency exchange rates and other relevant market risks on our derivative instruments. We periodically determine the potential loss from market risk on our derivative instruments by performing a value-at-risk analysis. Value-at-risk is a statistical model that utilizes historical currency exchange and interest rate data to measure the potential impact on future earnings of our derivative financial instruments. The value-at-risk analysis on our derivative financial instruments at December 31, 2010 indicated that the risk of loss was immaterial.

Foreign Exchange

Our results of operations are subject to risk from the translation to the U.S. Dollar of the revenue and expenses of our foreign operations, which are generally denominated in the local currency. The effects of currency exchange rate fluctuation on the translation of our results of operations are discussed in Note 20 of our consolidated financial statements. For the most part, our revenue and the expenses incurred related to that revenue are denominated in the same currency. This minimizes the impact that fluctuations in exchange rates will have on our results of operations.

While our agencies conduct business in more than 70 different currencies, our major non-U.S. currency markets are the European Monetary Union (EMU), the United Kingdom, Japan, Brazil and Canada. As an integral part of our treasury operations, we centralize our cash and use a multicurrency pool arrangement to manage the foreign exchange risk of the intercompany cash movements between subsidiaries operating in different currency markets from that of the treasury centers from which they borrow or invest funds.

In certain circumstances, instead of using a multicurrency pool, operations can borrow or invest on an intercompany basis with an intercompany treasury center operating in a different currency. To manage the foreign exchange risk associated with these transactions, we enter into forward foreign exchange contracts with third party banks. At December 31, 2010, we had forward foreign exchange contracts outstanding with an aggregate notional principal of $1,300.0 million mitigating the foreign exchange risk of these intercompany borrowings and investments.

Furthermore, we use forward foreign exchange contracts to mitigate the foreign currency risk associated with activities when operating expenses and revenue are not denominated in the same currency. In these instances, amounts are promptly settled or hedged in the foreign currency market with forward contracts. At December 31, 2010, we had forward foreign exchange contracts outstanding with an aggregate notional principal of $51.8 million related to these activities.

The forward foreign exchange contracts discussed above were entered into for the purpose of hedging certain specific currency risks. These risks are primarily the result of the temporary movement of money from one local market to another as part of our cash management program. As a result of these financial instruments, we reduced financial risk in exchange for foregoing any gain (reward) which might have occurred if the markets moved favorably.

Interest Rate Risk

From time to time, we issue debt in the capital markets. In 2010, to manage our overall interest cost, we used interest-rate swaps to convert specific fixed-rate debt into variable-rate debt and designated the swaps as a fair value hedge. See Note 6 to our consolidated financial statements for a discussion of our interest rate swaps. At December 31, 2010, the total notional amount of our interest rate swaps was $1.0 billion.

The holders of our convertible notes have the right on specific dates to cause us to repurchase up to the aggregate principal amount outstanding. The next date on which holders of our 2032 Notes can put the notes back to us for cash is August 2011 and the next date on which holders of our 2038 Notes can put the notes back to us for cash is June 2013. As we have done on prior occasions, we may offer the holders of our convertible notes a supplemental interest payment or other incentives to induce them not to put the convertible notes to us. If we were to decide to pay a supplemental interest payment, the amount incurred would be based on a combination of market factors at the time of the applicable put date, including our stock price, short-term interest rates and a factor for credit risk.

If our outstanding convertible notes are put back to us, based on our current financial condition and expectations, we expect to have sufficient available cash and unused credit to fund any put. Although such borrowings would reduce the amount available under our credit facility to fund our cash requirements, we believe that we have sufficient capacity under these commitments to meet our cash requirements for the normal course of our business operations after the put. Additionally, if the convertible notes are put back to us, our interest expense will change. The extent, if any, of the increase or decrease in interest expense will depend on the portion of the amount repurchased that was refinanced, when we refinance, the type of instrument we use to refinance and the term of the refinancing.

Even if we were to replace the convertible notes with another form of debt on a dollar-for-dollar basis, it would have no impact on either our debt to capital ratios or our debt to EBITDA ratio. If we were to replace our convertible notes with interest-bearing debt at prevailing rates, this may result in an increase in interest expense that would negatively impact our coverage ratios, such as EBITDA to interest expense. However, the coverage ratios applicable to our credit facilities and ratings levels are currently well within the thresholds. If either our ratio of debt to EBITDA was to increase 50% or our ratio of EBITDA to interest expense was to halve, we would still be in compliance with these covenants. Therefore, based on our current coverage ratios, our present expectations of our future operating cash flows and expected access to debt and equity capital markets, we believe any increase in interest expense and reduction in coverage ratios would still place us comfortably above the coverage ratio requirements.

Credit Risk

We provide marketing and corporate communications services to thousands of clients who operate in nearly every industry sector and in the normal course of business we grant credit to qualified clients. Due to the diversified nature of our client base, we do not believe that we are exposed to a concentration of credit risk as our largest client accounted for 3.0% of our revenue, and no other client accounted for more than 2.4% of our revenue for 2010. However, during periods of economic downturn, the credit profiles of our clients could change.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that substantially exceed our revenue in connection with the services we provide. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. These commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets many of our contracts with media providers specify that if our client defaults on its payment obligation then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and, in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace, in addition to those cited above to mitigate the potential loss, including negotiating with media

providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. We have not experienced a material loss related to media purchases or on production costs incurred on behalf of our clients. However, the risk of a material loss could increase in a significant economic downturn.

Item 8. Financial Statements and Supplementary Data

Our financial statements and supplementary data are included at the end of this report beginning on page F-1. See the index appearing on the following pages of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within applicable time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 as amended, or the Exchange Act, is accumulated and communicated to management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. We conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2010. Based on that evaluation, our CEO and CFO concluded that, as of December 31, 2010, our disclosure controls and procedures are effective to ensure that decisions can be made timely with respect to required disclosures, as well as ensuring that the recording, processing, summarization and reporting of information required to be included in our Annual Report on Form 10-K for the year ended December 31, 2010 is appropriate.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision of management and with the participation of our CEO, CFO and our agencies, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission published in 1987. Based on that evaluation, our CEO and CFO concluded that our internal control over financial reporting was effective as of December 31, 2010. There have not been any changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

KPMG LLP, an independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on Omnicom's internal control over financial reporting as of December 31, 2010, dated February 23, 2011.

Item 9B. Other Information

None.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial Statements:

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Management Report on Internal Control Over Financial Reporting	F-1
Report of Independent Registered Public Accounting Firm	F-2
Report of Independent Registered Public Accounting Firm	F-3
Consolidated Statements of Income for the Three Years Ended December 31, 2010	F-4
Consolidated Balance Sheets at December 31, 2010 and 2009	F-5
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Quarterly Results of Operations (Unaudited)	F-36

(a)(2) Financial Statement Schedules:

Schedule II – Valuation and Qualifying Accounts (for the three years ended December 31, 2010)	S-1

All other schedules are omitted because they are not applicable.

(a)(3) Exhibits:

Exhibit Numbers	Description
3 (i)	Restated Certificate of Incorporation (Exhibit 3.1 to our Quarterly Report on Form 10-Q (File No. 1-10551) for the quarter ended June 30, 2003 and incorporated herein by reference).
3 (ii)	Amended and Restated By-laws (Exhibit 3.2 to our Current Report on Form 8-K (File No. 1-10551) dated May 27, 2010 and incorporated herein by reference).
4.1	Indenture, dated March 6, 2002, between Omnicom Group Inc. and JPMorgan Chase Bank, as trustee, in connection with our issuance of $900 million Zero Coupon Zero Yield Convertible notes due 2032 ("2032 Indenture") (Exhibit 4.6 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 2001 and incorporated herein by reference).
4.2	Form of Zero Coupon Zero Yield Convertible Notes due 2032 (included in Exhibit 4.1 above).
4.3	First Supplemental Indenture to the 2032 Indenture, dated as of February 13, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.3 to our Registration Statement on Form S-3 (Registration No. 333-112840) and incorporated herein by reference).
4.4	Second Supplemental Indenture to the 2032 Indenture, dated August 12, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 ("September 30, 2004 10-Q") and incorporated herein by reference).
4.5	Third Supplemental Indenture to the 2032 Indenture, dated November 4, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.3 to our September 30, 2004 10-Q and incorporated herein by reference).
4.6	Fourth Supplemental Indenture to the 2032 Indenture, dated July 10, 2008 among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 99.2 to our Current Report on Form 8-K (File No. 1-10551) dated July 15, 2008 and incorporated herein by reference).
4.7	Fifth Supplemental Indenture to the 2032 Indenture, dated August 8, 2008, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 99.1 to our Current Report on Form 8-K (File No. 1-10551) dated August 14, 2008 and incorporated herein by reference).

4.8	Indenture, dated as of June 10, 2003, between Omnicom Group Inc. and JPMorgan Chase Bank, as trustee, in connection with our issuance of $600 million Zero Coupon Zero Yield Convertible Notes due 2033 ("2033 Indenture") (Exhibit 4.1 to our Registration Statement on Form S-3 (Registration No. 333-108611) and incorporated herein by reference).
4.9	Form of the Zero Coupon Zero Yield Convertible Notes due 2033 (included in Exhibit 4.8 above).
4.10	First Supplemental Indenture to the 2033 Indenture, dated as of November 5, 2003, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.4 to our Registration Statement on Form S-3 (Registration No. 333-108611) and incorporated herein by reference).
4.11	Second Supplemental Indenture to the 2033 Indenture, dated as of November 4, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.4 to our September 30, 2004 10-Q and incorporated herein by reference).
4.12	Third Supplemental Indenture to the 2033 Indenture, dated November 10, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.1 to our Current Report Form 8-K (File No. 1-10551) dated November 10, 2004 and incorporated herein by reference).
4.13	Fourth Supplemental Indenture to the 2033 Indenture, dated June 30, 2006, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, N.A., as trustee (Exhibit 4.1 to our Current Report on Form 8-K (File No. 1-10551) dated July 7, 2006 and incorporated herein by reference).
4.14	Fifth Supplemental Indenture to the 2033 Indenture, dated June 8, 2010, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 10.1 to our Current Report on the Form 8-K (File No. 1-10551) dated June 10, 2010 and incorporated herein by reference).
4.15	Sixth Supplemental Indenture to the 2033 Indenture, dated June 21, 2010, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated June 22, 2010 and incorporated herein by reference).
4.16	Form of Senior Debt Securities Indenture (Exhibit 4.1 to our Registration Statement on Form S-3 (Registration No. 333-132625) dated March 22, 2006 and incorporated herein by reference).
4.17	First Supplemental Indenture, dated as of March 29, 2006, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, N.A., as trustee, in connection with our issuance of $1.0 billion 5.90% Notes due 2016 (Exhibit 4.2 to our Current Report on Form 8-K (File No. 1-10551) dated March 29, 2006 ("March 29, 2006 8-K") and incorporated herein by reference).
4.18	Form of 5.90% Notes due 2016 (Exhibit 4.3 to the March 29, 2006 8-K and incorporated herein by reference).
4.19	Indenture, dated as of July 1, 2009, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee ("2009 Base Indenture") (Exhibit 4.1 to our Current Report on Form 8-K (File No. 1-10551), dated July 1, 2009 ("July 1, 2009 8-K") and incorporated herein by reference).
4.20	First Supplemental Indenture to the 2009 Base Indenture, dated as of July 1, 2009, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee, in connection with our issuance of $500 million 6.25% Senior Notes due 2019 (Exhibit 4.2 to the July 1, 2009 8-K and incorporated herein by reference).
4.21	Second Supplemental Indenture to the 2009 Base Indenture, dated as of August 5, 2010, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee, in connection with our issuance of $1.0 billion 4.45% Senior Notes due 2020 (Exhibit 4.1 to our Current Report on Form 8-K (File No. 1-10551) dated August 5, 2010 ("August 5, 2010 8-K") and incorporated herein by reference).

4.22	Form of 6.25% Notes due 2019 (Exhibit 4.3 to the July 1, 2009 8-K and incorporated herein by reference).
4.23	Form of 4.45% Notes due 2020 (Exhibit 4.2 to the August 5, 2010 8-K and incorporated herein by reference).
10.1	Amended and Restated Three Year Credit Agreement (the "Agreement"), dated as of December 9, 2010, by and among Omnicom Group Inc., Omnicom Finance Inc., Omnicom Capital Inc., Omnicom Finance plc, the banks, financial institutions and other institutional lenders and initial issuing banks listed on the signature pages of the Agreement, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as lead arrangers and book managers, J.P. Morgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents, HSBC Bank USA, National Association, Wells Fargo Bank, National Association and Banco Bilbao Vizcaya Argentaria S.A., New York Branch, as documentation agents and Citibank, N.A., as administrative agent for the lenders (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated December 10, 2010 and incorporated herein by reference).
10.2	Instrument of Resignation, Appointment and Acceptance, dated as of October 5, 2006, among us, Omnicom Capital Inc., Omnicom Finance Inc., JPMorgan Chase Bank, N.A. and Deutsche Bank Trust Company Americas (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated October 11, 2006 and incorporated herein by reference).
10.3	Amended and Restated 1998 Incentive Compensation Plan (Exhibit B to our Proxy Statement (File No. 1-10551) filed on April 10, 2000 and incorporated herein by reference).
10.4	Director Equity Plan for Non-employee Directors (Appendix B to our Proxy Statement (File No. 1-10551) filed on April 23, 2004 and incorporated herein by reference).
10.5	Standard form of our Executive Salary Continuation Plan Agreement (Exhibit 10.24 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 1998 and incorporated herein by reference).
10.6	Standard form of the Director Indemnification Agreement (Exhibit 10.25 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 1989 and incorporated herein by reference).
10.7	Long-Term Shareholder Value Plan (Exhibit 4.4 to our Registration Statement on Form S-8 (Registration No. 333-84498) and incorporated herein by reference).
10.8	Equity Incentive Plan (Exhibit 4.3 to our Registration Statement on Form S-8 (Registration No. 333-108063) and incorporated herein by reference).
10.9	Senior Management Incentive Plan as amended and restated on December 4, 2008 (Exhibit 10.9 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 2008 ("2008 10-K") and incorporated herein by reference).
10.10	Omnicom Group Inc. SERCR Plan, as amended and restated on March 29, 2010 (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated April 1, 2010 and incorporated herein by reference).
10.11	Form of Award Agreement under the Omnicom Group Inc. SERCR Plan (Exhibit 10.2 to our Current Report on Form 8-K (File No. 1-10551) dated December 13, 2006 and incorporated herein by reference).
10.12	Omnicom Group Inc. Amended and Restated 2007 Incentive Award Plan (Appendix A to our Proxy Statement (File No. 1-10551) filed on April 15, 2010 and incorporated herein by reference).
10.13	Form of Indemnification Agreement (Exhibit 10.1 to our Quarterly Report on Form 10-Q (File No. 1-10551) for the quarter ended June 30, 2007 and incorporated herein by reference).
10.14	Form of Amendment to the Executive Salary Continuation Plan Agreement (Exhibit 10.14 to the 2008 10-K and incorporated herein by reference).
10.15	Director Compensation and Deferred Stock Program (Exhibit 10.15 to the 2008 10-K and incorporated herein by reference).

10.16	Restricted Stock Unit Deferred Compensation Plan (Exhibit 10.16 to the 2008 10-K and incorporated herein by reference).
10.17	Restricted Stock Deferred Compensation Plan (Exhibit 10.17 to the 2008 10-K and incorporated herein by reference).
10.18	Amendment No. 1 to the Restricted Stock Deferred Compensation Plan (Exhibit 10.18 to the 2008 10-K and incorporated herein by reference).
10.19	Amendment No. 2 to the Restricted Stock Deferred Compensation Plan (Exhibit 10.19 to the 2008 10-K and incorporated herein by reference).
10.20	Form of Grant Notice and Option Agreement.
10.21	Form of Grant Notice and Restricted Stock Agreement.
10.22	Form of Grant Notice and Restricted Stock Unit Agreement.
12.1	Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP.
31.1	Certification of Chief Executive Officer and President required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of Executive Vice President and Chief Financial Officer required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32.1	Certification of the Chief Executive Officer and President and the Executive Vice President and Chief Financial Officer required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101	Interactive Data File.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 23, 2011

OMNICOM GROUP INC.

BY: /s/ RANDALL J. WEISENBURGER

Randall J. Weisenburger
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ BRUCE CRAWFORD **(Bruce Crawford)**	Chairman and Director	February 23, 2011
/s/ JOHN D. WREN **(John D. Wren)**	Chief Executive Officer and President and Director	February 23, 2011
/s/ RANDALL J. WEISENBURGER **(Randall J. Weisenburger)**	Executive Vice President and Chief Financial Officer	February 23, 2011
/s/ PHILIP J. ANGELASTRO **(Philip J. Angelastro)**	Senior Vice President Finance and Controller (Principal Accounting Officer)	February 23, 2011
/s/ ALAN R. BATKIN **(Alan R. Batkin)**	Director	February 23, 2011
/s/ ROBERT CHARLES CLARK **(Robert Charles Clark)**	Director	February 23, 2011
/s/ LEONARD S. COLEMAN, JR. **(Leonard S. Coleman, Jr.)**	Director	February 23, 2011
/s/ ERROL M. COOK **(Errol M. Cook)**	Director	February 23, 2011
/s/ SUSAN S. DENISON **(Susan S. Denison)**	Director	February 23, 2011
/s/ MICHAEL A. HENNING **(Michael A. Henning)**	Director	February 23, 2011
/s/ JOHN R. MURPHY **(John R. Murphy)**	Director	February 23, 2011
/s/ JOHN R. PURCELL **(John R. Purcell)**	Director	February 23, 2011
/s/ LINDA JOHNSON RICE **(Linda Johnson Rice)**	Director	February 23, 2011
/s/ GARY L. ROUBOS **(Gary L. Roubos)**	Director	February 23, 2011

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MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the preparation of Omnicom's consolidated financial statements and related information. Management uses its best judgment to ensure that the consolidated financial statements present fairly, in all material respects, Omnicom's consolidated financial position and results of operations in conformity with U.S. generally accepted accounting principles.

The financial statements have been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board. Their report expresses the independent accountant's judgment as to the fairness of management's reported operating results, cash flows and financial position. This judgment is based on the procedures described in the second paragraph of their report.

Omnicom management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision of management and with the participation of our CEO, CFO and our agencies, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission published in 1987. Based on that evaluation, our CEO and CFO concluded that our internal control over financial reporting was effective as of December 31, 2010. KPMG LLP, an independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on Omnicom's internal control over financial reporting as of December 31, 2010, dated February 23, 2011.

There have not been any changes in our internal control over financial reporting during our fourth fiscal quarter that have materially affected or are reasonably likely to affect our internal control over financial reporting.

The Board of Directors of Omnicom has an Audit Committee comprised of four non-management directors. The Committee meets periodically with financial management, Internal Audit and the independent auditors to review accounting, control, audit and financial reporting matters.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Omnicom Group Inc.:

We have audited the accompanying consolidated balance sheets of Omnicom Group Inc. and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Omnicom Group Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule on page S-1, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Omnicom Group Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 23, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 3 to the consolidated financial statements, Omnicom Group Inc. and subsidiaries changed its method of accounting for business combinations due to the adoption of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 141 (Revised 2007), "Business Combinations" (included in FASB Accounting Standards Codification Topic 805, "Business Combinations") on January 1, 2009.

/s/ KPMG LLP
New York, New York
February 23, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Omnicom Group Inc.:

We have audited Omnicom Group Inc. and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Omnicom Group Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Omnicom Group Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010, and our report dated February 23, 2011 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP
New York, New York
February 23, 2011

OMNICOM GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31, (Dollars in millions, except per share data)		
	2010	2009	2008
REVENUE	$12,542.5	$11,720.7	$13,359.9
OPERATING EXPENSES	11,082.3	10,345.8	11,670.5
OPERATING INCOME	1,460.2	1,374.9	1,689.4
INTEREST EXPENSE	134.7	122.2	124.6
INTEREST INCOME	24.9	21.5	50.3
INCOME BEFORE INCOME TAXES AND INCOME FROM EQUITY METHOD INVESTMENTS	1,350.4	1,274.2	1,615.1
INCOME TAX EXPENSE	460.2	433.6	542.7
INCOME FROM EQUITY METHOD INVESTMENTS	33.5	30.8	42.0
NET INCOME	923.7	871.4	1,114.4
LESS: NET INCOME ATTRIBUTED TO NONCONTROLLING INTERESTS	96.0	78.4	114.1
NET INCOME – OMNICOM GROUP INC.	$ 827.7	$ 793.0	$ 1,000.3
NET INCOME PER COMMON SHARE – OMNICOM GROUP INC.:			
Basic	$ 2.74	$ 2.54	$ 3.17
Diluted	$ 2.70	$ 2.53	$ 3.14

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31, (Dollars in millions, except per share data)	
	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,288.7	$ 1,587.0
Short-term investments at cost	11.3	7.8
Accounts receivable, net of allowance for doubtful accounts of $46.7 and $59.5	5,977.2	5,574.1
Work in process	707.6	607.6
Other current assets	1,209.3	1,012.0
Total Current Assets	10,194.1	8,788.5
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation of $1,168.3 and $1,146.7	653.3	677.3
INVESTMENTS IN AFFILIATES	299.1	299.4
GOODWILL	7,809.1	7,641.2
INTANGIBLE ASSETS, net of accumulated amortization of $354.8 and $316.1	278.2	220.8
DEFERRED TAX ASSETS	14.2	40.0
OTHER ASSETS	318.1	253.5
TOTAL ASSETS	$19,566.1	$17,920.7
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 7,726.9	$ 7,143.9
Customer advances	1,187.1	1,059.3
Current portion of debt	1.4	17.8
Short-term borrowings	50.2	19.3
Taxes payable	176.3	156.7
Other current liabilities	1,881.2	1,685.5
Total Current Liabilities	11,023.1	10,082.5
LONG-TERM NOTES PAYABLE	2,465.1	1,494.6
CONVERTIBLE DEBT	659.5	726.0
LONG-TERM LIABILITIES	576.5	462.0
LONG-TERM DEFERRED TAX LIABILITIES	747.7	488.1
COMMITMENTS AND CONTINGENT LIABILITIES (SEE NOTE 18)		
TEMPORARY EQUITY – REDEEMABLE NONCONTROLLING INTERESTS	201.1	214.7
EQUITY:		
Shareholders' Equity:		
Preferred stock, $1.00 par value, 7.5 million shares authorized, none issued	—	—
Common stock, $0.15 par value, 1.0 billion shares authorized, 397.2 million and 397.2 million shares issued, with 285.5 million and 308.4 million shares outstanding	59.6	59.6
Additional paid-in capital	1,271.9	1,408.2
Retained earnings	7,052.5	6,465.4
Accumulated other comprehensive income (loss)	(106.4)	(8.0)
Treasury stock, at cost, 111.7 million and 88.8 million shares	(4,697.1)	(3,730.4)
Total Shareholders' Equity	3,580.5	4,194.8
Noncontrolling interests	312.6	258.0
Total Equity	3,893.1	4,452.8
TOTAL LIABILITIES AND EQUITY	$19,566.1	$17,920.7

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME

Three Years Ended December 31, 2010

(Dollars in millions)

	Omnicom Group Inc.								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Par Value							
Balance December 31, 2007	397,225,082	$59.6	$1,648.0	$5,049.0	$ 430.7	$(3,095.6)	$ 4,091.7	$ 242.1	$ 4,333.8
Net Income				1,000.3			1,000.3	114.1	1,114.4
Unrealized holding loss on securities, net of tax of $(7.9)					(12.0)		(12.0)	—	(12.0)
Foreign currency transaction and translation adjustments, net of tax of $(358.2)					(654.9)		(654.9)	(10.6)	(665.5)
Defined benefit plans adjustment, net of tax of $(5.7)					(11.1)		(11.1)	—	(11.1)
Comprehensive income							322.3	103.5	425.8
Dividends to noncontrolling interests								(107.9)	(107.9)
Acquisition of noncontrolling interests								(7.1)	(7.1)
Common stock dividends declared ($0.60 per share)				(189.7)			(189.7)	—	(189.7)
Share-based compensation			59.3				59.3	—	59.3
Stock issued, share-based compensation			(78.2)			164.2	86.0	—	86.0
Treasury stock acquired						(846.8)	(846.8)	—	(846.8)
Cancellation of shares	(2,004)		(0.1)			0.1	—	—	—
Balance December 31, 2008	397,223,078	59.6	1,629.0	5,859.6	(247.3)	(3,778.1)	3,522.8	230.6	3,753.4
Net Income				793.0			793.0	78.4	871.4
Unrealized holding loss on securities, net of tax of $(1.9)					(2.9)		(2.9)	—	(2.9)
Foreign currency transaction and translation adjustments, net of tax $134.3					240.1		240.1	9.4	249.5
Defined benefit plans adjustment, net of tax of $1.7					2.1		2.1	—	2.1
Comprehensive income							1,032.3	87.8	1,120.1
Dividends to noncontrolling interests								(91.7)	(91.7)
Acquisition of noncontrolling interests			(25.6)				(25.6)	(7.1)	(32.7)
Increase in noncontrolling interests from business combinations								38.4	38.4
Adoption of and changes in temporary equity			(210.3)				(210.3)		(210.3)
Common stock dividends declared ($0.60 per share)				(187.2)			(187.2)	—	(187.2)
Share-based compensation			78.6				78.6	—	78.6
Stock issued, share-based compensation			(63.5)			62.7	(0.8)	—	(0.8)
Treasury stock acquired						(15.0)	(15.0)	—	(15.0)
Cancellation of shares	(5,638)						—	—	—
Balance December 31, 2009	397,217,440	59.6	1,408.2	6,465.4	(8.0)	(3,730.4)	4,194.8	258.0	4,452.8
Net Income				827.7			827.7	96.0	923.7
Unrealized holding gain on securities, net of tax of $0.1					0.1		0.1	—	0.1
Foreign currency transaction and translation adjustments, net of tax $(37.6)					(84.9)		(84.9)	11.9	(73.0)
Defined benefit plans adjustment, net of tax of $(9.0)					(13.6)		(13.6)	—	(13.6)
Comprehensive income							729.3	107.9	837.2
Dividends to noncontrolling interests								(81.0)	(81.0)
Acquisition of noncontrolling interests			(23.8)				(23.8)	(6.7)	(30.5)
Increase in noncontrolling interests from business combinations								34.4	34.4
Changes in temporary equity			11.2				11.2		11.2
Common stock dividends declared ($0.80 per share)				(240.6)			(240.6)	—	(240.6)
Share-based compensation			69.3				69.3	—	69.3
Stock issued, share-based compensation			(193.0)			329.3	136.3	—	136.3
Treasury stock acquired						(1,296.0)	(1,296.0)	—	(1,296.0)
Balance December 31, 2010	397,217,440	$59.6	$1,271.9	$7,052.5	$(106.4)	$(4,697.1)	$ 3,580.5	$ 312.6	$ 3,893.1

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, (Dollars in millions)		
	2010	2009	2008
Cash Flows from Operating Activities:			
Net income	$ 923.7	$ 871.4	$ 1,114.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	182.2	186.5	182.8
Amortization of intangible assets	70.8	56.3	53.1
Income from equity method investments, net of dividends received	(7.2)	(9.2)	(14.7)
Remeasurement gain, equity interest in acquiree	(26.0)	(41.3)	—
Provision for doubtful accounts	9.5	24.9	26.5
Share-based compensation	69.3	78.6	59.3
Excess tax benefit from share-based compensation	(44.6)	—	(12.9)
Change in operating capital	310.3	564.4	(14.3)
Net Cash Provided by Operating Activities	1,488.0	1,731.6	1,394.2
Cash Flows from Investing Activities:			
Payments to acquire property, plant and equipment	(153.7)	(130.6)	(212.2)
Payments to acquire businesses and interests in affiliates, net of cash acquired	(152.1)	(137.4)	(362.2)
Payments to acquire short-term investments	(5.6)	(3.2)	(13.1)
Payments for settlement of net investment hedge	—	—	(50.8)
Proceeds from sales of short-term investments	17.7	45.2	40.9
Net Cash Used in Investing Activities	(293.7)	(226.0)	(597.4)
Cash Flows from Financing Activities:			
Proceeds from short-term debt	35.0	2.5	5.1
Proceeds from issuance of long-term notes payable	990.1	497.3	2.4
Repayments of convertible debt	(66.5)	(1,315.5)	(2.0)
Payments of dividends	(229.7)	(187.1)	(192.0)
Payments for repurchase of common stock	(1,296.0)	(15.0)	(846.8)
Proceeds from stock plans	123.1	18.6	86.0
Payments for acquisition of additional noncontrolling interests	(32.1)	(20.8)	(82.6)
Payments of dividends to shareholders of noncontrolling interests	(81.0)	(91.7)	(107.9)
Excess tax benefit on share-based compensation	44.6	—	12.9
Other, net	(24.8)	(16.3)	(11.5)
Net Cash Used in Financing Activities	(537.3)	(1,128.0)	(1,136.4)
Effect of exchange rate changes on cash and cash equivalents	44.7	112.1	(356.3)
Net Increase (Decrease) in Cash and Cash Equivalents	701.7	489.7	(695.9)
Cash and Cash Equivalents at Beginning of Year	1,587.0	1,097.3	1,793.2
Cash and Cash Equivalents at End of Year	$ 2,288.7	$ 1,587.0	$ 1,097.3

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Presentation of Financial Statements

The terms "Omnicom," "we," "our" and "us" each refer to Omnicom Group Inc. and our subsidiaries, unless the context indicates otherwise. The accompanying consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Intercompany balances and transactions have been eliminated.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. New Accounting Standards

On January 1, 2010, we adopted Accounting Standards Update ("ASU") 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities ("ASU 2009-17"). ASU 2009-17 revised factors that should be considered by a reporting entity when determining whether an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. ASU 2009-17 also includes revised financial statement disclosures regarding the reporting entity's involvement and risk exposure. The adoption of ASU 2009-17 did not have a significant impact on our results of operations or financial position.

In December 2010, the FASB issued ASU 2010-28, Intangibles – Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts ("ASU 2010-28"). Upon adoption of ASU 2010-28, an entity with reporting units that have carrying amounts that are zero or negative is required to assess the likelihood of the reporting units' goodwill impairment. ASU 2010-28 is effective January 1, 2011 and we do not believe that the adoption of ASU 2010-28 will have a significant impact on our results of operations and financial position.

3. Significant Accounting Policies

Revenue Recognition. We recognize revenue in accordance with the FASB Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition, and applicable SEC Staff Accounting Bulletins. Substantially all of our revenue is derived from fees for services or a rate per hour, or equivalent basis. Revenue is realized when the service is performed in accordance with terms of each client arrangement, upon completion of the earnings process and when collection is reasonably assured. We record revenue net of sales, use and value added taxes. Certain of our businesses earn a portion of their revenue as commissions based upon performance in accordance with client arrangements. These principles are the foundation of our revenue recognition policy and apply to all client arrangements in each of our service disciplines – traditional media advertising, customer relationship management, public relations and specialty communications. Because the services that we provide across each of our disciplines are similar and delivered to clients in similar ways, all of the key elements of our revenue recognition policy apply to client arrangements in each of our four disciplines.

In the majority of our businesses, we act as an agent and record revenue equal to the net amount retained when the fee or commission is earned. Although we may bear credit risk in respect of these activities, the arrangements with our clients are such that we act as an agent on their behalf. In these cases, costs incurred with external suppliers are excluded from our revenue. In certain arrangements, we act as principal and we contract directly with suppliers for media payments and production costs and are responsible for payment. In these arrangements, revenue is recorded at the gross amount billed since revenue has been earned for the sale of goods or services.

A portion of our client contractual arrangements include performance incentive provisions designed to link a portion of our revenue to our performance relative to both quantitative and qualitative goals. We recognize this portion of revenue when specific quantitative goals are achieved, or when our performance against qualitative goals is determined by our clients.

Operating Expenses. Operating expenses are comprised of salary and service costs and office and general expenses. Salary and service costs are comprised of employee compensation and related costs and direct service costs. Office and general costs are comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses.

The components of operating expenses for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Salary and service costs	$ 9,214.2	$ 8,450.6	$ 9,560.2
Office and general expenses	1,868.1	1,895.2	2,110.3
Operating expenses	$11,082.3	$10,345.8	$11,670.5

Cash and Cash Equivalents. Cash equivalents consist of highly liquid investments with original maturity dates of three months or less at the time of purchase, including overnight interest-bearing deposits, commercial paper and money market instruments.

Short-Term Investments. Short-term investments consist principally of time deposits with financial institutions that we expect to convert into cash within our current operating cycle, generally within one year. Short-term investments are carried at cost, which approximates fair value.

Work in Process. Work in process consists principally of costs incurred on behalf of clients in providing advertising, marketing and corporate communications services to clients, but have not yet been billed. Such amounts are billed to clients at various times over the course of the production process.

Available-for-Sale Securities. Available-for-sale securities are comprised of investments in publicly traded securities and are carried at quoted market prices. Unrealized gains and losses are recorded as a component of accumulated other comprehensive income in shareholders' equity, net of deferred income taxes.

Property, Plant and Equipment. Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives generally range from seven to ten years for furniture and three to five years for equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the related lease term or the estimated useful life of the asset. Capital leases are amortized on a straight-line basis over the lease term.

Cost Method Investments. Investments in non-public companies in which we own less than a 20% equity interest and where we do not exercise significant influence over the operating and financial policies of the investee are accounted for using the cost method of accounting. These minority ownership interests are included in other assets in our consolidated balance sheet. We periodically evaluate these investments to determine if there has been other than temporary declines below carrying value. A variety of factors are considered when determining if a decline in fair value below carrying value is other than temporary, including, among others, the financial condition and prospects of the investee, as well as our investment intent.

Equity Method Investments. Investments in affiliates in which we have an ownership of less than 50% and have significant influence over the operating and financial policies of the affiliate are accounted for using the equity method of accounting. The affiliated companies offer marketing and corporate communications services similar to those offered by our operating companies. The excess of the cost of our ownership interest in the equity of these affiliates over our share of the fair value of their net assets at the acquisition date is recognized as goodwill and included in the carrying amount of our investment. Equity method goodwill is not amortized. We periodically evaluate these investments to determine if there has been other than temporary declines below carrying value. A variety of factors are considered when determining if a decline in fair value below carrying value is other than temporary, including, among others, the financial condition and prospects of the investee, as well as our investment intent.

Goodwill and Other Intangible Assets. Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired. Goodwill is not amortized, but is periodically tested for impairment.

Identifiable intangible assets consist primarily of customer relationships, including the related customer contracts, as well as trade names, and are amortized over their estimated useful lives ranging from five to ten years. We consider a number of factors in determining the useful lives and amortization method, including the pattern in which the economic benefits are consumed, as well as trade name recognition and customer attrition. No residual value is estimated for these intangible assets.

We review the carrying value of goodwill for impairment at least annually as of the end of the second quarter and whenever events or circumstances indicate the carrying value may not be recoverable. There is a two-step test for goodwill impairment. In the first step, we compare the fair value of each reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is equal to or greater than its carrying value, goodwill is not impaired and no further testing is required. If the carrying value exceeds fair value, then the second step of the impairment test is performed in order to determine the implied fair value of the reporting unit's goodwill. Goodwill of a reporting unit is impaired when its carrying value exceeds its implied fair value. Impaired goodwill is written down to its implied fair value with a charge to expense in the period the impairment is identified.

We identified our regional reporting units as components of our operating segments, which are our five networks. The regional reporting units of each agency network are responsible for the agencies in their region. They report to the segment managers and facilitate the administrative and logistical requirements of our client-centric strategy for delivering services to clients in their regions. We have concluded that for each of our operating segments, their regional reporting units had similar economic characteristics and should be aggregated for purposes of testing goodwill for impairment at the operating segment level. Our conclusion was based on a detailed analysis of the aggregation criteria set forth in ASC Topic 280, Segment Reporting, and the guidance set forth in ASC Topic 350, Intangibles – Goodwill and Other. Consistent with our fundamental business strategy, the agencies within our regional reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our regional reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services, and office and general costs, which include rent and occupancy costs, technology costs that are generally limited to personal computers, servers and off-the-shelf software and other overhead costs. Finally, the expected benefits of our acquisitions are typically shared across multiple agencies and regions as they work together to integrate the acquired agency into our client service strategy. We use the following valuation methodologies to determine the fair value of our reporting units: (1) the income approach which utilizes discounted expected future cash flows, (2) comparative market participant multiples of EBITDA (earnings before interest, income taxes, depreciation and amortization), and (3) when available, consideration of recent and similar purchase acquisition transactions.

Based on the results of our annual impairment review, we concluded that our goodwill was not impaired as of June 30, 2010 and 2009, because the fair values of each of our reporting units were substantially in excess of their respective net book values. Subsequent to our annual evaluation of the carrying value of goodwill at the end of the second quarter of 2010, there were no events or circumstances that triggered the need for an interim evaluation for impairment.

Temporary Equity — Redeemable Noncontrolling Interests. Owners of noncontrolling interests in certain of our subsidiaries have the right in certain circumstances to require us to purchase additional ownership interests at fair value as defined in the applicable agreements. The intent of the parties is to approximate fair value at the time of redemption by using a multiple of earnings that is consistent with generally accepted valuation practices by market participants in our industry. These contingent redemption rights are embedded in the equity security at issuance, are not free-standing instruments, do not represent a de facto financing and are not under our control.

Treasury Stock. Repurchases of our common stock are accounted for at cost. Reissued treasury shares, primarily in connection with employee share-based compensation plans, are accounted for at average cost. Gains or losses on reissued treasury shares are accounted for as additional paid-in capital and do not affect our results of operations.

Business Combinations. Effective January 1, 2009, we adopted new accounting standards included in ASC Topic 805, Business Combinations ("ASC 805"). Under ASC 805, business combinations are accounted for using the acquisition method and accordingly, the assets acquired, including identified intangible assets, the liabilities assumed and any noncontrolling interest in the acquired business are recorded at their acquisition date fair values. In circumstances where control is obtained and less than 100% of an entity is acquired, we record 100% of the goodwill acquired. Acquisition-related costs, including advisory, legal, accounting, valuation and other costs are expensed as incurred. For acquisitions subsequent to December 31, 2008, any liability for contingent purchase price obligations (earn-outs) is recorded at the acquisition date at fair value. Changes in the fair value of the earn-out liability are recorded in our results of operations. The results of operations of acquired businesses are included in our results of operations from the acquisition date.

Subsidiary and Affiliate Stock Transactions. Transactions involving the purchase, sale or issuance of stock of a subsidiary where control is maintained are recorded as an increase or decrease in additional paid-in capital. Gains and losses from transactions involving subsidiary stock where control is lost are recorded in results of operations.

Gains and losses from transactions involving stock of an affiliate are recorded in results of operations until control is achieved. In circumstances where the purchase of affiliate stock results in obtaining control, the existing carrying value of the affiliate is remeasured to the acquisition date fair value and any gain or loss is recognized in results of operations.

Foreign Currency Transactions and Translation. Substantially all of our foreign subsidiaries use their local currency as their functional currency. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average exchange rates for the year. The impact of the translation of the balance sheets of our foreign subsidiaries to U.S. Dollar statements is included in accumulated other comprehensive income. Net foreign currency transaction gains recorded in results of operations were $3.8 million in 2010, $6.1 million in 2009 and $15.3 million in 2008.

Net Income Per Common Share. Net income per common share – Omnicom Group Inc. is based upon the weighted average number of common shares outstanding during each year. Diluted net income per common share – Omnicom Group Inc. is based on the weighted average number of common shares outstanding, plus, if dilutive, common share equivalents which include outstanding stock options and restricted shares.

Net income per common share is calculated using the two-class method, which is an earnings allocation method for computing net income per common share when an entity's capital structure includes common stock and participating securities. The application of the two-class method is required because our unvested restricted stock awards receive non-forfeitable dividends at the same rate as our common stock and therefore are considered participating securities. Under two-class method, basic and diluted net income per common share is reduced for a presumed hypothetical distribution of earnings to holders of our unvested restricted stock.

Effective January 1, 2009, we retrospectively adopted revised accounting standards included in ASC Topic 260, Earnings Per Share, that required retrospective application to all prior period net income per common share calculations to allocate earnings to unvested share-based awards that contain rights to non-forfeitable dividends. Basic and fully diluted net income per common share – Omnicom Group Inc. for the year ended December 31, 2008 were reduced by $0.03 as a result of the adoption of the new standard.

Income Taxes. We file a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. Our principal foreign jurisdictions include the United Kingdom, France and Germany. We have not provided U.S. federal and state income taxes on cumulative earnings of non-U.S. subsidiaries that have been reinvested indefinitely. Provision has been made for income taxes on the distribution of earnings of international subsidiaries and affiliates. Interest and penalties related to tax positions taken in our tax returns are recorded in income tax expense.

Deferred income taxes are provided for the temporary difference between the financial reporting basis and tax basis of our assets and liabilities. Deferred income taxes are measured using the enacted tax rates that are assumed to be in effect when the differences reverse. Deferred tax assets result principally from recording

certain expenses in the financial statements which are not currently deductible for tax purposes, including employee stock-based compensation expense and from differences between the tax and book basis of assets and liabilities recorded in connection with acquisitions, as well as tax loss and credit carryforwards. Deferred tax liabilities result principally from expenses arising from financial instruments which are currently deductible for tax purposes but have not been expensed in the financial statements and basis differences arising from tangible and deductible intangible assets.

We maintain valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings, carry-back and carry-forward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

Employee Share-Based Compensation. Employee share-based compensation, primarily arising from awards of stock options and restricted stock, is measured at the grant date fair value. We use the Black-Scholes option valuation model to determine the fair value of share-based compensation awards. Share-based compensation expense is recognized in our results of operations over the requisite service periods. See Note 10 for additional information regarding our specific award plans and estimates and assumptions used to determine fair value of our share-based compensation awards.

Salary Continuation Agreements. Arrangements with certain present and former employees provide for continuing payments for periods up to 10 years after cessation of full-time employment in consideration for agreement by the employees not to compete with us and to render consulting services during the postemployment period. Such payments are subject to certain limitations, including our operating performance during the postemployment period, represent the fair value of the services rendered and are expensed in such periods.

Severance. The liability for one-time termination benefits, such as severance pay or benefit payouts, is measured and recognized at fair value in the period during which the liability was incurred. Subsequent changes to the liability are recognized in results of operations in the period of change.

Defined Benefit Pension Plans and Postemployment Arrangements. The funded status of our defined benefit plans is recognized in our consolidated balance sheet. Funded status is measured as the difference between the fair value of plan assets and the benefit obligation at December 31, the measurement date. The benefit obligation is the projected benefit obligation ("PBO"), which represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels. The fair value of plan assets, if any, represents the current market value. Overfunded plans where the fair value of plan assets exceeds the benefit obligation are aggregated and recorded as a prepaid pension asset equal to the excess. Underfunded plans where the benefit obligation exceeds the fair value of plan assets are aggregated and recorded as a liability equal to the excess.

The liability for our postemployment arrangements is recognized in our consolidated balance sheet. The benefit obligation of our postemployment arrangements is the PBO and these arrangements are not funded.

The current portion of the benefit obligations of our defined benefit plans and postemployment arrangements represents the actuarial present value of benefits payable in the next twelve months that exceed the fair value of plan assets. This obligation is recorded in other current liabilities in our consolidated balance sheet.

Deferred Compensation. Certain of our subsidiaries have individual deferred compensation arrangements with certain executives that provide for payments over varying terms upon retirement, cessation of employment or death. The cost of these arrangements is accrued during the employee's service period.

Concentration of Credit Risk. We provide marketing and corporate communications services to thousands of clients who operate in nearly every industry sector and we grant credit to qualified clients in the normal course of business. Due to the diversified nature of our client base, we do not believe that we are exposed to a concentration of credit risk as our largest client accounted for 3.0% of our 2010 revenue and no other client accounted for more than 2.4% of our 2010 revenue.

Derivative Financial Instruments. All derivative instruments (including certain derivative instruments embedded in other contracts) are recorded in our consolidated balance sheet at fair value as either an asset or liability.

Our derivative financial instruments consist principally of forward foreign exchange contracts and interest rate swaps. Derivatives qualify for hedge accounting if: (1) the hedging instrument is designated as a hedge at inception; (2) the hedged exposure is specifically identifiable and exposes us to risk; and (3) a change in fair value of the derivative financial instrument and an opposite change in the fair value of the hedged exposure will have a high degree of correlation. The method of assessing hedge effectiveness and measuring hedge ineffectiveness is formally documented at hedge inception. Hedge effectiveness is assessed and hedge ineffectiveness is measured at least quarterly throughout the designated hedge period.

If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of the change in fair value of a derivative used as hedge is immediately recognized in results of operations.

We execute forward foreign exchange contracts in the same currency as the related exposure, whereby 100% correlation is achieved based on spot rates. Gains and losses on derivative financial instruments which are hedges of foreign currency assets or liabilities are recorded at market value and changes in market value are recognized in results of operations in the current period.

Fair Value. We apply the fair value measurement guidance of ASC Topic 820, Fair Value Measurements and Disclosures, for our financial assets and liabilities that are required to be measured at fair value and for our nonfinancial assets and liabilities that are not required to be measured at fair value on a recurring basis, including goodwill and other identifiable intangible assets. The measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 — Instruments where significant value drivers are unobservable to third parties.

When available, we use quoted market prices to determine the fair value of our financial instruments and classify such items in Level 1. In some cases, we use quoted market prices for similar instruments in active markets and classify such items in Level 2.

In determining the fair value of financial instruments, we consider certain market valuation adjustments that market participants would consider in determining fair value, including: counterparty credit risk adjustments applied to financial instruments, taking into account the actual credit risk of the counterparty as observed in the credit default swap market and credit risk adjustments applied to reflect our own credit risk when valuing liabilities measured at fair value.

4. Business Combinations

In 2010, we completed seven acquisitions of new subsidiaries and made additional investments in companies in which we had an existing minority ownership interest. Total goodwill additions for these transactions were $123.6 million. In addition and unrelated to the acquisitions completed in 2010, we made or accrued contingent purchase price payments of $117.2 million, which were included in goodwill. Approximately $98.4 million of the goodwill recorded in these acquisitions is expected to be deductible for

income tax purposes. Further, we also acquired additional equity in certain of our majority owned subsidiaries. These transactions are accounted for as equity transactions and no additional goodwill was recorded. None of our acquisitions in 2010 were material to our results of operations or financial position.

Valuation of the acquired companies is based on a number of factors, including specialized know-how, reputation, geographic coverage, competitive position and service offerings. Our acquisition strategy is focused on acquiring the expertise of an assembled workforce in order to continue to build upon the core capabilities of our various strategic business platforms, including the expansion of their geographic area and/or their service capabilities to better serve our clients. Consistent with our acquisition strategy and past practice, most of our acquisitions include an initial payment at the time of closing and provide for future additional contingent purchase price payments (earn-outs). Contingent payments for these transactions, as well as certain acquisitions completed in prior years, are derived using the performance of the acquired entity and are based on pre-determined formulas. These payments are not contingent upon future employment. Contingent purchase price obligations for acquisitions completed prior to January 1, 2009 are accrued when the contingency is resolved and payment is certain. Contingent purchase price obligations related to acquisitions completed subsequent to December 31, 2008 are recorded as liabilities at fair value and are remeasured at each reporting period. Changes in fair value of the liability are recorded in results of operations.

For each acquisition, we undertake a detailed review to identify other intangible assets and a valuation is performed for all such identified assets. We use several market participant measurements to determine fair value. This approach includes consideration of similar and recent transactions, as well as utilizing discounted expected cash flow methodologies and when available and as appropriate, we use comparative market multiples to supplement our analysis. As is typical for most service businesses, a substantial portion of the intangible asset value we acquire is the specialized know-how of the workforce, which is treated as part of goodwill and is not required to be valued separately. A significant portion of the identifiable intangible assets acquired is derived from customer relationships, including the related customer contracts, as well as trade names. In executing our acquisition strategy, one of the primary drivers in identifying and executing a specific transaction is the existence of, or the ability to, expand our existing client relationships. The expected benefits of our acquisitions are typically shared across multiple agencies and regions.

5. Intangible Assets

Intangible assets at December 31, 2010 and 2009 were (dollars in millions):

	2010			2009		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets subject to impairment tests:						
Goodwill	$8,386.7	$577.6	$7,809.1	$8,231.6	$590.4	$7,641.2
Other identifiable intangible assets subject to amortization:						
Purchased and internally developed software	$ 260.5	$205.3	$ 55.2	$ 266.2	$ 202.7	$ 63.5
Customer related and other	372.5	149.5	223.0	270.7	113.4	157.3
	$ 633.0	$354.8	$ 278.2	$ 536.9	$ 316.1	$ 220.8

Changes in goodwill for the years ended December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
Balance January 1	$7,641.2	$7,220.2
Acquisitions	275.3	246.7
Dispositions	(8.9)	(11.3)
Foreign currency translation	(98.5)	185.6
Balance December 31	$7,809.1	$7,641.2

There were no goodwill impairment losses recorded in 2010 or 2009 and there are no accumulated goodwill impairment losses. Goodwill related to acquisitions completed during 2010 and 2009 included $34.5 million and $36.9 million related to goodwill associated with noncontrolling interests, respectively.

6. Debt

Lines of Credit

In December 2010, we entered into a new credit facility expiring on December 9, 2013 with a consortium of banks led by Citibank, JPMorgan Chase and Bank of America providing borrowing capacity of up to $2.0 billion. The credit facility replaced our $2.5 billion credit facility that was due to expire in June 2011. The $2.0 billion credit facility provides support for up to $1.5 billion of commercial paper issuances, as well as back-up liquidity in the event any of our convertible notes are put back to us. We have the ability to classify outstanding borrowings, if any, under our credit facility as long-term debt.

At December 31, 2010 and 2009, we had various uncommitted lines of credit aggregating $610.4 million and $363.3 million, respectively. Interest rates and borrowing terms under these lines vary from country to country.

Our available lines of credit, none of which were used at December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
Credit facility	$2,000.0	$2,500.0
Uncommitted lines of credit	610.4	363.3
Available and unused lines of credit	$2,610.4	$2,863.3

The $2.0 billion credit facility contains financial covenants limiting the ratio of total consolidated indebtedness to total consolidated EBITDA (for purposes of these covenants EBITDA is defined as earnings before interest, taxes, depreciation and amortization) to no more than 3.0 times. In addition, we are required to maintain a minimum ratio of EBITDA to interest expense of at least 5.0 times. At December 31, 2010, our ratio of debt to EBITDA was 1.9 times and our ratio of EBITDA to interest expense was 12.7 times. We were in compliance with these covenants. The credit facility does not limit our ability to declare or pay dividends.

Short-Term Borrowings

Short-term borrowings of $50.2 million and $19.3 million at December 31, 2010 and 2009, respectively are primarily composed of bank overdrafts and credit lines of our international subsidiaries. The bank overdrafts and credit lines are treated as unsecured loans pursuant to the bank agreements supporting the facilities. At December 31, 2010 and 2009, the weighted average interest rate on these bank loans was 5.4% and 8.0%, respectively.

Debt — General

Our wholly-owned finance subsidiaries Omnicom Capital Inc. ("OCI") and Omnicom Finance Inc. ("OFI") are co-issuers and co-obligors of our 5.90% Senior Notes due April 15, 2016, 6.25% Senior Notes due July 15, 2019 and 4.45% Senior Notes due August 15, 2020 (collectively "Senior Notes") and Convertible Debt.

OCI and OFI provide funding for our operations by incurring debt and lending the proceeds to our operating subsidiaries. OCI and OFI's assets consist of intercompany loans made to our operating subsidiaries and the related interest receivable. There are no restrictions on the ability of OCI, OFI or us to obtain funds from our subsidiaries through dividends, loans or advances. The Senior Notes and Convertible Debt are a joint and several liability of us, OCI and OFI, and we unconditionally guarantee the obligations of OCI and OFI with respect to the Senior Notes and Convertible Debt. Our Senior Notes are senior unsecured notes that rank in equal right of payment with all existing and future unsecured senior indebtedness.

Long-Term Notes Payable

Long-term notes payable at December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
5.90% Senior Notes due April 15, 2016	$1,000.0	$1,000.0
6.25% Senior Notes due July 15, 2019	500.0	500.0
4.45% Senior Notes due August 15, 2020	1,000.0	—
Other notes and loans at rates from 2.8% to 9.0%, due through 2015	1.5	18.6
	2,501.5	1,518.6
Unamortized discount on Senior Notes	(8.7)	(6.2)
Fair value hedge adjustment on Senior Notes due 2016	(26.3)	—
	2,466.5	1,512.4
Less current portion	1.4	17.8
Long-term notes payable	$2,465.1	$1,494.6

In July 2009, we issued $500 million aggregate principal amount of 6.25% Senior Notes due July 15, 2019. The proceeds from the issuance before deducting underwriting commissions and offering expenses were $496.7 million.

In August 2010, we issued $1.0 billion aggregate principal amount of 4.45% Senior Notes due August 15, 2020. The proceeds from the issuance before deducting underwriting commissions and offering expenses were $996.5 million.

In August 2010, we entered into a series of interest rate swap agreements to hedge the risk of changes in fair value of the $1 billion aggregate principal amount of our 5.90% Senior Notes due April 15, 2016 ("2016 Notes") attributable to changes in the benchmark interest rate. Under the terms of these agreements, we will receive fixed interest rate payments and will make variable interest rate payments on the total principal amount of the 2016 Notes. These agreements effectively convert the 2016 Notes from fixed rate debt to floating rate debt from the inception of the swaps through the maturity of the 2016 Notes. The swaps qualify as a hedge for accounting purposes at inception and at December 31, 2010 and are designated as a fair value hedge on the 2016 Notes. The variable interest rate we pay is based on the one month and three month U.S. LIBOR rate, flat. The fixed rate we receive is 1.766%. The swaps mature on April 15, 2016, the same day as the 2016 Notes. The swaps are recorded in our balance sheet at fair value and the change in the fair value of the swaps and the change in the fair value of the 2016 Notes (the hedged item) are recorded in earnings as an adjustment to interest expense. We will continue to evaluate these arrangements for hedge accounting treatment. At December 31, 2010, we recorded a liability of $24.2 million, representing the fair value of the swaps, and we recorded a decrease in the carrying value of the 2016 Notes of $26.3 million reflecting the change in fair value of the 2016 Notes from the inception of the fair value hedge. The net change in fair value of the swap and the carrying value of the 2016 Notes and any hedge ineffectiveness was not material to our results of operations.

Convertible Debt

Convertible debt at December 31, 2010 and 2009 was (dollars in millions):

	2010	2009
Convertible Notes — due February 7, 2031	$ 0.1	$ 5.8
Convertible Notes — due July 31, 2032	252.7	252.7
Convertible Notes — due June 15, 2033	0.1	0.1
Convertible Notes — due July 1, 2038	406.6	467.4
	659.5	726.0
Less current portion	—	—
Convertible debt	$659.5	$726.0

2031 Notes: In February 2001, we issued $850 million aggregate principal amount of Liquid Yield Option Notes due February 7, 2031 ("2031 Notes"). In prior years, $3.0 million of notes were put back to us.

In February 2009, holders of $841.2 million aggregate principal amount of our 2031 Notes put their notes back to us for purchase at par. We borrowed from unaffiliated equity investors in a partnership we controlled to fund the purchase of the 2031 Notes. We repurchased and retired $295.2 million of the 2031 Notes that had been put. We loaned the partnership $493.4 million and contributed $25.8 million as an equity investment. The partnership used the proceeds from the loan which it combined with the total contributed equity to purchase the remaining $546.0 million of the 2031 Notes that were put. The loan made to the partnership bore interest at 3.35% per annum. In consolidation, interest income from the loan offset interest expense from the amortization of the supplemental interest payment of $27.3 million made to the partnership resulting in net interest expense of $7.0 million for the year ended December 31, 2009. In December 2009, the partnership was liquidated and the remaining $546.0 million of the 2031 Notes held by the partnership were permanently retired and the loan was repaid.

In February 2010, holders of $5.7 million aggregate principal amount of our 2031 Notes due put their notes to us for purchase at par. On February 1, 2011, the remaining 2031 Notes were redeemed.

2032 Notes: In March 2002, we issued $900 million aggregate principal amount of Zero Coupon Zero Yield Convertible Notes due July 31, 2032 ("2032 Notes"). As senior unsecured obligations, these notes were potentially convertible into 4.6 million shares of our common stock at December 31, 2010, implying a conversion price of $55.01 per common share, subject to normal anti-dilution adjustments. These notes are convertible at a specified ratio only upon the occurrence of certain events, including: if our common shares trade above certain levels; if we effect extraordinary transactions; or if our long-term debt credit ratings are downgraded from their December 31, 2010 level to BBB or lower by S&P, or to Baa3 or lower by Moody's. These events would not, however, result in an adjustment of the number of shares issuable upon conversion. Holders of these notes have the right to put the notes back to us for cash in August of each year. There are no events that accelerate the noteholders' put rights. Beginning in August 2007 and every six months thereafter, if the market price of our common shares exceeds certain thresholds, we may be required to pay contingent cash interest. In July 2008, we amended the indenture relating to our 2032 Notes to waive the noteholders' right to contingent cash interest payable from October 31, 2008 through and including August 1, 2010. At December 31, 2010, no contingent cash interest is due. In 2009, $474.3 million of the 2032 Notes were put back to us and in years previous to that, $173.0 million principal amount of the 2032 Notes were put back to us.

2038 Notes: In June 2003, we issued $600 million aggregate principal amount of Zero Coupon Zero Yield Convertible Notes due June 15, 2033 ("2033 Notes"). As senior unsecured obligations, these notes were potentially convertible into 7.9 million shares of our common stock at December 31, 2010, implying a conversion price of $51.50 per common share, subject to normal anti-dilution adjustments. These notes are convertible at the specified ratio only upon the occurrence of certain events, including: if our common shares trade above certain levels, if we effect extraordinary transactions or if our long-term debt credit ratings are downgraded from their December 31, 2010 level to Ba1 or lower by Moody's or BBB- or lower by S&P. The occurrence of these events will not result in an adjustment of the number of shares issuable upon conversion.

Holders of these notes have the right to put the notes back to us for cash on June 15, 2013, 2018 and 2023 and on each June 15 annually thereafter through June 15, 2037 and we have a right to redeem the notes for cash on June 17, 2013 and June 15, 2018. After June 15, 2018, we can redeem the 2038 Notes at any time. There are no events that accelerate the noteholders' put rights. Beginning in June 2010, if the market price of our common shares exceeds certain thresholds, we may be required to pay contingent cash interest. In June 2006, $132.5 million of our 2033 Notes were put back to us.

In June 2006, substantially all of the 2033 Notes were amended to extend the maturity of the notes from June 15, 2033 to July 1, 2038. The amendments conformed other terms of the notes for the extension of the maturity date, as well as amending the comparable yield. The amended notes are referred to as our Zero Coupon Zero Yield Convertible Notes due 2038 ("2038 Notes").

In June 2010, we amended the indenture relating to our 2038 Notes. Noteholders of $403.2 million aggregate principal amount of our 2038 Notes agreed to waive their right to contingent cash interest, if payable, from December 15, 2010 through and including December 15, 2013. Holders of $3.4 million of our 2038 Notes did not put their notes to us for purchase, did not consent to the amendments and $60.8 million aggregate principal amount of the 2038 Notes were repurchased and retired.

In the event the noteholders exercise their conversion right, the conversion obligation is equal to a conversion value determined on the day of conversion, calculated by multiplying the share price at the close of business on that day by the underlying number of shares into which the note converts. We satisfy the conversion value by paying the initial principal amount of the note in cash and the balance of the conversion value in cash or shares, at our option. We can only satisfy a put obligation in cash.

Our 2032 and 2038 Notes (collectively "Convertible Notes") provide the noteholders with certain rights that we consider to be embedded derivatives. Embedded derivatives could be required to be bifurcated and accounted for separately from the underlying host instrument. The noteholders' rights considered for bifurcation were: (1) an embedded conversion option to convert the bonds into shares of our common stock; (2) the right to put the Convertible Notes back to us for repayment (noteholders' put right) and our agreement to not call the Convertible Notes up to specified dates (no call right); and (3) the right to collect contingent cash interest from us if certain criteria are met. As discussed below, the embedded derivatives were not required to be bifurcated or had no impact on the carrying value of the Convertible Notes and accordingly, the Convertible Notes are carried at their value due at maturity.

The embedded conversion options qualified for the exception covering convertible bonds and we are not required to separately account for the embedded conversion option. The embedded conversion options met the criteria and would, if converted, be accounted for in equity as if they were freestanding derivatives. We are not required to separately value and account for the noteholders' put right and the no call right. These rights were considered to be clearly and closely related to the underlying Convertible Notes and are not contingently exercisable. Additionally, the debt was not issued with a substantial discount or premium. Lastly, the noteholders' right to collect contingent cash interest is a derivative and is required to be marked to market value each reporting period with changes recorded in interest expense. The value of this right is primarily linked to the price of our common stock and not the debt host contract. Therefore, the right to collect contingent cash interest is not clearly and closely related to our debt and is required to be accounted for separately.

From time to time, we have made non-contractual supplemental interest payments to holders of our convertible debt who did not put their notes back to us for repurchase on the respective put dates or who agreed to certain amendments to the convertible note indentures. The supplemental interest payments are amortized to interest expense ratably over the period to the next put date. For the three years ended December 31, 2010, the following supplemental interest payments were paid (dollars in millions):

	2010	2009	2008
2031 Notes	$ —	$27.6	$ 7.6
2032 Notes	5.7	7.6	18.1
2038 Notes	20.2	—	—
	$25.9	$35.2	$25.7

Interest Expense

The components of interest expense for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Long-term notes payable	$106.7	$ 78.0	$ 62.9
Amortization of supplemental interest payments	10.5	22.7	17.0
Credit facility and commercial paper	1.8	5.7	21.6
Fees	5.7	5.1	5.6
Other	10.0	10.7	17.5
	$134.7	$122.2	$124.6

Maturities

The aggregate stated maturities of our long-term notes payable and convertible debt at December 31, 2010 are (dollars in millions):

2011	$ 1.4
2012	—
2013	—
2014	—
2015	0.1
Thereafter	3,159.5

7. Segment Reporting

Our wholly and partially owned agencies operate within the advertising, marketing and corporate communications services industry. These agencies are organized into agency networks, virtual client networks, regional reporting units and operating groups. Consistent with our fundamental business strategy, our agencies serve similar clients, in similar industries, and in many cases the same clients across a variety of geographic regions. In addition, our agency networks have similar economic characteristics and similar long-term operating margins, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services and office and general costs which include rent and occupancy costs, technology costs and other overhead expenses. Therefore, given these similarities, we aggregate our operating segments, which are our five agency networks, into one reporting segment.

A summary of revenue and long-lived assets and goodwill by geographic area for the years ended December 31, 2010, 2009 and 2008 is (dollars in millions):

	Americas	EMEA	Asia/Australia
2010			
Revenue	$7,459.0	$4,129.1	$954.4
Long-Lived Assets and Goodwill	5,805.9	2,526.0	130.5
2009			
Revenue	$6,855.0	$4,076.5	$789.2
Long-Lived Assets and Goodwill	5,642.3	2,549.0	127.2
2008			
Revenue	$7,644.7	$4,869.5	$845.7
Long-Lived Assets and Goodwill	5,468.5	2,352.1	119.2

The Americas is primarily comprised of the U.S., Canada and Latin American countries. EMEA is primarily comprised of various Euro currency countries, the United Kingdom, the Middle-East and Africa and other European countries that have not adopted the European Union Monetary standard. Asia/Australia is primarily comprised of China, Japan, Korea, Singapore, Australia and other Asian countries.

8. Cost Method Investments

At December 31, 2010 and 2009, the carrying value of our cost method investments was $24.8 million and $27.3 million, respectively and are included in other assets in our consolidated balance sheet.

9. Equity Method Investments

For the years ended December 31, 2010, 2009 and 2008, our equity interest in the net income of our equity method investments was $33.5 million, $30.8 million and $42.0 million, respectively, and at December 31, 2010 and 2009, our equity interest in the net assets of our equity method investments was $169.1 million and $156.9 million, respectively. Our equity method investments are not material to our results of operations or financial position and therefore, summarized financial information is not required to be presented.

In 2010, we recorded a $26.0 million non-cash gain resulting from the remeasurement to fair value of our existing ownership interests in affiliates in the Middle East and South America in which we acquired a controlling interest bringing our ownership up to 68.6% and 100%, respectively. In 2009, we recorded a non-cash gain of $41.3 million resulting from the remeasurement to fair value of our existing ownership interest in a Middle East affiliate in which we acquired a controlling interest, bringing our ownership up to 85%. The difference between the fair value of our shares at the acquisition date and the carrying value of our investment held prior to the acquisition resulted in the remeasurement gain. The purchase prices were negotiated at fair value in arms-length transactions. In addition, we performed a valuation of the businesses and confirmed the fair values used to determine the remeasurement gain. We used the following valuation methodologies to confirm the fair values: the income approach which utilized discounted expected future cash flows and comparative market participant multiples of EBITDA (earnings before interest, income taxes, depreciation and amortization).

10. Share-Based Compensation Plans

The Omnicom Group Inc. 2007 Incentive Award Plan ("2007 Plan") provides for the award of stock options, restricted stock and other awards. On adoption of the 2007 Plan, no new awards can be granted under any of our prior plans. In 2010, the shareholders approved an amendment to increase the maximum of shares available for issuance under the 2007 Plan at December 31, 2009 to 17.0 million shares plus any shares awarded under the 2007 Plan or any prior plan that have been forfeited or have expired. The terms of each award and the exercise date are determined by the Compensation Committee of the Board of Directors. The 2007 Plan does not permit the holder of an award to elect cash settlement under any circumstances. At December 31, 2010, 17.6 million shares of our common stock are available for grant under the 2007 Plan.

Share-based employee compensation expense in 2010, 2009 and 2008, was $69.3 million, $78.6 million and $59.3 million, respectively. At December 31, 2010, unamortized share-based employee compensation that will be expensed over the next five years is $133.9 million.

Stock Options

Under the 2007 Plan, the exercise price of stock option awards may not be less than 100% of the market price of our common stock at the date of grant and the option term cannot be longer than ten years from the date of grant. Generally, stock option grants vest 30% on the first two anniversary dates of the grant and 40% three years from the grant date. Option activity for the three years ended December 31, 2010 was:

	2010		2009		2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance January 1	40,832,715	$29.37	23,398,301	$36.87	21,711,535	$38.26
Options granted under 2007 Plan	335,000	38.86	22,620,000	23.73	3,520,000	25.48
Options exercised	(14,125,525)	33.03	(545,586)	31.18	(1,630,734)	30.40
Options forfeited	(2,528,600)	36.58	(4,640,000)	39.52	(202,500)	40.57
Balance December 31	24,513,590	$26.64	40,832,715	$29.37	23,398,301	$36.87
Options exercisable December 31	7,885,090	$31.80	16,325,715	$37.46	19,794,301	$38.82

Options outstanding and options exercisable at December 31, 2010 were:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$23.40 to $29.99	20,074,990	8.2 years	$23.70	4,176,990	$24.15
$30.00 to $44.99	2,711,600	3.1 years	$35.29	2,031,100	$34.79
$45.00 to $52.83	1,727,000	1.7 years	$47.18	1,677,000	$47.21
	24,513,590			7,885,090	

The fair value of each option grant was determined on the date of grant using the Black-Scholes option valuation model and is typically amortized to expense over the vesting period. The Black-Scholes assumptions (without adjusting for the risk of forfeiture and lack of liquidity) and the weighted average fair value per share for options granted were:

	2010	2009	2008
Expected option lives	5.0 years	5.0 years	5.0 years
Risk free interest rate	1.8% – 2.6%	1.7% – 2.5%	1.5%
Expected volatility	24.7% – 27.0%	19.6% – 24.1%	19.3% – 19.4%
Dividend yield	1.9% – 2.4%	1.5% – 2.5%	2.3%
Weighted average fair value per option granted	$8.25	$3.62	$3.78

Restricted Shares

Restricted stock activity for the three years ended December 31, 2010 was:

	2010	2009	2008
Balance January 1	3,471,929	4,473,981	4,297,967
Shares granted	868,273	664,217	1,800,992
Shares vested	(1,089,136)	(1,426,456)	(1,232,061)
Shares forfeited	(224,980)	(239,813)	(392,917)
Balance December 31	3,026,086	3,471,929	4,473,981
Weighted average per share fair value of shares granted	$ 36.63	$ 32.87	$ 44.72
Weighted average per share fair value at December 31	$ 41.79	$ 44.04	$ 45.70

All restricted shares are sold at a price per share equal to par value. The difference between par value and the market value on the date of the grant is charged to additional paid-in capital and is amortized to expense over the restriction period. Restricted shares typically vest at 20% per year, provided the employee remains employed by us.

Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the forfeiture restrictions lapse. Under most circumstances, the employee must resell the shares to us at par value if the employee ceases employment prior to the end of the restriction period.

ESPP

We have an employee stock purchase plan ("ESPP") that enables employees to purchase our common stock through payroll deductions over each plan quarter at 95% of the market price on the last trading day of the plan quarter. Prior to December 1, 2008, the employee purchase price was 85% of the market price on the last trading day of the plan quarter. Purchases are limited to 10% of eligible compensation as defined by the Employee Retirement Income Security Act of 1974 ("ERISA"). During 2010, 2009 and 2008, employees purchased 267,931 shares, 418,237 shares and 658,681 shares, respectively, all of which were treasury shares, for which $9.7 million, $12.0 million and $22.4 million, respectively, was paid to us. At December 31, 2010, 9,717,614 shares are available for the ESPP.

11. Income Taxes

We file a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. The principal foreign jurisdictions include the United Kingdom, France and Germany. The Internal Revenue Service ("IRS") has completed its examination of our federal tax returns through 2004 and has commenced an examination of our federal tax returns from 2005 through 2007. In addition, our subsidiaries' tax returns in the United Kingdom, France and Germany have been examined through 2002, 2004 and 2002, respectively.

Income before income taxes for the three years ended December 31, 2010 was (dollars in millions):

	2010	2009	2008
Domestic	$ 573.2	$ 598.8	$ 751.9
International	777.2	675.4	863.2
	$1,350.4	$1,274.2	$1,615.1

Income tax expense for the three years ended December 31, 2010 was (dollars in millions):

	2010	2009	2008
Current:			
Federal	$107.2	$ 58.2	$101.6
State and local	11.7	11.8	16.1
International	233.1	198.5	224.0
	352.0	268.5	341.7
Deferred:			
Federal	98.9	146.9	161.6
State and local	3.6	14.2	22.0
International	5.7	4.0	17.4
	108.2	165.1	201.0
	$460.2	$433.6	$542.7

A reconciliation from the statutory U.S. federal income tax rate to our effective tax rate is:

	2010	2009	2008
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
State and local taxes on income, net of federal income tax benefit	0.7	1.3	1.5
International subsidiaries' tax rate differentials	(2.1)	(2.7)	(3.7)
Other	0.5	0.4	0.8
Effective rate	34.1%	34.0%	33.6%

Included in income tax expense in 2010, 2009 and 2008 were $3.9 million, $3.8 million and $0.7 million, respectively, of interest, net of tax benefit, and penalties related to tax positions taken on our tax returns. At December 31, 2010 and 2009, the amount of accrued interest and penalties were $13.0 million and $15.6 million, respectively.

The components of deferred tax assets and liabilities at December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
Deferred tax assets:		
Compensation and severance	$257.6	$261.5
Tax loss and credit carryforwards	112.6	181.7
Basis differences arising from acquisitions	23.8	32.7
Basis differences from short-term assets and liabilities	27.7	35.1
Basis differences arising from investments	—	8.4
Other	9.8	9.8
Gross deferred tax assets	431.5	529.2
Valuation allowance	(24.6)	(67.8)
Net deferred tax assets	$406.9	$461.4
Deferred tax liabilities:		
Basis differences arising from investments	$ 6.7	$ —
Basis differences arising from foreign subsidiaries and affiliates	85.0	6.4
Financial instruments	458.2	431.9
Basis differences arising from tangible and deductible intangible assets	449.2	367.0
Total deferred tax liabilities	$999.1	$805.3
Net deferred tax liability	$592.2	$343.9

A significant portion of the deferred tax liability for financial instruments at December 31, 2010 and 2009, the majority of which is included in long-term deferred tax liabilities, relates to our convertible notes.

At December 31, 2010 and 2009, net deferred tax assets and deferred tax liabilities are classified in our consolidated balance sheet as follows (dollars in millions):

	2010	2009
Other current assets – deferred taxes	$ 141.3	$ 104.2
Deferred tax assets	14.2	40.0
Long-term deferred tax liabilities	(747.7)	(488.1)
Total deferred tax liability	$(592.2)	$(343.9)

The American Recovery and Reinvestment Act of 2009 ("ARRA") provides an election where qualifying cancellation of indebtedness income can be deferred and included in taxable income ratably over the five

taxable years beginning in 2014 and ending in 2018. In 2009, we retired $841.2 million of our 2031 Notes and $474.3 million of our 2032 Notes resulting in a tax liability of approximately $328 million. In 2010, we retired an additional $5.7 million of our 2031 Notes and $60.8 million of our 2038 Notes resulting in a tax liability of $12.0 million. These liabilities, which were previously recorded, are included in our balance sheet in deferred tax liabilities. In accordance with the ARRA, we expect to pay the liability during the deferral period beginning in 2014 and continuing through 2018.

We have concluded that it is more likely than not that we will be able to realize our net deferred tax assets in future periods because results of future operations are expected to generate sufficient taxable income. The valuation allowance of $24.6 million and $67.8 million at December 31, 2010 and 2009, respectively, relates to tax loss and credit carryforwards in the U.S. and international jurisdictions. During 2010, we reduced our deferred tax asset balance by approximately $30.5 million as a result of our utilization of tax loss and credit carryforwards. Additionally, as a result of a change in 2010 in a foreign tax law that eliminated the ability to utilize approximately $39.0 million of tax loss and credit carryforwards, we reduced both our deferred tax asset balance and the corresponding valuation allowance by the same amount. Our tax loss and credit carryforwards are available to us for periods ranging from 5 to 20 years, which is in excess of the forecasted utilization of such carryforwards. To the extent that our actual future tax deductions for share-based compensation are less than the deferred tax assets resulting from recording book share-based compensation expense, we expect to have a sufficient pool of windfall tax benefits within our hypothetical additional paid-in-capital (the "APIC Pool") available to offset any potential future shortfalls. The APIC Pool resulted from the amount by which our prior year tax deductions exceeded the cumulative book share-based compensation expense recognized in our financial statements.

We have not provided U.S. federal and state income taxes on cumulative earnings of certain foreign subsidiaries that have been indefinitely reinvested outside the United States. Determination of the amount of this tax liability on the rate differential of the U.S. income taxes in excess of the foreign taxes on any remittances of the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation. Changes in U.S. tax rules and regulations covering international operations and foreign tax credits may affect our future reported financial results or the way we conduct our business.

In August 2010, the Education Jobs and Medicaid Assistance Act was enacted. The act contains changes to international tax rules. We do not expect that the act will have a significant impact on our annual effective tax rate.

A reconciliation of our unrecognized tax benefits is as follows (dollars in millions):

	2010	2009
Balance January 1	$202.8	$ 65.3
Additions:		
Current year tax positions	11.4	15.9
Prior year tax positions	18.3	124.6
Reduction of prior year tax positions	(38.8)	(2.0)
Settlements	(24.1)	(1.8)
Lapse of statute of limitations	(2.6)	(0.7)
Foreign currency translation	(1.9)	1.5
Balance December 31	$165.1	$202.8

Approximately $72.4 million and $87.8 million of the total liability for uncertain tax positions recorded in our consolidated balance sheet at December 31, 2010 and 2009, respectively, would affect our effective tax rate upon resolution of the uncertain tax positions. During 2009, an uncertain tax position for a foreign subsidiary was resolved. This resolution, which we did not expect to occur until 2010 or 2011, resulted in an increase of $12.9 million, including interest, in both income tax expense and unrecognized tax benefits. Also during 2009, we recorded an increase in our deferred tax assets and a reduction in income tax expense of $11.0 million, resulting from recognition of tax credits from a foreign jurisdiction.

In 2009, we reclassified $99.8 million of long-term deferred tax liabilities relating to certain temporary state income tax deductions that may be challenged by the taxing authorities to unrecognized tax benefits. Previously, these temporary deductions were included in long-term deferred tax liabilities. Accordingly, there was no impact to our effective tax rate. Any loss of these deductions will not affect our effective tax rate upon resolution.

12. Pension and Other Postemployment Benefits

Defined Contribution Plans

Our domestic and international subsidiaries provide retirement benefits for their employees primarily through defined contribution profit sharing and savings plans. Contributions to these plans, which are determined by the boards of directors of the subsidiaries, vary by subsidiary and have generally been in amounts up to the maximum percentage of total eligible compensation of participating employees that is deductible for income tax purposes. Contribution expense for these plans were $83.9 million in 2010, $75.7 million in 2009, and $96.7 million in 2008.

Defined Benefit Pension Plans

Certain of our subsidiaries sponsor noncontributory defined benefit pension plans, including two pension plans related to our U.S. businesses and 27 pension plans related to our non-U.S. businesses. These plans provide benefits to employees based on formulas recognizing length of service and earnings. The U.S. pension plans cover approximately 1,400 participants and are closed to new participants. Effective January 1, 2011, the U.S. plans will not accrue future benefit credits. The non-U.S. pension plans cover approximately 4,900 participants, are not covered by ERISA and include plans required by local laws.

In addition, we have a Senior Executive Restrictive Covenant and Retention Plan (the "Retention Plan") for certain executive officers of Omnicom selected to participate by the Compensation Committee of the Board of Directors. The Retention Plan was adopted to secure non-competition, non-solicitation, non-disparagement and ongoing consulting services from such executive officers, and to strengthen the retention aspect of executive officer compensation. The Retention Plan provides for annual payments to the participants or to their beneficiaries upon termination following at least seven years of service with Omnicom or its subsidiaries. A participant's annual benefit is payable for 15 consecutive calendar years following termination, but in no event prior to age 55. The annual benefit is equal to the lesser of (i) the participant's final average pay times an applicable percentage, which is based upon the executive's years of service as an executive officer, not to exceed 35% or (ii) $1.5 million. The Retention Plan is unfunded.

The assets, liabilities and expense associated with these plans are not material to our results of operations or financial position.

The components of net periodic benefit cost for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Service cost	$ 3.9	$ 4.4	$ 7.1
Interest cost	6.1	6.7	7.0
Expected return on plan assets	(3.5)	(3.6)	(5.4)
Amortization of prior service cost	2.5	2.5	2.1
Amortization of actuarial (gains) losses	0.6	1.6	0.8
Curtailments and settlements	1.2	1.4	0.8
	$10.8	$13.0	$12.4

Included in accumulated other comprehensive income at December 31, 2010 and 2009 were unrecognized actuarial gains and losses and unrecognized prior service cost of $44.7 million, $27.5 million net of tax and $41.0 million, $25.8 million net of tax, respectively, that have not yet been recognized in net periodic benefit cost.

The unrecognized actuarial gains and losses and unrecognized prior service cost included in accumulated other comprehensive income and expected to be recognized in net periodic benefit cost in 2011 is $4.4 million.

The weighted average assumptions used to determine the net periodic benefit cost for our defined benefit pension plans for the three years ended December 31, 2010 were:

	2010	2009	2008
Discount rate	4.96%	5.33%	5.09%
Compensation increases	1.91%	1.88%	3.19%
Expected return on plan assets	5.18%	5.64%	5.77%

The expected long-term rate of return for plan assets for our U.S. plans is based on several factors, including current and expected asset allocations, historical and expected returns on various asset classes and current, and future market conditions. A total return investment approach using a mix of equities and fixed income investments maximizes the long-term return. This strategy is intended to minimize plan expense by achieving long-term returns in excess of the growth in plan liabilities over time. The discount rate used to compute net periodic benefit cost is based on yields of available high-quality bonds and reflects the expected cash flow as of the measurement date.

The expected returns on plan assets and discount rates for our non-U.S. plans are based on local factors, including each plan's investment approach, local interest rates and plan participant profiles.

Experience gains and losses and the effects of changes in actuarial assumptions are amortized over a period no longer than the expected average future service of active employees.

Our funding policy is to contribute amounts sufficient to meet minimum funding requirements in accordance with the applicable employee benefit and tax laws that the plans are subject to, plus such additional amounts as we may determine to be appropriate. In 2010, 2009 and 2008, we contributed $7.5 million, $6.4 million, $5.9 million, respectively, to our defined benefit pension plans. We do not expect our 2011 contributions to differ materially from our 2010 contributions.

At December 31, 2010 and 2009, the benefit obligation, fair value of plan assets and the funded status of our defined benefit pension plans were (dollars in millions):

	2010	2009
Benefit Obligation		
Benefit obligation January 1	$120.9	$134.2
Service cost	3.9	4.4
Interest cost	6.1	6.7
Plan amendments	2.6	—
Actuarial (gains) losses	7.2	1.2
Benefits paid	(10.3)	(26.4)
Foreign currency translation	(0.4)	0.8
Benefit obligation December 31	$130.0	$120.9
Fair Value of Plan Assets		
Fair value of assets January 1	$ 52.4	$ 64.4
Actual return on plan assets	4.5	7.3
Employer contributions	7.5	6.4
Benefits paid	(10.3)	(26.4)
Foreign currency translation	(0.2)	0.7
Fair value of plan assets December 31	$ 53.9	$ 52.4
Funded Status December 31	$(76.1)	$(68.5)

At December 31, 2010 and 2009 amounts recorded in our consolidated balance sheet were (dollars in millions):

	2010	2009
Other assets	$ 3.0	$ 1.3
Other current liabilities	(1.1)	(1.9)
Long-term liabilities	(78.0)	(67.9)
	$(76.1)	$(68.5)

At December 31, 2010 and 2009, the accumulated benefit obligation for our defined benefit pension plans were $119.2 million and $111.7 million, respectively.

At December 31, 2010 and 2009, defined benefit pension plans with benefit obligations in excess of plan assets were (dollars in millions):

	2010	2009
Benefit obligation	$114.1	$109.1
Plan assets	35.0	39.3
	$ 79.1	$ 69.8

At December 31, 2010 and 2009, the weighted average assumptions used to determine the benefit obligation were:

	2010	2009
Discount rate	4.42%	5.29%
Compensation increases	1.60%	1.88%

The estimated future benefit payments expected to be paid are (dollars in millions):

2011	2012	2013	2014	2015	2016-2020	Thereafter
$4.2	$4.2	$5.1	$6.7	$5.8	$35.6	$68.4

The fair value of plan assets at December 31, 2010 and 2009 were (dollars in millions):

	Level 1	Level 2	Level 3	Total
2010				
Cash	$ 1.0			$ 1.0
Mutual funds[a]	24.9			24.9
Unit trusts[b]	18.8			18.8
Insurance contracts[c]	—		$ 6.1	6.1
Other[d]	—	$ 3.1	—	3.1
	$44.7	$ 3.1	$ 6.1	$53.9

(a) Equity funds represent 63% of the total and are primarily composed of U.S. large-cap and mid-cap companies, international companies and emerging market companies. Debt funds represent 37% of the total and are primarily composed of U.S. Treasury securities, corporate debt and mortgage securities.

(b) Equity funds represent 54% of the total and are primarily composed of U.K. large-cap companies and U.K., U.S. and Euro zone equity index funds. Debt funds represent 46% of the total and are composed of U.K. Gilts and U.K. and Euro zone corporate bonds.

(c) Insurance contracts are primarily composed of guaranteed insurance contracts in Japan and Korea.

(d) Commingled short-term investment funds.

	Level 1	Level 2	Level 3	Total
2009				
Cash	$ 0.2			$ 0.2
Mutual funds[a]	28.5			28.5
Unit trusts[b]	17.9			17.9
Insurance contracts[c]			$ 5.6	5.6
Other	—	$ 0.2	—	0.2
	$46.6	$ 0.2	$ 5.6	$52.4

(a) Equity funds represent 76% of the total and are primarily composed of U.S. large-cap and mid-cap companies, international companies and emerging market companies. Debt funds represent 24% of the total and are primarily composed of U.S. Treasury securities, corporate debt and mortgage securities.

(b) Equity funds represent 51% of the total and are primarily composed of U.K. large-cap companies and U.K., U.S. and Euro zone equity index funds. Debt funds represent 49% of the total and are composed of U.K. Gilts and U.K. and Euro zone corporate bonds.

(c) Insurance contracts are primarily composed of guaranteed insurance contracts in Japan and Korea.

At December 31, 2010 and 2009, the fair value of plan assets measured using Level 3 inputs were (dollars in millions):

	2010	2009
Beginning balance January 1	$5.6	$5.8
Actual return on assets	0.1	0.1
Purchases, sales and settlements, net	0.4	(0.3)
Balance December 31	$6.1	$5.6

The weighted average asset allocations at December 31, 2010 and 2009 were:

	2010		2009
	Target Allocation	Actual Allocation	Actual Allocation
Cash	3%	2%	1%
Mutual funds	49	46	54
Unit trusts	34	35	34
Insurance contracts	11	11	11
Other	3	6	—
	100%	100%	100%

Risk tolerance for these plans is established through careful consideration of plan liabilities, funded status and evaluation of the overall investment environment. The investment portfolios contain a diversified blend of equity and fixed-income investments. Equity investments are diversified across geography and market capitalization through investment in large and small capitalization U.S. and international equities and U.S. and international debt securities. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, and periodic asset / liability studies and investment portfolio reviews.

Postemployment Arrangements

We have executive retirement agreements under which benefits will be paid to participants or to their beneficiaries over periods up to 10 years beginning after cessation of full-time employment. In December 2010, the Compensation Committee of the Board of Directors increased the number of employees eligible to participate in these agreements. As a result of this action, we recorded an increase in the benefit obligation for our postemployment arrangements of $20.4 million in 2010.

The components of net periodic benefit cost for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Service cost	$ 1.8	$ 1.8	$ 2.0
Interest cost	3.9	4.0	4.2
Expected return on plan assets	N/A	N/A	N/A
Amortization of prior service cost	0.6	0.8	0.6
Amortization of actuarial (gains) losses	1.0	0.5	0.3
Other	—	—	—
	$ 7.3	$ 7.1	$ 7.1

Included in accumulated other comprehensive income at December, 31, 2010 and 2009 were unrecognized actuarial gains and losses and unrecognized prior services cost of $45.0 million, $27.0 million net of income taxes and $25.1 million, $15.1 million net of income taxes, respectively, that have not yet been recognized in the net periodic benefit cost.

The unrecognized actuarial gains and losses and unrecognized prior service cost included in accumulated other comprehensive income and expected to be recognized in net periodic benefit cost in 2011 is $2.8 million.

The weighted average assumptions used to determine the net periodic benefit cost for our postemployment arrangements for the three years ended December 31, 2010 were:

	2010	2009	2008
Discount rate	5.0%	5.25%	5.75%
Compensation increases	3.5%	3.5%	3.5%
Expected return on assets	N/A	N/A	N/A

We amortize experience gains and losses and effects of changes in actuarial assumptions over a period no longer than the expected average future service of active employees.

Our postemployment arrangements are unfunded and benefits are paid when due. The benefit obligation is recognized as a liability in our consolidated balance sheet. At December 31, 2010 and 2009, the benefit obligation for our postemployment arrangements was (dollars in millions):

	2010	2009
Benefit obligation January 1	$ 87.7	$ 86.6
Service cost	1.8	1.8
Interest cost	3.9	4.0
Plan amendment	20.4	2.0
Actuarial (gains) losses	0.9	3.4
Benefits paid	(10.0)	(10.1)
Benefit obligation December 31	$104.7	$ 87.7

At December 31, 2010 and 2009, the liability for postemployment arrangements was classified as follows (dollars in millions):

	2010	2009
Other current liabilities	$ 10.7	$ 9.9
Long-term liabilities	94.0	77.8
	$104.7	$87.7

At December 31, 2010 and 2009, the weighted average assumptions used to determine the benefit obligation were:

	2010	2009
Discount rate	5.0%	5.0%
Compensation increases	3.5%	3.5%

The estimated future benefit payments expected to be paid are (dollars in millions):

2011	2012	2013	2014	2015	2016-2020	Thereafter
$10.7	$10.3	$9.5	$8.0	$6.9	$30.1	$29.2

13. Net Income Per Common Share

The computations of basic and diluted net income per common share – Omnicom Group Inc. for the three years ended December 31, 2010 were:

	2010	2009	2008
Net Income Available for Common Shares (in millions):			
Net Income – Omnicom Group Inc.	$827.7	$793.0	$1,000.3
Net income allocated to participating securities	8.0	9.1	13.1
Net Income available for common shares	$819.7	$783.9	$ 987.2
Weighted Average Shares (in millions):			
Basic	299.6	308.2	313.0
Diluted stock options and restricted shares	3.9	2.2	1.8
Diluted	303.5	310.4	314.8
Anti-dilutive stock options and restricted shares (in millions)	3.0	10.9	6.9
Net Income per Common Share – Omnicom Group Inc.			
Basic	$ 2.74	$ 2.54	$ 3.17
Diluted	2.70	2.53	3.14

14. Supplemental Cash Flow Data

Changes in operating capital for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
(Increase) decrease in accounts receivable	$(292.4)	$410.9	$ 689.9
(Increase) decrease in work in progress and other current assets	(209.7)	113.9	59.2
Increase (decrease) in accounts payable	455.9	(10.2)	(778.3)
Increase (decrease) in customer advances and other current liabilities	183.2	(75.9)	(89.8)
Change in other assets and liabilities, net	173.3	125.7	104.7
Total change in operating capital	$ 310.3	$564.4	$ (14.3)
Income taxes paid	$ 293.3	$270.4	$ 411.4
Interest paid	140.8	86.8	126.3

15. Noncontrolling Interests

Changes in our ownership interests in our less than 100% owned subsidiaries during the three years ended December 31, 2010, were (dollars in millions):

	2010	2009	2008
Net income attributed to Omnicom Group Inc.	$827.7	$793.0	$1,000.3
Transfers (to) from noncontrolling interests:			
Increase in additional paid-in capital from sale of shares in noncontrolling interests	2.2	—	—
Decrease in additional paid-in capital from purchase of shares in noncontrolling interests	(26.0)	(25.6)	—
Net transfers (to) from noncontrolling interests	(23.8)	(25.6)	—
Changes in net income attributed to Omnicom Group Inc. and transfers (to) from noncontrolling interests	$803.9	$767.4	$1,000.3

16. Leases

We lease substantially all our office facilities and certain equipment under operating and capital leases that expire at various dates. Office leases may include provisions for additional renewal periods at our option. In circumstances where the exercise of the renewal option is reasonably assured, the renewal periods are included in the determination of the expected lease term. Office leases may include scheduled increases and escalation clauses and other concessions, such as rent holidays and landlord / tenant incentives and improvement allowances. Scheduled rent increases are recognized on a straight-line basis over the expected lease term. Rent holidays and landlord / tenant incentives and improvement allowances are recorded as deferred rent and are amortized to rent expense on a straight-line basis over the expected lease term. Certain office leases require payment of real estate taxes and other occupancy costs, which may be subject to escalation. These costs are not included in rent expense. Leasehold improvements made at inception or during the lease term are amortized over the shorter of the asset life or the lease term, which may include renewal periods where the renewal is reasonably assured. Rent expense for the three years ended December 31, 2010, was (dollars in millions):

	2010	2009	2008
Office rent	$374.4	$396.0	$409.7
Third party sublease rent	(16.3)	(18.9)	(22.8)
Total office rent	358.1	377.1	386.9
Equipment rent	46.4	65.6	103.7
Total rent	$404.5	$442.7	$490.6

Future minimum office and equipment base rent under terms of non-cancelable operating and capital leases, reduced by third party sublease rent to be received from existing non-cancelable subleases, were (dollars in millions):

	Operating Leases		
	Gross Rent	Sublease Rent	Net Rent
2011	$ 375.1	$ (8.5)	$ 366.6
2012	302.4	(4.4)	298.0
2013	242.9	(2.9)	240.0
2014	193.7	(2.5)	191.2
2015	152.0	(1.5)	150.5
Thereafter	447.3	(0.3)	447.0
	$1,713.4	$(20.1)	$1,693.3

	Capital Leases
2011	$21.4
2012	14.9
2013	8.3
2014	3.9
2015	3.0
Thereafter	2.2
Total minimum lease payments	53.7
Less interest component	2.7
Present value of minimum lease payments	$51.0

At December 31, 2010, the current and long-term portions of our capital lease obligation were $20.3 million and $30.7 million, respectively.

Property under capital leases at December 31, 2010 and 2009 was $94.6 million and $69.1, respectively. Accumulated amortization of property under capital leases at December 31, 2010 and 2009 was $46.0 million and $27.3 million, respectively. Amortization expense for property under capital leases was $23.0 million in 2010, $17.0 million in 2009 and $8.5 million in 2008.

17. Temporary Equity — Redeemable Noncontrolling Interests

Owners of noncontrolling interests in certain of our subsidiaries have the right in certain circumstances to require us to purchase additional ownership interests at fair value as defined in the applicable agreements. Assuming that the subsidiaries perform over the relevant periods at their current profit levels, at December 31, 2010, the aggregate estimated maximum amount we could be required to pay in future periods is approximately $201.1 million, of which approximately $158.4 million relates to obligations that are currently exercisable by the holders. If these rights are exercised, there would be an increase in the net income attributable to Omnicom Group Inc. as a result of our increased ownership and the reduction of net income attributable to noncontrolling interests. The ultimate amount paid could be significantly different because the redemption amount is primarily dependent on the future results of operations of the subject businesses, the timing of the exercise of these rights and changes in foreign currency exchange rates.

18. Commitments and Contingent Liabilities

Legal Proceedings

We are involved from time to time in various legal proceedings in the ordinary course of business. We do not presently expect that these proceedings will have a material adverse effect on our results of operations or financial position.

19. Fair Value

Financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2010 and 2009 were (dollars in millions):

	Level 1	Level 2	Level 3	Total
2010				
Assets:				
Cash and cash equivalents	$2,288.7			$2,288.7
Short-term investments	11.3			11.3
Forward foreign exchange contracts		$ 7.2		7.2
Available-for-sale securities	3.4			3.4
Liabilities:				
Interest rate swaps		$24.2		$ 24.2
2009				
Assets:				
Cash and cash equivalents	$1,587.0			$1,587.0
Short-term investments	7.8			7.8
Available-for-sale securities	4.0			4.0
Liabilities:				
Forward foreign exchange contracts		$ 3.3		$3.3

At December 31, 2010, forward foreign exchange contracts are included in other current assets, available-for-sale securities are included in other assets and interest rate swaps are included in long-term liabilities in our consolidated balance sheet. At December 31, 2009, available-for-sale securities were included in other assets and forward foreign exchange contracts were included in other current liabilities in our consolidated balance sheet.

The carrying amounts and fair value of our financial instruments at December 31, 2010 and 2009 were (dollars in millions):

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$2,288.7	$2,288.7	$1,587.0	$1,587.0
Short-term investments	11.3	11.3	7.8	7.8
Forward foreign exchange contracts	7.2	7.2	—	—
Available-for-sale securities	3.4	3.4	4.0	4.0
Cost method investments	24.8	24.8	27.3	27.3
Liabilities:				
Short-term borrowings	$ 50.2	$ 50.2	$ 19.3	$ 19.3
Forward foreign exchange contracts	—	—	3.3	3.3
Interest rate swaps	24.2	24.2	—	—
Debt	3,126.0	3,328.0	2,238.4	2,324.4

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Short-term investments

Short-term investments consist primarily of time deposits with financial institutions that we expect to convert into cash in our current operating cycle, generally within one year. Short-term investments are carried at cost, which approximates fair value.

Forward foreign exchange contracts

The estimated fair values of derivative positions in forward foreign exchange contracts are based on quotations received from third party banks and represent the net amount required to terminate the positions, taking into consideration market rates and counterparty credit risk.

Available-for-sale securities

Available-for-sale securities are carried at quoted market prices.

Cost method investments

Cost method investments are carried at cost, which approximates or is less than fair value.

Short-term borrowings

Short-term borrowings consist of bank overdrafts and credit lines of our international subsidiaries. Due to the short-term nature of these instruments, carrying value approximates fair value.

Interest rate swaps

Our interest rate swaps are fair value hedges where the fair value is derived from the present value of future cash flows using valuation models that are based on readily observable market data such as interest rates and yield curves, taking into consideration counterparty credit risk.

Debt

Our long-term debt includes fixed rate debt and convertible debt. The fair value of these instruments is based on quoted market prices.

20. Derivative Instruments and Hedging Activities

As a global service business, we operate in multiple foreign currencies and issue debt in the capital markets. In the normal course of business, we are exposed to the impact of interest rate changes and foreign currency fluctuations. We limit these risks through risk management policies and procedures, including the use of derivatives. For interest rate exposure, derivatives are used to manage the related cost of debt. For foreign currency exposure, derivatives are used to better manage the cash flow volatility arising from foreign exchange rate fluctuations.

As a result of using derivative instruments, we are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we have a policy of only entering into contracts with carefully selected major financial institutions based on credit ratings and other factors.

We evaluate the effects of changes in interest rates and foreign currency exchange rates and other relevant market risks on our derivative instruments. We periodically determine the potential loss from market risk on our derivative instruments by performing a value-at-risk analysis. Value-at-risk is a statistical model that utilizes historical currency exchange and interest rate data to measure the potential impact on future earnings of our derivative financial instruments. The value-at-risk analysis on our derivative financial instruments at December 31, 2010 indicated that the risk of loss was immaterial.

Interest Rate Risk

From time to time, we issue debt in the capital markets. In 2010, to manage our overall interest cost, we used interest rate swaps to convert specific fixed-rate debt into variable-rate debt (fair value hedge). See Note 6

for a discussion of our interest rate swaps. At December 31, 2010, the total notional amount of our interest rate swaps was $1.0 billion. For the year ended December 31, 2010, our interest rate swaps reduced interest expense by $5.0 million.

Foreign Exchange Risk

Our regional treasury centers centralize and manage the cash of our foreign operations. These centers use short-term forward foreign exchange contracts to hedge the foreign currency exchange risk of intercompany cash movements between businesses operating in different functional currencies from the regional treasury centers from which they borrow or invest funds. Additionally, the regional treasury centers use forward foreign exchange contracts to mitigate the foreign currency risk associated with activities when operating expenses and revenue are not denominated in the same currency. In these instances, amounts are promptly settled or hedged with forward foreign exchange contracts. At December 31, 2010 and 2009, the total value of the intercompany receivable and payables hedged by forward foreign exchange contracts was $1,351.8 million and $900.7 million, respectively. The notional value of forward foreign exchange contracts to purchase currencies, principally British Pounds, Euros, Japanese Yen and Korean Won, at December 31, 2010 and 2009, was $679.5 million and $448.7 million, respectively. The notional value of forward foreign exchange contracts to sell currencies, principally U.S. Dollars, at December 31, 2010 and 2009, was $672.3 million and $452.0 million, respectively. See Note 19 for a discussion of the fair value of these instruments.

The terms of our forward contracts are generally less than 90 days. The changes in the fair value of these contracts and of the underlying exposures generally offset and are included in our results of operations.

The foreign currency contracts that existed during 2010 and 2009 were entered into for the purpose of seeking to mitigate the risk of certain specific adverse currency risks. As a result of these financial instruments, we reduced financial risk in exchange for foregoing any gain (reward) that might have occurred if the markets moved favorably. In using these contracts, management exchanged the risks of the financial markets for counterparty risk.

During 2008, we terminated all of our Euro and Yen cross currency interest rate swaps. The effect on our results of operations was not significant. The payment to terminate the swaps and settle the liability of $50.8 million is reflected as a component of investing activities in our consolidated statement of cash flows. These swaps were used to effectively hedge our net investment in certain Euro denominated and Yen denominated subsidiaries.

21. Subsequent Events

We have evaluated events subsequent to the balance sheet and determined there have not been any events that have occurred that would require adjustment to or disclosure in our consolidated financial statements.

OMNICOM GROUP INC. AND SUBSIDIARIES

Quarterly Results of Operations (Unaudited)

The Company's unaudited quarterly results of operations for the years ended December 31, 2010 and 2009 were (dollars in millions, except for per share amounts):

	Quarter			
	First	Second	Third	Fourth
Revenue				
2010	$2,920.0	$3,041.2	$2,994.6	$3,586.7
2009	2,746.6	2,870.7	2,837.6	3,265.8
Operating Income				
2010	291.0	415.4	314.1	439.7
2009	282.4	398.1	294.8	399.6
Net Income – Omnicom Group Inc.				
2010	163.4	243.3	174.6	246.4
2009	164.5	233.4	165.6	229.5
Net Income Per Share Omnicom Group Inc. – Basic				
2010	0.53	0.80	0.58	0.84
2009	0.53	0.75	0.53	0.74
Net Income Per Share Omnicom Group Inc. – Diluted				
2010	0.52	0.79	0.57	0.83
2009	0.53	0.75	0.53	0.73

OMNICOM GROUP INC. AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
For the Three Years Ended December 31, 2010

(Dollars in millions)

Column A	Column B	Column C	Column D	Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Removal of Uncollectible Receivables[1]	Translation Adjustments (Increase) Decrease	Balance at End of Period
Valuation accounts deducted from assets to which they apply — Allowance for doubtful accounts:					
December 31, 2010	$59.5	$ 9.5	$21.8	$ 0.5	$46.7
December 31, 2009	59.9	24.9	26.7	(1.4)	59.5
December 31, 2008	54.7	26.5	17.9	3.4	59.9

(1) Net of acquisition date balances in allowance for doubtful accounts of companies acquired of $0.1 million in 2008.

EXHIBIT 12.1

Computation of Ratio of Earnings to Fixed Charges
(Dollars in millions, except ratios)

	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
Earnings:					
Income before income taxes	$1,350.4	$1,274.2	$1,615.1	$1,585.1	$1,381.7
Add: Dividends from affiliates	26.3	21.6	27.3	28.4	14.3
Fixed charges	269.0	269.7	288.2	271.9	290.3
Total earnings	$1,645.7	$1,565.5	$1,930.6	$1,885.4	$1,686.3
Fixed charges:					
Interest expense[a]	$ 134.7	$ 122.2	$ 124.6	$ 106.9	$ 135.1
Rent expense interest factor[b]	134.3	147.5	163.6	165.0	155.2
Total fixed charges	$ 269.0	$ 269.7	$ 288.2	$ 271.9	$ 290.3
Ratio of earnings to fixed charges	6.12x	5.80x	6.70x	6.93x	5.81x

(a) Interest expense includes interest on third-party indebtedness.
(b) The rent expense interest factor reflects an appropriate portion (one-third) of rent expense representative of interest.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of
Omnicom Group Inc.:

We consent to the incorporation by reference in the registration statements (Registration Statement Nos. 333-84498, 333-33972, 333-37634, 333-41717, 333-70091, 333-74591, 333-74727, 333-74879, 333-84349, 333-90931, 333-108063, 333-115892, 333-146821, 333-159600, 333-168547) on Form S-8, (Registration Statement No. 333-47426) on Form S-4, and (Registration Statement Nos. 333-112840, 333-112841, 333-136434-02, 333-158092) on Form S-3 of Omnicom Group Inc. and subsidiaries of our reports dated February 23, 2011, with respect to the consolidated balance sheets of Omnicom Group Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010, and the related financial statement schedule on page S-1, and the effectiveness of internal control over financial reporting as of December 31, 2010, which reports appear in the December 31, 2010 Annual Report on Form 10-K of Omnicom Group Inc. and subsidiaries.

As discussed in Note 3 to the consolidated financial statements, Omnicom Group Inc. and subsidiaries changed its method of accounting for business combinations due to the adoption of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 141 (Revised 2007), "Business Combinations" (included in FASB Accounting Standards Codification Topic 805, "Business Combinations") on January 1, 2009.

/s/ KPMG LLP
New York, New York
February 23, 2011

Exhibit 31.1

CERTIFICATION

I, John D. Wren, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2010 of Omnicom Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of our annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2011

/s/ JOHN D. WREN

John D. Wren
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Randall J. Weisenburger, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2010 of Omnicom Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of our annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2011

/s/ RANDALL J. WEISENBURGER

Randall J. Weisenburger
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF ANNUAL REPORT ON FORM 10-K

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of Omnicom Group Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of Omnicom Group Inc. certifies that, to such officer's knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Omnicom Group Inc. as of the dates and for the periods expressed in the Report.

Executed as of February 23, 2011.

/s/ JOHN D. WREN

Name: **John D. Wren**
Title: **Chief Executive Officer and President**

/s/ RANDALL J. WEISENBURGER

Name: **Randall J. Weisenburger**
Title: **Executive Vice President and Chief Financial Officer**

Omnicom

Board Of Directors

BRUCE CRAWFORD
Chairman,
Omnicom Group Inc.

JOHN D. WREN
President and Chief Executive Officer,
Omnicom Group Inc.

ALAN R. BATKIN
Vice Chairman,
Eton Park Capital Management, L.P.

ROBERT CHARLES CLARK
Harvard University Distinguished
Service Professor,
Harvard Law School

LEONARD S. COLEMAN, JR.
Former Senior Advisor,
Major League Baseball,
Former Chairman, Arena Co.

ERROL M. COOK
Private Investor and Consultant,
Former Managing Director and Partner,
Warburg Pincus & Company

SUSAN S. DENISON
Partner, Cook Associates

MICHAEL A. HENNING
Former Deputy Chairman,
Ernst & Young

JOHN R. MURPHY
Vice Chairman,
National Geographic Society

JOHN R. PURCELL
Chairman and Chief Executive Officer,
Grenadier Associates Ltd.

LINDA JOHNSON RICE
Chairman
Johnson Publishing Company, Inc.

GARY L. ROUBOS
Former Chairman, Dover Corporation

Officers

JOHN D. WREN
President and Chief Executive Officer

RANDALL J. WEISENBURGER
Executive Vice President and
Chief Financial Officer

PHILIP J. ANGELASTRO
Senior Vice President Finance and Controller

SERGE DUMONT
Senior Vice President
President, Omnicom APIMA and
Chairman, Omnicom Asia Pacific

PHILIP J. GEORGE
Tax Counsel

DENNIS E. HEWITT
Treasurer

WILLIAM TIMOTHY LOVE
Vice Chairman
Chief Executive Officer, Omnicom APIMA

PETER MEAD
Vice Chairman

ASIT MEHRA
Executive Vice President

BRUCE NELSON
Vice Chairman

MICHAEL J. O'BRIEN
Senior Vice President, General Counsel and
Secretary

JANET RICCIO
Executive Vice President

RITA E. RODRIGUEZ
Executive Vice President

TIFFANY R. WARREN
Senior Vice President and
Chief Diversity Officer

Committees Of The Board

AUDIT
John R. Murphy, Chairman
Robert Charles Clark
Errol M. Cook
Michael A. Henning

COMPENSATION
Gary L. Roubos, Chairman
Alan R. Batkin
Leonard S. Coleman, Jr.
Susan S. Denison
Michael A. Henning
Linda Johnson Rice

EXECUTIVE
Leonard S. Coleman, Jr., Chairman
Bruce Crawford
John R. Murphy
John R. Purcell
Gary L. Roubos

FINANCE
Bruce Crawford, Chairman
Alan R. Batkin
John R. Murphy
John R. Purcell
Gary L. Roubos

GOVERNANCE
John R. Purcell, Chairman
Robert Charles Clark
Leonard S. Coleman, Jr.
Errol M. Cook
Susan S. Denison
Linda Johnson Rice

Omnicom

Corporate Information

Principal Executive Offices

Omnicom Group Inc.
437 Madison Avenue
New York, New York 10022
Tel: (212) 415-3600

Omnicom Group Inc.
One East Weaver Street
Greenwich, Connecticut 06831
Tel: (203) 618-1500

Omnicom Europe Limited
239 Old Marylebone Road
London, NWI 5QT
United Kingdom
Tel: +44 (0) 7298 7007

Omnicom APIMA – Singapore
3 Anson Road
#30-3 Springleaf Tower
Singapore 079909
Tel: +65 6876 6800

Omnicom APIMA – Shanghai
3701, 1 Grand Gateway, No. 1 Hong Qiao Road
Xu Hui District, Shanghai 200030
P.R. China
Tel: +86 21 6407 9393

www.omnicomgroup.com

Annual Meeting
The Annual Meeting of Stockholders will be held on Tuesday, May 24, 2011, at 10 A.M. Eastern Daylight Time at
Ketchum Washington
2000 L Street, NW
Suite 300
Washington, District of Columbia 20036

SEC Certifications
The certifications by the Chief Executive Officer and President and the Executive Vice President and Chief Financial Officer of Omnicom Group Inc., required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002, have also been filed as exhibits to the company's 2010 Annual Report on Form 10-K.

NYSE Certification
After the 2011 Annual Meeting of Stockholders, Omnicom intends to file with the New York Stock Exchange (NYSE) the CEO certification regarding Omnicom's compliance with the NYSE's corporate governance listing standards as required by NYSE rule 303A.12. Last year, the Chief Executive Officer and President of Omnicom submitted this certification to the NYSE on June 24, 2010.

Stock Listing
Omnicom common stock is traded on the New York Stock Exchange. The ticker symbol is OMC.

Transfer Agent & Registrar
Wells Fargo Bank, NA
Shareowner Services
PO Box 64854, South St. Paul, Minnesota 55164-0854
www.wellsfargo.com/shareownerservices

Investor Services Program
An Investor Services Program, which includes direct stock purchase and dividend reinvestment features, is available to stockholders of record and other interested investors. For further information, please contact Wells Fargo Shareowner Services at 800.468.9716 or go to www.wellsfargo.com/shareownerservices.

Stock Transfer Matters/Change of Address
To assist you in handling matters relating to stock transfer or change of address, please write to or call our transfer agent:
Wells Fargo Shareowner Services
PO Box 64854, South St. Paul, Minnesota 55164-0854
800.468.9716
Or, by courier to:
Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, Minnesota 55075

Independent Auditors
KPMG LLP
345 Park Avenue
New York, New York 10154

Printed on Recycled Paper

4.5.3 If the information in Section 4.5.2 is not available at the time of submission, the Proposer shall provide other proof of financial responsibility acceptable to the Texas Lottery prior to the deadline for submission of Proposals.

The information in Section 4.5.2 was included per the specifications of this RFP.

4.5.4 The Texas Lottery reserves the right to require any additional information necessary to determine the financial integrity and responsibility of the Proposer.

We have read, understand and will comply with all requests for additional information.

4.5.5 The Proposal must include a certification that the Proposer will notify the Texas Lottery of a change in financial condition during the Contract term and any renewal thereof. If a Proposer experiences a substantial change in its financial condition prior to the award of any Contract pursuant to the RFP, or if the Successful Proposer experiences a substantial change in its financial condition during the term of the Contract or any extension thereof, the Texas Lottery must be notified of the change in writing at the time the change occurs or is identified. Failure to notify the Texas Lottery of such substantial change in financial condition will be sufficient grounds for rejecting the Proposal or terminating any Contract. For the purposes of this section, examples of a substantial change in financial condition are events such as insolvency, bankruptcy or receivership.

We have read and understand this section and attached a certification document, as required.

TracyLocke

February 21, 2012

Texas Lottery Commission
P.O. Box 16630
Austin, TX 78761-6630

Re: RFP No. 362-12-0002
Section 4.5.5 Certification to Notify of a Change in Financial Condition

Ladies and Gentlemen:

This letter addresses our certification to notify the Texas Lottery of a change in our financial condition during the Contract term and any renewal thereof, as required in your RFP for Advertising Services, dated December 13, 2011.

We have read this section and understand that examples of a substantial change in financial condition are events such as insolvency, bankruptcy or receivership.

I hereby certify that TracyLocke will notify the Texas Lottery Commission in writing if we experience any substantial change in our financial condition prior to the awarding of any Contract pursuant to the RFP or during the term of the Contract or any extension thereof.

Sincerely,

Stewart J. Campbell

Chief Operating Officer

4.6 BACKGROUND INVESTIGATIONS

4.6.1 The Texas Lottery Commission may initiate investigations into the backgrounds of (a) any Apparent Successful Proposer; (b) any of the Apparent Successful Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Texas Government Code ANN. § 466.155, (collectively, Apparent Successful Proposer Principals); (c) any of the Apparent Successful Proposer's employees; (d) any of the Apparent Successful Proposer's Subcontractors, or the Subcontractors' officers, directors, investors, owners, partners, principals or employees (collectively, Subcontractor Personnel); or (e) any other associates of the Apparent Successful Proposer it deems appropriate. The Texas Lottery Commission may also request background information for a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Apparent Successful Proposer, any Apparent Successful Proposer Principals, or Apparent Successful Proposer employees described above. Such background investigations may include fingerprint identification by the Texas Department of Public Safety and the Federal Bureau of Investigation, and any other law enforcement agency. The Texas Lottery may reject a Proposal and/or terminate any Contract resulting from this RFP based solely upon the results of these background investigations.

We have read, understand and will comply as the Successful Proposer.

4.6.2 In order to facilitate the background investigations, the Apparent Successful Proposer, including the parent or subsidiary of the Apparent Successful Proposer, must complete and return:

a. the Texas Lottery's Background Information Certified List of Vendor Principals Form (located in Attachment E-1) within three (3) business days, or as otherwise directed by the Texas Lottery, after the written Announcement of the Apparent Successful Proposer.

We have read, understand and will comply as the Successful Proposer.

b. the Texas Lottery's Vendor Background Investigation Packet (Attachment E) within ten (10) business days, or as otherwise directed by the Texas Lottery, after the written Announcement of the Apparent Successful Proposer.

We have read, understand and will comply as the Successful Proposer.

4.6.3 The Texas Lottery reserves the right to require additional background information.

We understand and will comply with any subsequent requests for information by the Texas Lottery.

4.6.4 The Successful Proposer agrees that, during the term of the Contract and any extension thereof, it shall be obligated to provide such information about any principals, employees, and Subcontractor personnel as the Texas Lottery may prescribe. The Successful Proposer also agrees that the Texas Lottery may conduct background investigations of such persons.

We have read, understand and will comply as the Successful Proposer.

SECTION FIVE
HUB SUBCONTRACTING PLAN

TEXAS LOTTERY PROPOSAL

We have read, understand and agree to comply with the requirements outlined in Section 5 of this RFP.

Our HUB Subcontracting Plan is complete and included in separate binders per the requirements noted in this RFP and in accordance with Attachment C of this response.

TracyLocke has consistently delivered more than 80% of the annual contract amount to HUB organizations. It is our intention to continue this level of contribution.

SECTION SIX
ADVERTISING AGENCY STAFFING REQUIREMENTS

TEXAS LOTTERY PROPOSAL

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

Your Agency Team

If designated the Successful Proposer of this new Contract, TracyLocke will continue to lead the Texas Lottery account as General Contractor. The staff currently assigned to your account will continue to be so, with a few additions, specifically in production. Based on our understanding of the Texas marketplace as a minority-majority state, we sought to identify an ethnic marketing agency to complement our experience and provide an ethnic market specialized perspective.

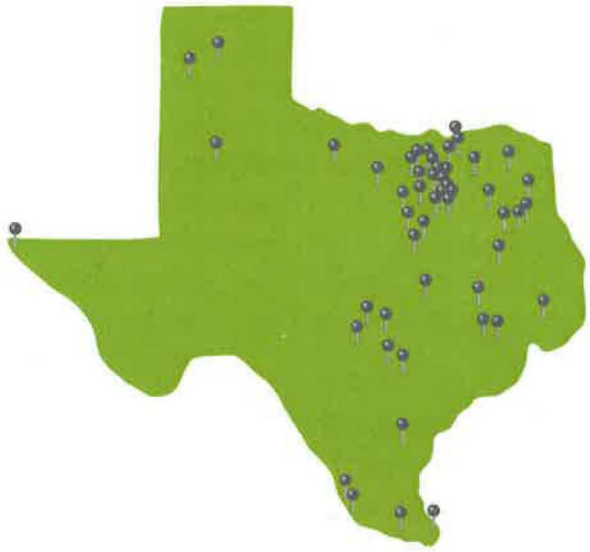
We conducted an exhaustive search for the most qualified partner in Texas; through this process, we identified Sanders\Wingo as the ideal agency to partner with on the Texas Lottery's behalf. Their staff shares the same philosophy of your TracyLocke team. Our working relationship thus far has been open, collaborative and very enjoyable for both agencies. In fact, we worked very closely on the response to this RFP and had a lot of fun.

Along those lines, TracyLocke will continue to partner with Asher Media. Asher Media is our buying partner under the current Contract and has been integral to recommending opportunities for improvement and efficiencies. Their staff is an extension of your TracyLocke team. For us, it's already seamless.

As for the inclusion of partner agencies Asher Media and Sanders\Wingo, it is important to understand that they are partnering with TracyLocke exclusively. No other Proposer agency to this RFP has authorization from these organizations to use their name and/or services as part of this Proposal. We are very proud to have them on board as part of your TracyLocke team.

Staff Experience & Composition

The team designated for the Texas Lottery has an impressive track record marketing a wide array of retail products – from the Texas Lottery games to Pepsi. While not everyone on the team can say they were born a Texan, we are all established residents with a deep understanding of the diversity and unique marketing needs required to reach all audiences in our minority-majority state. The map below is a quick snapshot of all the places we've lived – from El Paso to Port Isabel to Amarillo – we know this state.



Together, this team brings forth more than 1,000 years of marketing and advertising experience, with 130+ years specifically dedicated to the Texas Lottery. The composition of the Texas Lottery team was selected to achieve the appropriate balance of several key attributes:

- **Experience working on the Texas Lottery combined with fresh perspective**
- **Knowledge of Texans and an understanding of our diverse population**
- **General and ethnic marketing experience**
- **Expertise in shopper marketing and brand building**
- **Strategic thinking and detail orientation to successfully and fluidly manage a complex business**
- **History working with government agencies**

Through our agency team's collective retail experience with powerful brands such as 7-Eleven, Frito-Lay, Pepsi, Texas Lottery, TXU Energy and many others, and Sanders\Wingo's work with AT&T, BMW Mini, State Farm and El Paso Electric, we understand that sales are the ultimate indicator of creative that works. Our staff is trained to understand the need to drive immediate sales while building a brand.

Beyond our work in Texas and with retail brands, we have several years of experience working alongside the Texas Lottery's operations partner GTECH. We understand their role in your business and how to most effectively work together to develop marketing solutions that help grow your business.

We believe TracyLocke, Sanders\Wingo and Asher Media's collective experience makes us valuable to the Texas Lottery. What is most important are our like-minded philosophies and our ability to navigate the ever-changing business landscape together. Our team will bring forward enthusiasm, a unified team dedicated to reaching all Texans and an unwavering commitment to the success of your business.

For ease of demonstrating our staffing plan, as well as team qualifications, we have included all résumés for all individuals assigned to the Texas Lottery account under Sections 6.2.2 thru 6.2.9. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

6.1.2 Proposers must provide an organizational chart which identifies all staff who will support the Texas Lottery account. The organizational chart should include the position titles, number of positions, and where applicable names of personnel (e.g., key management staff). The organizational chart should include corporate directors and/or officers who will provide direction or oversight to the Texas Lottery account.

The following provides a complete organizational chart for TracyLocke, including all staff who will support the Texas Lottery

account. To showcase your complete resource, we have provided organizational charts for both of our Subcontractors, Sanders\Wingo and Asher Media.

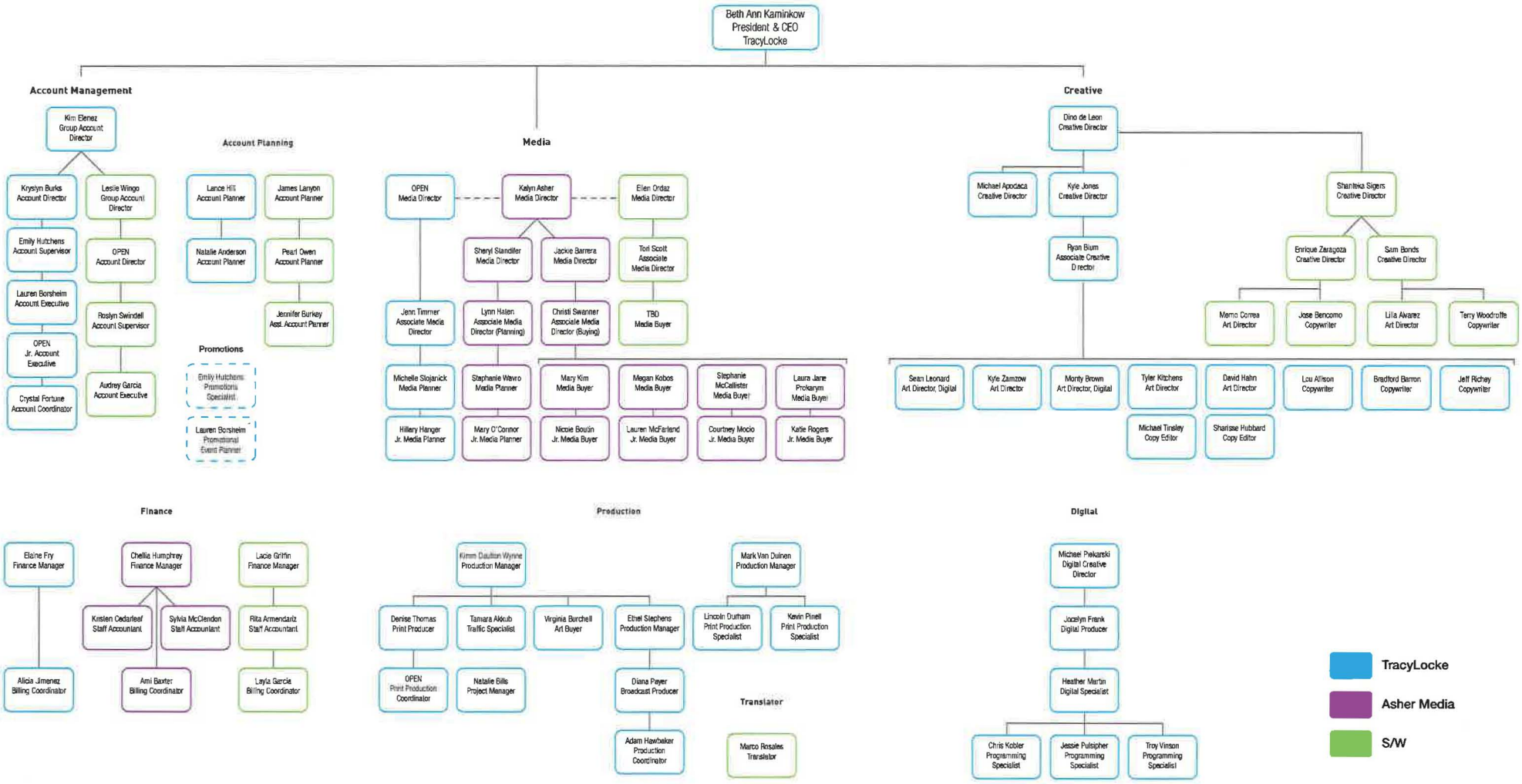
As you will see, senior leadership on the account will continue to be led by Kim Elenez, Group Account Director, Dino de Leon, Executive Creative Director, and Beth Ann Kaminkow, President and CEO of TracyLocke. Kim and Dino will work together to provide strategic guidance and sound management for the TracyLocke team and our Subcontractors. Beth Ann Kaminkow will continue to ensure that the appropriate talent, resources and focus are applied to the Texas Lottery account.

In all cases, we have included position titles, the appropriate number of positions and identified personnel by name for all of TracyLocke and Asher Media, as well as those details for Sanders\Wingo. For this Proposal, we have 82 people staffed and assigned to service the account (63 of these employees already work on the Texas Lottery account, and the others are mostly from Sanders\Wingo, who are ready to get started immediately). In the very few instances where an individual is yet to be determined, we have identified the position as "open" and have allocated the appropriate number of positions that will be fulfilled prior to Contract start.

In some cases, there are multiple individuals with the same job title. Given the volume of work at any time, it is not uncommon to have one creative team executing a campaign while the other teams begin work on the next assignment. We have used this model for the past nine years and believe this model provides the Lottery with the best work while maintaining an efficient use of time and resources.

As you will see, we are more than adequately staffed and in position to continue to meet the needs of the Texas Lottery without any interruption to business.

Master Organizational Chart



Number of Positions

President & CEO	1

Account Management	10
Group Account Director	2
Account Director	2
Account Supervisor	2
Account Executive	2
Jr. Account Executive	1
Account Coordinator	1

Account Planning	5
Account Planner	4
Assistant Account Planner	1

Media	22
Media Director	6
Associate Media Director	3
Media Planner	2
Junior Media Planner	2
Media Buyer	5
Junior Media Buyer	4

Creative	21
Creative Director	5
Associate Creative Director	3
Art Director	7
Copywriter	5
Copy Editor	1

Digital	6
Digital Creative Director	1
Digital Producer	1
Digital Specialist	1
Programming Specialist	3

Production	13
Production Manager	3
Production Coordinator	2
Broadcast Producer	1
Print Producer	1
Print Production Specialist	2
Art Buyer	1
Traffic Specialist	1
Project Manager	1
Translator	1

Promotions	2
Promotional Event Planner	1
Promotions Specialist	1

Finance	9
Finance Manager	3
Staff Accountant	3
Billing Coordinator	3

Total	80

6.2 AGENCY STAFF STRUCTURE

6.2.1 Proposers must submit an in-depth staffing plan, by department, for the Texas Lottery account. However, the Texas Lottery is not predisposed to any particular staffing model. Proposers are encouraged to propose staffing plans that offer the best value to the Texas Lottery, both in terms of account service and adequate staffing. If a different individual will not be assigned to each position, the Proposer must explain how service levels will be maintained and staffing needs met. This section identifies the staffing model that has been previously used for the Texas Lottery account.

We recommend a staffing plan consisting of five core disciplines, with one point of contact as the lead. Establishing a lead person across all staffing will give Texas Lottery staff an easy point of contact when dealing with their agency partner.

As your current and ongoing account management lead, Kim Elenez will sit at the head of your Advertising Team (Group Account Director). Whenever you have a question, need or concern to address, no matter who the responsible party, you can reach her to discuss those needs.

To garner the most out of our staffing plan, we believe it's critical to establish organizational parallels with our specialist ethnic marketing partner and media agency. By doing so, we will be able to work as a unified team focused on successfully meeting the diverse needs of the Texas Lottery. We have illustrated those parallels in the Master Organizational Chart included in Section 6.1.2.

Staff Plan by Department

As your General Contractor, Group Account Director Kim Elenez will work with the lead of each department to ensure that the proper steps are taken to get your question or concern resolved. This will ensure very specific accountability in all aspects of the marketing development.

In each of these core disciplines, we have identified the appropriate internal staff to meet the needs stated in this RFP. Departmental organizational charts are included in each section to illustrate staffing levels, departments and titles. Additionally, we have included detailed résumés for each staff member identified on the organizational chart. For ease of understanding in evaluating this Proposal, we have taken steps to ensure that our staffing aligns with the descriptions outlined in the RFP.

Note the following leadership structure by department/discipline:

Lead: primary with secondary (GM) and secondary (EM)

The only exception to this structure is in the Account Planning and Media departments, where leads either serve as or are supported by one EM co-lead.

The five core disciplines are:

1) Account Management

This team is staffed by individuals dedicated to your account. In addition, each of these TracyLocke employees currently services your account and has up-close and personal knowledge of your business and processes.

Lead: Kim Elenez with Kryslyn Burks (GM) and Leslie Wingo (EM)

2) Creative

By having all creative content across GM and EM developed under single leadership, we can bring the strongest, most single-minded solutions to each campaign across media.

Lead: Dino de Leon with Kyle Jones (GM) and Shanteka Siger (EM – African American) and Enrique Zaragoza (EM – Hispanic)

3) Media

Our media planning staffing takes a similar approach to that of your Account Management team – all TracyLocke Media employees are dedicated to the Texas Lottery account. Asher Media has several key staffers dedicated where appropriate. In the Media department, it is up to your TracyLocke and Asher Media leadership to ensure that the appropriate staff is available when needed. We manage this balance carefully to ensure the best value for TLC.

Lead: Jenn Timmer (planning) and Kalyn Asher (buying) with Ellen Ordaz (EM)

4) Production

Our Production staff is available when needed pending the ebb and flow of the Texas Lottery's production needs. An agency of our size has the resources to accommodate those variations in needs. However, to ensure careful detail in the production

process, we will assign a dedicated Production Coordinator to your business.

Lead: Kimm Daulton Wynne with Mark Van Duinen (studio), Denise Thomas (print) and Diana Payer (broadcast)

5) Planning & Research

We recognize the importance of the ever-changing Texas landscape and evolving consumer mindsets, including our minority-majority state composition. As with all departments, your planning team consists of staff from both TracyLocke and Sanders\Wingo to ensure that the entire spectrum of Texans is represented.

Lead: Natalie Anderson (GM) and James Lanyon (EM)

6.2.2 Account Management Staffing. Proposers shall identify the key personnel who will provide direction or oversight to the Texas Lottery account, at a minimum these include, the Account Director and Account Supervisor. The Proposer must demonstrate that these individuals have the background and experience required to coordinate the Proposer's activities for the Texas Lottery account, including special projects and activities. The Account Director should have a minimum of five (5) years account management experience, the Account Supervisor should have a minimum of three (3) years account management experience, and Account Executives should have one (1) year experience.

Account Management staff may include the following:

Group Account Director
Account Director
Account Supervisor
Account Executive
Junior Account Executive
Account Coordinator

As the Successful Proposer, TracyLocke will maintain its high level of service and commitment to the Texas Lottery by retaining the account service team currently servicing this account. Kim Elenez, Group Account Director, has managed the relationship with the Texas Lottery and led the account team with her strategic thinking for the past year and a half (two years upon completion of current Contract). She brings in-depth knowledge of the lottery industry, fundamental understanding of business objectives and overall marketing strategy to the team. Additionally, the current TracyLocke account team

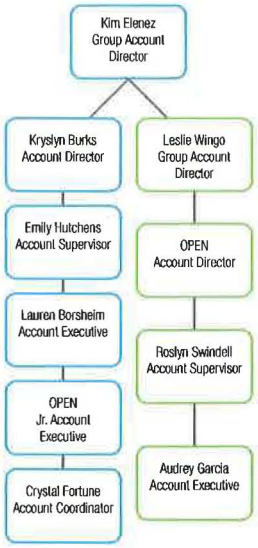
will continue to service the account in the new Contract, including Kryslyn Burks, Account Director, and Emily Hutchens, Account Supervisor. Both of these professionals bring a deep understanding of the Texas Lottery business as well. Kim and her team will work closely with Leslie Wingo (EM Group Account Director) and her team at Sanders\Wingo to ensure that we are providing solid leadership and like-minded marketing solutions that reach all Texans.

Collectively speaking, this team has 11 years experience servicing and leading the Texas Lottery account.

An organizational chart detailing the integration of our Account Management teams is included to demonstrate disciplines and staffing levels across agencies. Following are résumés for all Account Management staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

In the instance that personnel has yet to be named, we have included the job description and qualifications that will be used to fill the position prior to the contract start date.

Account Management



MEMBERS OF THE LOTTERY TEAM

BETH ANN KAMINKOW PRESIDENT & CEO

PERSONAL HISTORY

Beth Ann's passion for people, the work and our clients' business drives the energetic culture at TracyLocke. Throughout her 20+ years in the business, she's been a strong advocate of insights-inspired marketing programs and was a pioneer in strategic planning research, both vital to the success of the Texas Lottery. She lives in Dallas but divides time between the agency's offices around the country. Which explains her well-known catchphrase, "Has anybody seen my suitcase?"

CURRENT JOB DESCRIPTION

Leads the strategic vision for the agency, as well as provides senior leadership support and perspective for each client's business.

TL EMPLOYEE

1 YEAR LOTTERY

5 YEARS IN TEXAS

WORK HISTORY

2006 – Present	**TracyLocke** All clients
1994 – 2006	**Brodeur Worldwide** IBM, Philips, Toshiba, Computer Associates, 3M, PayPal, AOL, RIM
1993	**Armani Co.** All retail brands, Cafe North America
1990 – 1992	**Clark & Company** WR Grace, Gillette, Fidelity
1989	**Hasbro**

EDUCATION

- Syracuse University, B.S. in Advertising and English
- Boston University, M.B.A.

FAVORITE LOTTERY MOMENT

My boyfriend at the time had a really big family, and I was overwhelmed with what to do for Christmas. He informed me that I'd be a huge hit buying lottery tickets for all. We ended up getting married.

MEMBERS OF THE LOTTERY TEAM

KIM ELENEZ GROUP ACCOUNT DIRECTOR

PERSONAL HISTORY

Kim leads the Texas Lottery account at TracyLocke, part of her 14 years of experience on great brands like Chili's, SunTrust Bank, Romano's Macaroni Grill and Nokia. She infuses any room with an energy that motivates and inspires, whether it's the boardroom or the mailroom. She's especially skilled at finding business opportunities for her clients and bringing them to market in an efficient, impactful way. Kim's also an accomplished equestrian, so she knows how to jump over hoops, not just through them.

CURRENT JOB DESCRIPTION

Serves as the brand steward on determining the client's strategic brand objectives by leading the client, reassessing the brand position and managing the internal team resources and subcontractors to best service the overall client account. Responsible for a specific group of accounts and managing the client relationship.

WORK HISTORY

2009 – Present	**TracyLocke** Texas Lottery, TXU Energy
2006 – 2009	**Firehouse** Chili's, Romano's Macaroni Grill, Maggiano's Little Italy, Nokia
2005 – 2006	**WestWayne** SunTrust Bank
2004 – 2005	**Sawyer Riley Compton** James Hardie Building Products
2003 – 2004	**Loeffler Ketchum Mountjoy** Cargill, Dow Chemical, North Carolina Symphony
1998 – 2002	**Anderson Communications Group** Hilton, Crescent Resources

EDUCATION

- University of North Carolina, B.A.

FAVORITE LOTTERY MOMENT

Last year's NASPL convention, and seeing our Texas Lottery Black ticket recognized. We knew the campaign was special; validation from peers was icing on the cake.

TL EMPLOYEE

2 YEARS LOTTERY

7 YEARS IN TEXAS

MEMBERS OF THE LOTTERY TEAM

LESLIE WINGO

GROUP ACCOUNT DIRECTOR
SVP, Group Account Director

PERSONAL HISTORY

Leslie's experience, energy and wit are all equal assets her clients have come to enjoy and depend on. She believes the best ideas come from anywhere, but it takes a talented group of people to make them into something special that will move a brand forward. Over her 16-year career, she has directed marketing efforts for the U.S. Postal Service, State Farm, Thortons and the Austin Museum of Art, among many others. She and her husband live in Austin with their dog, "Miss Texas." No one knows if it wears a tiara or not.

CURRENT JOB DESCRIPTION

Serves as the brand steward on determining the client's strategic brand objectives by leading the client, reassessing the brand position and managing the internal team resources to best service the overall client account. Responsible for a specific group of accounts and managing the client relationship.

SW
EMPLOYEE

39 YEARS IN TEXAS

WORK HISTORY

1996 – Present	**Sanders\Wingo** United States Postal Service, State Farm, Thorntons, Austin Museum of Art – Arthouse, Austin Planetarium, AIDS Services of Austin
1994 – 1996	**F.T. James Construction**
1994	**Castle Video**

EDUCATION

- The University of Texas at El Paso, Business Marketing and Communications

FAVORITE LOTTERY MOMENT

When I bought my first ticket on my 18th birthday at a Stop-N-Go on Dyer Street in El Paso.

MEMBERS OF THE LOTTERY TEAM

KRYSLYN BURKS ACCOUNT DIRECTOR

PERSONAL HISTORY

Kryslyn brings a client's perspective to her agency work, having spent her early career in marketing for Showtime Networks. Her 12-year career spans a variety of clients, including J.Hilburn Clothiers, Macaroni Grill, Taco Cabana and TXU Energy. She's a champion of great work and her client's success and is an instinctive leader who always finds the recipe for success. Kryslyn is an avid cook, so when not dishing it out for the Texas Lottery, you'll find her in the kitchen experimenting with some of her other kind of favorite recipes.

CURRENT JOB DESCRIPTION

Ensures the timely development and execution of plans, campaigns and projects to assure goals are achieved. Supervises the development of the advertising activities in accordance with client's objectives and budget limitations. Provides direct supervision of all account service staff. Works closely with all subcontractors to ensure the development of focused, like-minded marketing solutions.

WORK HISTORY

2011 – Present	**TracyLocke** TXU Energy, Texas Lottery
2008 – 2010	**Firehouse Agency, LLC** Romano's Macaroni Grill, J.Hilburn, Taco Cabana
2006 – 2008	**The Point Group** Koontz-McCombs: The Broadway San Antonio, Opus West, Regency Centers
2002 – 2006	**Showtime Networks, Inc.** SNI Executives & Affiliate Sales Team
2000 – 2002	**AMR Research, Inc.** AMR Research Sales Force

EDUCATION

- Villanova University, B.S. in Business Management

FAVORITE LOTTERY MOMENT

Every day spent working alongside this incredibly talented, dedicated and dynamic team. Together, we make great things happen!

TL EMPLOYEE

1 YEAR LOTTERY

6 YEARS IN TEXAS

MEMBERS OF THE LOTTERY TEAM

ACCOUNT DIRECTOR SANDERS\WINGO

QUALIFICATIONS

Must have minimum of 5 years Account Management experience working with large, complex accounts. A solid understanding of Texas as a minority-majority state, an ability to effectively communicate with clients and translate their objectives to agency teams. Must be skilled in managing large budgets.

JOB DESCRIPTION

Ensures the timely development and execution of plans, campaigns and projects to assure goals are achieved. Supervises the development of the advertising activities in accordance with client's objectives and budget limitations. Provides direct supervision of all account service staff. Works closely with General Contractor to ensure the development of focused, like-minded marketing solutions.

EDUCATION

- College Degree

MEMBERS OF THE LOTTERY TEAM

EMILY HUTCHENS ACCOUNT SUPERVISOR

PERSONAL HISTORY

Emily came straight to Dallas five years ago after graduating from Texas Tech, and from the moment she arrived at TracyLocke, she's been a force for smart ideas and flawless execution. She cut her teeth on the fast-paced Pepsi account and later brought that drive and energy to the Texas Lottery. As a former project manager, Emily understands the importance of organization, timelines and communication within her team. She makes great work even better.

CURRENT JOB DESCRIPTION

Initiates planning that will lead to execution of advertising activities for clients. Consults with creative, media, production and account planning to be certain client objectives are clearly understood and teams arrive at strategic marketing solutions. Liaises with subcontractors to ensure that all client objectives and requests are fulfilled in accordance with contract requirements. Supervises Account Executives in their direct responsibility for the development of approved plans and analysis.

WORK HISTORY

2007 – Present **TracyLocke**
Pepsi, Texas Lottery

2005 – 2006 **Office of Marketing & Promotions for Student Affairs – Texas Tech**
Various University Student Organizations

EDUCATION

- Texas Tech University, B.S. in Journalism

TL EMPLOYEE

4 YEARS LOTTERY

28 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

One of my favorite moments was the day we received no billing binder questions! Getting that email is something we strive for every two weeks, and finding out everything had been done perfectly was a great feeling.

MEMBERS OF THE LOTTERY TEAM

ROSLYN SWINDELL ACCOUNT SUPERVISOR

PERSONAL HISTORY

Since Roslyn walked in our doors four years ago, she has been a fountain of great ideas for brands like State Farm and the Texas Historical Commission. She's hardworking, loyal and a fun-loving go-getter. But when you get down to it, there are really only two things that Roslyn truly cares about: Texas football and Texas football. Outside of that, she also likes Texas football.

CURRENT JOB DESCRIPTION

Initiates planning that will lead to execution of advertising activities for clients. Consults with creative, media, production and account planning to be certain client objectives are clearly understood and then to develop alternative strategic solutions. Supervises Account Executives in their direct responsibility for the development of approved plans and analysis.

SW EMPLOYEE

30 YEARS IN TEXAS

WORK HISTORY

2007 – Present	**Sanders\Wingo** State Farm, Texas Historical Commission
2005 – 2007	**GSD&M** AT&T

EDUCATION

- University of Texas, B.B.A. in Marketing

FAVORITE LOTTERY MOMENT

Watching the ball bounce and reveal the winning numbers.

MEMBERS OF THE LOTTERY TEAM

LAUREN BORSHEIM ACCOUNT EXECUTIVE

PERSONAL HISTORY

Lauren has over five years in the agency business, with an already-impressive portfolio of clients, including The Home Depot, Fruit of the Loom, Russell Athletic, Bahama Breeze, The Salvation Army and, most recently, the Texas Lottery. In particular, she's amassed invaluable experience in print, direct mail, radio, online and television production. She's also a superb strategist in both advertising and media. That love of strategy serves her well on the tennis court, where you'll find her most weekends. Watch out for her mean forehand down the line.

CURRENT JOB DESCRIPTION

Manages projects from start to finish and develops a strong working rapport with day-to-day client contacts. Works as a liaison between the client and the creative team to ensure the client's needs and goals are being met on every project. Works directly with vendors and subcontractors to ensure accuracy of client deliverables.

WORK HISTORY

2011 – Present	**TracyLocke** Texas Lottery
2007 – 2011	**The Richards Group** The Home Depot, The Salvation Army, Fruit of the Loom, Bahama Breeze

EDUCATION

- Texas A&M University, B.B. A. in Marketing

TL EMPLOYEE

1 YEAR LOTTERY

26 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My favorite Texas Lottery moment is when I got to take my picture with an Abe Lincoln impersonator.

MEMBERS OF THE LOTTERY TEAM

AUDREY GARCIA

ACCOUNT EXECUTIVE
Account Manager

PERSONAL HISTORY

Audrey's seven years of experience in brand building is filled with an eclectic list of clients. These include Revlon, Cricket Communications, Paradise and Q Casinos, and OCE Luxury Yachts. Audrey may be one of the most energetic members of the team. She likes to sing, box and kickbox, which always makes for an interesting meeting. Her mantra is "always balance the three c's: creatives, clients and crazies."

CURRENT JOB DESCRIPTION

Manages projects from start to finish and develops a strong working rapport with day-to-day client contacts. Works as a liaison between the client and the creative team to ensure the client's needs and goals are being met on every project.

SW
EMPLOYEE

29 YEARS IN TEXAS

WORK HISTORY

2011 – Present	**Sanders\Wingo** Ocean Alexander, Las Palmas del Sol, Thorntons
2010 – 2011	**Helen of Troy** Revlon
2005 – 2010	**The Laster Group** Cricket Communications, Paradise and Q Casinos, Paso del Norte Health Foundation, Lynx Exhibit
2004 – 2005	**El Paso Hispanic Chamber of Commerce** Hispanic Chamber events

EDUCATION

- University of Texas at El Paso, B.A. in Organizational and Corporate Communications

FAVORITE LOTTERY MOMENT

When I turned 18 and could buy my first Scratch-Off. I had seen my parents play it for so long, and it was finally my turn. They had always let me scratch their tickets, but when I bought my first Scratch-Off, it was something to remember.

MEMBERS OF THE LOTTERY TEAM

JUNIOR ACCOUNT EXECUTIVE TRACYLOCKE

QUALIFICATIONS

Must have 1-2 years experience in account service and/or project management. Requires a keen eye for detail, experience developing schedules, managing timelines and budgets, and a core understanding of agency process.

JOB DESCRIPTION

Provides support to the account services team to ensure projects are on strategy, meet deadlines and are within budget. Liaises with subcontractors and vendors to ensure timely delivery of reports and materials per Contract requirements.

This position is currently open. We are committed to having the position filled by the Contract start date.

EDUCATION

- College Degree

MEMBERS OF THE LOTTERY TEAM

CRYSTAL FORTUNE ACCOUNT COORDINATOR

PERSONAL HISTORY

Crystal brings over 23 years of office and administrative management experience to TracyLocke. She helps the Texas Lottery team stay organized and scheduled with her superb attention to detail and effective communication skills. She's a master of time management and has never met a problem she couldn't solve. An oft-repeated statement, "Give it to Crystal; she'll get it done right," pretty much sums up how much her team depends on her.

CURRENT JOB DESCRIPTION

Responsible for supporting client–related and administrative activities of the account service teams.

TL EMPLOYEE

3 YEARS LOTTERY

14 YEARS IN TEXAS

WORK HISTORY

2006 – Present	**TracyLocke** Texas Lottery, Nokia, Nestlé, 7-Eleven, 24 Hour Fitness, TXU Energy
2004 – 2006	**Professional Turf Products**
1999 – 2004	**latitude – The Richards Group**
1998 – 1999	**Armstrong Berger, Inc.**
1993 – 1999	**BSLM, Inc.**

EDUCATION

- LeTourneau University, Bachelor of Business Management

FAVORITE LOTTERY MOMENT

My cousin has won several hundred dollars over the years from playing the Lottery Scratch-Off games. Her husband works for Veterans Affairs, so they find ways to give back to our veterans with the extra cash.

6.2.3 Account Planning. Each Proposer must describe the staffing levels and functions of its account planning department, and identify the personnel, including the length of experience for each, who will be assigned to account planning for the Texas Lottery account. The Account Planner should have a minimum of three (3) years of relevant market research experience.

Account Planning staff may include the following:

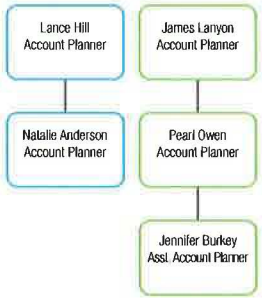
Account Planner
Assistant Account Planner

Understanding the mindsets of consumers in a minority-majority state is critical to not only meeting business objectives but also delivering on our goal of reaching all Texans. For that reason, we will have two distinctly focused Account Planning teams dedicated to providing consumer insights for the General and Ethnic markets. General market strategy and overall strategy relative to the Texas Lottery brand will be led by Natalie Anderson of TracyLocke. Strategic ethnic market insights will be provided by James Lanyon and Pearl Owen of Sanders\Wingo. On a regular basis, Natalie will work with Pearl to arrive at culturally relevant insights that will ultimately result in singularly focused communications.

Collectively speaking, this team has five years experience developing marketing strategies that are rooted in culturally relevant consumer insights for the Texas Lottery.

An organizational chart detailing the integration of our Account Planning teams is included to demonstrate disciplines and staffing levels across agencies. Following are résumés for all Account Planning staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

Account Planning



MEMBERS OF THE LOTTERY TEAM

LANCE HILL

ACCOUNT PLANNER
VP, Group Planning Director & Analytics

PERSONAL HISTORY

Lance's flair for turning tons of data and consumer research into constructive insights makes him a key asset to our clients. Before joining TracyLocke, he gained invaluable experience at Element 79 and Euro RSCG, working on a variety of strategic initiatives for Gatorade, Tower Records, Foot Locker and Wilson Sporting Goods. Lance is an avid sportsman (if you couldn't tell by his client roster) and can be found on most weekends on one field, court, course or another. Of course, that's a whole lot harder these days since he's a new dad of a 1-year-old daughter.

CURRENT JOB DESCRIPTION

Brings research and other information and inputs to bear on accounts in order to bring a greater degree of consumer insight to advertising. Responsible for account planning and research analytics teams.

WORK HISTORY

2010 – Present	**TracyLocke** All clients
2003 – 2010	**Element 79** Gatorade, Propel, U.S. Soccer, Under Armour, Wilson Sporting Goods, Aquafina, Frito-Lay
2000 – 2003	**Barkley** Sonic, Build-A-Bear, CITGO
1997 – 2000	**Euro RSCG** Pizza Hut, Tower Records, T.G.I. Friday's

TL EMPLOYEE

15 YEARS IN TEXAS

EDUCATION

- Texas A&M University, B.A.

FAVORITE LOTTERY MOMENT

On my 18th birthday, I won on my first and only Pick 3 ticket.

MEMBERS OF THE LOTTERY TEAM

NATALIE ANDERSON

ACCOUNT PLANNER
Senior Account Planner

PERSONAL HISTORY

In just five short years, Natalie has developed brand strategies for clients including Zales Jewelers, MetroPCS, AMC's Mad Men, Nokia, Pizza Hut, TABASCO, TXU Energy and, most recently, the Texas Lottery. She's responsible for developing and managing both qualitative and quantitative research, all designed to deliver sharp insights that drive strategy. In her spare time, she uses her research talents to document her family's ancestry. Rumor has it she's descended from Alexander the Great's strategic planner. Watch out, world.

CURRENT JOB DESCRIPTION

Brings research and other information and inputs to bear on accounts in order to bring a greater degree of consumer insight to advertising. Works in conjunction with EM Subcontractor to ensure consumer insights are representative of all Texans.

TL
EMPLOYEE

4
YEARS
LOTTERY

7
YEARS
IN TEXAS

WORK HISTORY

2008 – Present — **TracyLocke**
Nokia, Texas Lottery, 7-Eleven, Yum! Brands, 24 Hour Fitness

2007 – 2008 — **The Richards Group**
Zales, MetroPCS

EDUCATION

- University of Arkansas at Fayetteville, B.A.
- University of Texas, M.A.

FAVORITE LOTTERY MOMENT

I love having fun with Texas Lottery briefings to make them inspiring and exciting for the creative teams. For the 2011 Holiday Scratch-Offs campaign briefing, I made festive cookies, and Kelsey and I dressed in tacky holiday sweaters to act out the brief as a skit. The teams loved it!

MEMBERS OF THE LOTTERY TEAM

JAMES LANYON

ACCOUNT PLANNER
SVP, Strategic Services

PERSONAL HISTORY

To be an effective strategist, you have to work the angles. James is a recognized master. For over 16 years, he's provided insightful, strategic leadership to giants like AT&T and Chevy, all the way to more regional clients like the Texas Historical Commission and UT, all while fulfilling a lifelong dream of making someone do a spit-take that looked exactly like they do in the movies (long story – don't ask).

CURRENT JOB DESCRIPTION

Brings research and other information and inputs to bear on accounts in order to bring a greater degree of consumer insight to advertising.

WORK HISTORY

2001 – Present	**Sanders\Wingo** ATPE, Fuddruckers, SBC, Planview, Blockbuster, AT&T, State Farm, USPS, Chevrolet, Texas Historical Commission
2000 – 2001	**Cohn & Wolfe** Banderacom, usatradein.com, Pioneer Systems CSD, Perficient Systems
1999 – 2000	**National Instruments**
1997 – 1999	**National Association of Manufacturers**
1995 – 1997	**Dole/Kemp**

EDUCATION

- University of Kansas, B.A.

FAVORITE LOTTERY MOMENT

My 3-month-old puppy, Clementine, found its way into my bag over Christmas and ate $30 worth of Scratch-Offs intended for the family's stockings. My wife is convinced Clementine digested the $300,000 winner. While most people likely say winning is the best feeling, I have to admit that after I stopped lecturing her, I realized how attached to her I'd gotten. So the lottery managed to bring us closer together.

MEMBERS OF THE LOTTERY TEAM

PEARL OWEN ACCOUNT PLANNER

PERSONAL HISTORY

In just seven years as a strategic planner, Pearl has carried out brand strategies for huge brands like Miller Genuine Draft, Best Buy and AT&T. She has an analytic rigor, creative mind and the multicultural exposure from her own family background to draw on. And if this whole planning career path doesn't take, well, she has an MBA/JD to fall back on.

CURRENT JOB DESCRIPTION

Brings research and other information and inputs to bear on accounts in order to bring a greater degree of consumer insight to advertising.

SW EMPLOYEE

20 YEARS IN TEXAS

WORK HISTORY

2009 – Present **Sanders\Wingo**
AT&T (African American Market) State Farm (African American Market), El Paso Electric (General Market), Ocean Alexander (General Market)

2006 – 2009 **La Comunidad**
Miller Genuine Draft (Hispanic Market), Best Buy (Hispanic Market), Subway (Hispanic Market), Remy Martin (General Market)

EDUCATION

- The University of Texas, B.A.
- The University of Texas School of Law, J.D.
- McCombs School of Business at the University of Texas, M.B.A.

FAVORITE LOTTERY MOMENT

Each and every time my brother-in-law buys a lottery ticket, he has full-blown, in-depth conversations about how he will share his winnings with all the family. He's never won much, but I think it speaks to what a beautiful person he is that all he thinks about is sharing his winnings.

MEMBERS OF THE LOTTERY TEAM

JENNIFER BURKEY

ASSISTANT ACCOUNT PLANNER
Junior Account Planner

PERSONAL HISTORY

Jen is one of Sanders\Wingo's young stars in account planning. In just two short years, she's developed key insights for brands like AT&T, Domino's, ESPN, Post Cereal, Bacardi and Kimberly-Clark. Jen holds both a B.S. in Business Administration from Trinity University and a Master of Arts in Advertising on the account planning track from UT in Austin. A true "culture vulture and media maven," Jen is known to turn dinner with friends into a focus group. She also used to work at the zoo, which is required experience before working at an advertising agency.

CURRENT JOB DESCRIPTION

Responsible for drafting, prep work and executing elements of the account planning process under the guidance and direction of an Account Planner.

WORK HISTORY

2011 – Present	**Sanders\Wingo** AT&T, Texas Historical Commission
2010 – 2011	**LatinWorks** Texas Lottery, Post Cereal, Kimberly-Clark, ESPN Deportes, Bacardi, Domino's Pizza

EDUCATION

- Trinity University, B.S. in Business Administration, emphasis on Marketing
- The University of Texas, M.A. in Advertising

FAVORITE LOTTERY MOMENT

Growing up, my grandfather would often ask me to help him scratch off his Scratch-Off tickets, assuring me that I was his lucky charm, no matter how many times I scratched off a losing ticket.

6.2.4 Media Staffing. Each Proposer must describe the staffing levels and functions of its media department, and identify the personnel, including the length of experience for each, who will be assigned to media buying and planning for the Texas Lottery account. The Media Director should have a minimum of five (5) years of relevant media experience. Media staff may include the following:

Media Director
Associate Media Director
Media Planner
Junior Media Planner
Media Buyer
Junior Media Buyer

Given that media is such a sizeable share of the Texas Lottery's annual budget, responsibilities are divided among all three agencies. TracyLocke will continue to lead the team developing media plans, event/promotional recommendations and engagement strategies that deliver on the Texas Lottery's campaign objectives.

Asher Media will continue to work in concert with TracyLocke to bring the media plans to life through negotiations and placement.

Sanders\Wingo will assume all newsprint media responsibilities and will work directly with TracyLocke to effectively plan and secure the appropriate print publications for the Texas Lottery.

Jenn Timmer will continue to lead TracyLocke Planning and work closely with our Creative teams to find the perfect intersection between media and creative execution.

Kalyn Asher and Sheryl Standifer will continue to provide strategic counsel and senior leadership for the buying team, who will continue to negotiate on behalf of the Texas Lottery.

Ellen Ordaz and Tori Scott will lead Sanders\Wingo in the planning and placement of all print media and assist in the management of ethnic media vendors.

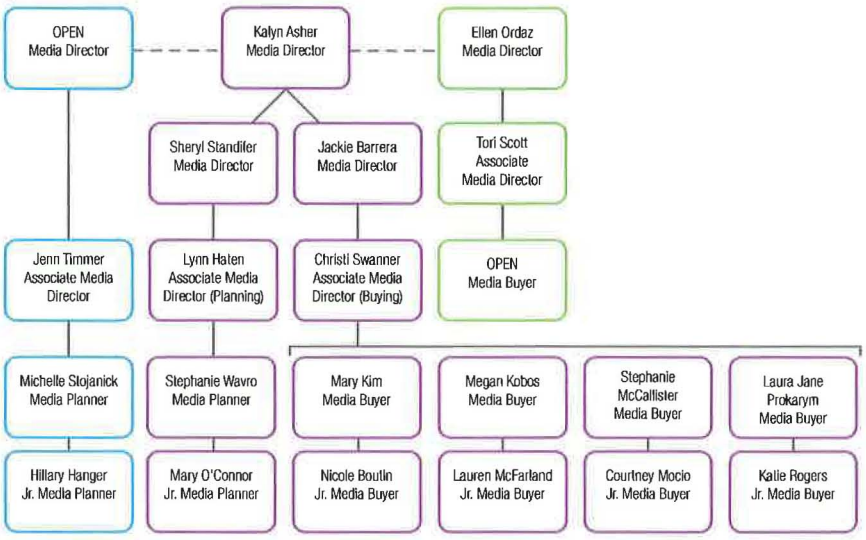
TracyLocke and Asher Media will continue to service the Texas Lottery account with the same personnel and team structure currently in place, with the addition of Sanders\Wingo.

Collectively speaking, this team has 22 years experience developing and executing effective media strategies for the Texas Lottery.

An organizational chart detailing the integration of our Media teams is included to demonstrate disciplines and staffing levels across agencies. Following are résumés for all Media staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

In the instance that personnel has yet to be named, we have included the job description and qualifications that will be used to fill the position prior to the contract start date.

Media



MEMBERS OF THE LOTTERY TEAM

MEDIA DIRECTOR TRACYLOCKE

QUALIFICATIONS

Must have minimum of 10 years industry experience in media planning and buying. A solid understanding of Texas as a minority-majority state, a core competency in retail/shopper marketing and experience managing large-scale media budgets. Will be expected to lead all media strategy for General and Ethnic markets.

JOB DESCRIPTION

Oversees management of all media strategies, planning and buying for TracyLocke and its Subcontractors. Presents media plans, as needed, including objectives, strategic research and demographic analysis. Supervises the development and execution of media plans.

TL EMPLOYEE

This position is currently open. We are committed to having the position filled by the Contract start date.

EDUCATION

- College Degree

MEMBERS OF THE LOTTERY TEAM

KALYN ASHER

MEDIA DIRECTOR
President/Owner

PERSONAL HISTORY

There just aren't enough hours in the day for Kalyn. In fact, she's prone to create media plans – in her sleep. There's even a pen and paper on her nightstand. And that kind of commitment has served clients like Mattress Firm, Mary Kay and TXU Energy well. Prior to founding Asher Media, Kalyn was responsible for running MediaWise, a $27 million independent media agency. Before that she worked at TracyLocke/DDB Needham, where she managed the entire $60 million Pizza Hut media account.

CURRENT JOB DESCRIPTION

Oversees management of all media strategies, planning and buying for Asher Media. Presents media plans, as needed, including objectives, strategic research and demographic analysis. Provides senior leadership and supervises the development and execution of media plans.

WORK HISTORY

1999 – Present	**Asher Media** Mattress Firm, Mrs Baird's, Dallas Mavericks, CRO, Wingstop, Bob Tomes Ford, Lake Austin Spa, Shaw Floors, Heely's, Medical City, TXU Energy, Oncor, Wright Brand Bacon, Texas Lottery
1997 – 1999	**Gleason Calise/Mediawise** Mattress Firm, Dallas Mavericks, Tia Rosa, Don Pablos
1993 – 1997	**TracyLocke/DDB Needham/The Focus Agency/TLP** Pizza Hut
1991 – 1993	**Bozell/Temerlin McClain/TM Advertising** MobileComm, Rockwell, Bell Helicopter, Azrock, American Airlines Sabre
1991 – 1993	**McCann-Erickson** Texas Instruments, Six Flags

EDUCATION

- University of Texas, B.S. in Advertising

FAVORITE LOTTERY MOMENT

Watching someone buy the last Silver Bells Scratch-Offs at 7-Eleven.

MEMBERS OF THE LOTTERY TEAM

SHERYL STANDIFER

MEDIA DIRECTOR
SVP, Media Services

PERSONAL HISTORY

Sheryl is about as Texan as they come, y'all. She's lived all over the state, stopping for a few years in Lubbock to earn a degree in Advertising from Texas Tech University. She began her career at a small radio station in Topeka, KS – seriously – and rose through the ranks of the finest firms in the country, including Bozelle, Jacobs, Kenyon & Eckhart and Temerlin McClain. She was an early pioneer of integrated practices for both digital and traditional media and offers unique perspectives on today's complex integrated media marketplace. Sheryl has brought innovative programs to life for companies such as Nationwide Insurance, JCPenney, American Airlines, Subaru, Omni Hotels & Resorts and, of course, Texas Lottery.

CURRENT JOB DESCRIPTION

Oversees management of all media strategies, planning and buying for Asher Media. Presents media plans, as needed, including objectives, strategic research and demographic analysis. Provides senior leadership and supervises the development and execution of media plans.

WORK HISTORY

2010 – Present	**Asher Media** Texas Lottery, TXU Energy, Bob Moore Auto Group, Omni Hotels & Resorts, Heelys, Tyson Wright Brand Bacon
1992 – 2009	**Temerlin McClain** American Airlines, Nationwide Insurance, Bank of America, Nortel Networks, JCPenney
1981 – 1991	**Bozell, Jacobs, Kenyon & Eckhart** Pace Picante Sauce, Greyhound Bus Lines, Republic National Bank, Chili's, First Texas/Gibraltar Savings
1980 – 1981	**Womack, Claypoole, Griffin & Associates** Monarch Flooring, Mitsubishi Aircraft, Citizens National Bank
1979 – 1980	**Reed, Melnichek, Gentry & Associates** Bell Helicopter, Loew's Anatole, Dallas Civic Opera, Elk Roofing
1977 – 1979	**KEWI/KSWT Radio** Zales, McDonald's

EDUCATION

- Texas Tech University, B.A. in Advertising

FAVORITE LOTTERY MOMENT

The first year of the Texas Lottery, I had a vivid dream of owning the winning ticket and hiring a limo to take me and my husband to Austin in order to claim our winnings. One can only dream!

MEMBERS OF THE LOTTERY TEAM

JACKIE BARRERA

MEDIA DIRECTOR
Director of Broadcast Buying

PERSONAL HISTORY

Jackie, Asher Media's very first employee, is her own rabbit's foot, because luck seems to always find her. Whether it's a two-for-one coupon or a 52" TV, she's winning stuff all the time. When she's not winning stuff, Jackie manages an experienced media buying team. With 16 years of media buying experience, she has also expanded her expertise to include network buying. Prior to Asher Media, she worked at MediaWise and GSD&M, where she worked for clients including Chili's, On the Border, Macaroni Grill and Pearl Vision.

CURRENT JOB DESCRIPTION

Oversees management of all media negotiations and placements for Asher Media. Coordinates with Media Planners to present media plans as needed, including objectives, strategic research and demographic analysis. Provides senior leadership and supervises the execution of media plans.

WORK HISTORY

1999 – Present	**Asher Media** Wingstop Corp., Wright Brand Bacon, Heelys, Mattress Firm, TXU Energy, Oncor, Texas Lottery
1998 – 1999	**MediaWise** Don Pablo's, Dallas Mavericks, Tia Rosa Tortillas, Busy Body Fitness
1995 – 1998	**JTC Advertising** White Hen Pantry, Empress Casino, Buick Dealer Groups
1993 – 1995	**GSD&M** Walmart, Coors Light, Chili's, On the Border, Macaroni Grill, Pearl Vision, Texas Lottery

EDUCATION

- University of Texas, B.S.

FAVORITE LOTTERY MOMENT

My favorite lottery moment was when I turned 30, and my dad gave me 30 $1 Scratch-Offs. It probably took me about two hours to scratch them all off, and I had that gray film that I scratched off all over my table and floor and found it for weeks to come. I only won $23 (was expecting to win at least $1,000 with that many tickets), but it sure was fun to scratch off that many tickets while everyone just had to sit around and watch.

MEMBERS OF THE LOTTERY TEAM

ELLEN ORDAZ

MEDIA DIRECTOR
SVP, Group Media Director

PERSONAL HISTORY

Ellen is a 20-year veteran in the business who's worked both sides of the fence – media at KTSM TV and Radio and here at Sanders/Wingo on the agency side. Her account experience is extensive, including Sprint, AT&T, Chevrolet, State Farm and Fuddruckers, to name a few. She's also equally comfortable working in local, regional and national media. Ellen is one of 10 kids, so at an early stage, she learned all about planning – usually around mealtime.

CURRENT JOB DESCRIPTION

Oversees management of all media strategies, planning and buying for Sanders\Wingo. Presents media plans, as needed, including objectives, strategic research and demographic analysis. Supervises the development and execution of media plans.

WORK HISTORY

1994 – Present	**Sanders\Wingo** Sprint, AT&T, Chevrolet, State Farm, Peter Piper Pizza, Fuddruckers, El Paso CVB, El Paso Electric, Whataburger, MINI, Ocean Alexander, Price's Creameries, Pepsi, Tenet Hospitals, HCA
1991 – 1994	**KTSM TV and Radio**

EDUCATION

- University of Texas at El Paso

FAVORITE LOTTERY MOMENT

One year, Santa (a.k.a. my father) stuffed my Christmas stocking, as well as my nine siblings' stockings, with five Scratch-Off tickets. I was the only winner that year!

MEMBERS OF THE LOTTERY TEAM

TORI SCOTT

MEDIA DIRECTOR
Media Buying Director

PERSONAL HISTORY

In 20 years in the business (has it really been twenty years?), Tori has brought her incredible media planning skills to some very impressive and appreciative brands, such as Coca-Cola and Peter Piper Pizza. She is always thinking of creative new ways to improve everything. Outside of work, she spends her time doting on her son, playing with her dog, and crafting and designing beautiful solar lighting for backyards.

CURRENT JOB DESCRIPTION

Oversees management of all media strategies, planning and buying. Presents media plans, as needed, including objectives, strategic research and demographic analysis. Supervises the development and execution of media plans.

WORK HISTORY

2000 – Present — **Sanders\Wingo**
Peter Piper Pizza, El Paso Electric Company, USPS, Texas Gas, Burger King, Heritage Preserve, Alzheimer's Association, Sprint, Child Advocacy Center for the Children of El Paso, Center for Children, United Blood Services

1998 – 1999 — **Marketing & Media Management Group**
Magnolia Coca-Cola, Spectrum Imaging Co.

1989 – 1998 — **Magnolia Coca-Cola**
Coca-Cola, Diet Coke, Sprite/Dr Pepper/Cadbury Beverages

SW EMPLOYEE

45 YEARS IN TEXAS

EDUCATION

- University of Texas at El Paso, B.M.S. in Communications

FAVORITE LOTTERY MOMENT

Actually going to the Texas Lottery Claim Office with a friend and seeing the process to claim a $600 Mega Millions winning ticket. The lady who processed the claim was just as excited as we were and took a picture of my friend with a huge check. Loved it.

MEMBERS OF THE LOTTERY TEAM

JENN TIMMER ASSOCIATE MEDIA DIRECTOR

PERSONAL HISTORY

Jenn combines 12 years of media street smarts and a passion for field marketing to bring a unique perspective to TracyLocke's overall media strategy. She's a specialist in blending national branding campaigns with local marketing needs, as evidenced by great work on Pepsi, T-Mobile and Coors. Plus, her solid background in planning, buying and promotions has kept her in high demand among TracyLocke's clients. She loves developing and executing multimedia campaigns that she says are "national in feel but local in appeal." She also likes to write poetry – as if you can't tell from that quote.

CURRENT JOB DESCRIPTION

Responsible for all media activities, including developing the media plan and selecting media to achieve sales objectives within a predetermined budget. Oversees vendor relationships and manages subcontractors to ensure all media objectives are met. Supervises planners and buyers and has client contact.

TL EMPLOYEE

1 YEAR LOTTERY

12 YEARS IN TEXAS

WORK HISTORY

2004 – Present — **TracyLocke**
Pepsi, Tropicana, Pure Via, Del Monte Pawfections, Texas Lottery

1999 – 2004 — **Integer Denver**
Coors Brewing Company, Molson Inc., Coors/Molson Distributors

EDUCATION

- University of Texas, B.A. in Journalism, emphasis on Public Relations

FAVORITE LOTTERY MOMENT

It has become a tradition for my dad to buy my mom instant tickets as a supplemental gift for many holidays – Christmas, birthdays, Valentine's or just as a special treat.

MEMBERS OF THE LOTTERY TEAM

LYNN HATEN

ASSOCIATE MEDIA DIRECTOR
Group Media Director

PERSONAL HISTORY

Lynn's in-depth experience on the Texas Lottery includes once running the Asher Media Lotto pool. Then, when Asher began its association with the Lottery, the pool had to go away, of course. Bummer, she says. But her experience goes far beyond that with stints at Temerlin McClain and Berry Brown ad agencies. Her client list includes such high-profile accounts as American Airlines, Pace Picante Sauce, JCPenney and many more. A native Texan with a degree in Advertising from The University of Texas at Austin, Lynn currently resides in Arlington with her husband and two daughters, 5 and 6 years old.

CURRENT JOB DESCRIPTION

Responsible for all media activities, including developing the media plan and selecting media to achieve sales objectives within a predetermined budget. Supervises planners and buyers and has client contact.

WORK HISTORY

2001 – Present	**Asher Media**	Texas Lottery, Consolidated Restaurant Operations, Medical City Dallas
1996 – 2000	**Berry Brown Advertising**	Quaker Oats, ConAgra Grocery Products, Daisy Sour Cream
1989 – 1996	**TM Advertising**	American Airlines, Blue Cross & Blue Shield of Texas, Greyhound Bus Lines, GTE Residential Services, JCPenney, Pace Foods, Purex Detergent, Tone Soap

EDUCATION

- University of Texas, B.A. in Advertising

FAVORITE LOTTERY MOMENT

About 10 years ago, I won $120 playing the Pick 3 game. I always played the numbers of my mother's birthday, and they finally won! I shared the money with her.

MEMBERS OF THE LOTTERY TEAM

CHRISTI SWANNER ASSOCIATE MEDIA DIRECTOR

PERSONAL HISTORY

Around the office, we call Christi Swanner the "First Lady" because no one works a room better. But don't let that smile fool you. When it comes to negotiating for her clients like TXU, Dallas Mavericks and the Texas Lottery, she turns into a velvet hammer. When she's not negotiating radio and TV, she's driving her daughter around the state of Texas to competitive cheerleader and dance competitions.

CURRENT JOB DESCRIPTION

Responsible for all media activities, including execution of the media plan and selecting media to achieve sales objectives within a predetermined budget. Supervises planners and buyers and has client contact.

EMPLOYEE

1 YEAR LOTTERY

27 YEARS IN TEXAS

WORK HISTORY

2000 – Present	**Asher Media** TXU Energy, Wingstop, American Heart Association, Mattress Firm, HCA HealthONE, Medical City, Wright Brand Bacon, Consolidated Restaurant Operations, Texas Lottery
1999 – 2000	**The Richards Group** Famous Footwear, Reliant, Legend Airlines
1988 – 1999	**The Ward Group** Foley's Department Stores, DairyMax, CiCi's Pizza, Guaranty Federal Bank, KHKS/KBFB, Sewell Motor Company, Whataburger, Taco Bueno, Don Pablo's, Quizno's, Burger Street

EDUCATION

- Panhandle State University, B.A.

FAVORITE LOTTERY MOMENT

Winning $20 on a lottery ticket that was given to me as a gift. It was my first and last winning ticket.

MEMBERS OF THE LOTTERY TEAM

MICHELLE STOJANIK MEDIA PLANNER

PERSONAL HISTORY

Michelle is just four years out of Texas Tech but has already brought her incredible media planning skills to some very appreciative brands, such as Pizza Hut, Taco Bell, KFC, Omni Hotels and Cargill. Last year on the Texas Lottery account, she applied that planning expertise across a variety of media. And if there's anything she loves more than planning, it's planning her next trip to the beach. Since Texas has over 600 miles of shoreline, there's never a reason to leave her home state.

CURRENT JOB DESCRIPTION

Implements the process and assists with the management of the strategic and tactical execution of all media products. Evaluates composition of a wide range of media vehicles to determine which would most effectively reach the target audience.

WORK HISTORY

2007 – Present **TracyLocke**
Cargill, Ingersoll Rand, Omni Hotels, Pizza Hut, WingStreet, Taco Bell, KFC, Texas Lottery

EDUCATION

- Texas Tech University, B.A. in Advertising

TL EMPLOYEE

1 YEAR LOTTERY

27 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My favorite lottery moment is whenever my friends and I went on our annual trips, we would all put in $5–$10 to buy lots of Scratch-Offs. We would win occasionally, but most of the time, it was just a fun river trip tradition.

MEMBERS OF THE LOTTERY TEAM

STEPHANIE WAVRO

MEDIA PLANNER
Media Supervisor

PERSONAL HISTORY

How about this for a list of accomplishments? High school valedictorian, former All-Big 12 college golfer and a journalism degree from the University of Missouri. But what's Stephanie done that's really interesting? She runs 5Ks, does yoga, plays chess (she's a nerd at heart) and is a gifted shopper and the go-to person for all things iPad. Combine all of that with her experience on such national brands as American Airlines and Nationwide Insurance, and you can see why Asher considers her such an asset. (Did I mention that she once shot a hole in one? Yeah.)

CURRENT JOB DESCRIPTION

Implements the process and assists with the management of the strategic and tactical execution of all media products. Evaluates composition of a wide range of media vehicles to determine which would most effectively reach the target audience.

EMPLOYEE

1 YEAR LOTTERY

23 YEARS IN TEXAS

WORK HISTORY

2011 – Present	**Asher Media** Texas Lottery, New Business
2007 – 2011	**TM Advertising** Nationwide Insurance/Nationwide Financial, American Airlines/American Eagle

EDUCATION

- University of Missouri (School of Journalism)

FAVORITE LOTTERY MOMENT

The satisfaction of seeing Texas Lottery ads everywhere, locally and across the state. Prior to working on this account, my previous client mainly advertised in New York and L.A., so I never got to see the ads in their natural environment.

MEMBERS OF THE LOTTERY TEAM

HILARY HANGER

JUNIOR MEDIA PLANNER
Assistant Media Planner

PERSONAL HISTORY

Hilary arrived at TracyLocke two years ago right out of UT in Austin and made an immediate impression. Her first client was Pizza Hut, and she brought a fresh, enthusiastic perspective to the team. Her planning insights, firm understanding of the client's business and instinctive grasp of consumer media behavior made her an instant star. She was a natural for the Texas Lottery and made the jump to that account a year ago, where she continues her exemplary work – including playing a mean clarinet.

CURRENT JOB DESCRIPTION

Responsible for drafting media recommendations and plans, gathering statistics, and studying demographic data and consumer profiles. Communicates with media vendors and tracks and analyzes advertising expenditures.

WORK HISTORY

2011 – Present	**TracyLocke**	Pizza Hut, Texas Lottery
2010 – 2011	**Austin-American Statesman**	Various local food/entertainment businesses

EDUCATION

- University of Texas, B.S. in Advertising

FAVORITE LOTTERY MOMENT

My most memorable lottery moment was getting approval on the Powerball Digital Plan. It was a great triumph for the Media team.

MEMBERS OF THE LOTTERY TEAM

MARY O'CONNOR

JUNIOR MEDIA PLANNER
Assistant Media Planner

PERSONAL HISTORY

Some of Mary's spare time is spent scuba diving, occasionally with sharks! Great experience for a career in media, of course. Add to that colorful background a degree in marketing from Auburn University with a minor in advertising. After graduation, Mary set forth to conquer the industry and, in a very short time, racked up considerable experience on such regional brands as El Chico, Cantina Laredo, Good Eats restaurants and Texas Lottery, of course. Sharks, beware!

CURRENT JOB DESCRIPTION

Responsible for drafting media recommendations and plans, gathering statistics, and studying demographic data and consumer profiles. May also track and analyze advertising expenditures.

EMPLOYEE

1 YEAR LOTTERY

18 YEARS IN TEXAS

WORK HISTORY

2011 – Present **Asher Media**
Bob Moore Auto Group, Cantina Laredo, El Chico, Good Eats/ Lucky's, Texas Lottery

EDUCATION

- Auburn University, B.A. in Marketing

FAVORITE LOTTERY MOMENT

Whenever I think of the Texas Lottery, I think of my family's annual Christmas Chinese gift exchange. There is always a fight for the Scratch-Offs, and more often than not, someone walks away a winner. The competition to steal the tickets seems to get more intense as the years go on!

MEMBERS OF THE LOTTERY TEAM

MARY KIM

MEDIA BUYER
Media Supervisor

PERSONAL HISTORY

Mary has a unique degree of expertise in Texas media and a unique degree to prove it – Bachelor of Science in Advertising with Texas Media Program Specialization. A Longhorn alum who bleeds burnt orange, Mary has amassed impressive experience in her eight years since graduation. General Motors regional account, T-Mobile, Texas Lottery and TXU Energy are among her many clients. And she's earned her stripes with some of the best, including Starcom MediaVest Group and Optimedia International.

CURRENT JOB DESCRIPTION

Negotiates with media sales representatives to buy and place advertising for clients, calculates rates and budgets, and ensures that ads appear as specified. Also responsible for negotiating added value opportunities.

WORK HISTORY

2009 – Present	**Asher Media** Mattress Firm, TXU Energy, Just Brakes, CRO (Cantina Laredo, El Chico, Cool River), Mattress Firm, Texas Lottery
2006 – 2008	**Starcom MediaVest Group** Chevy, Buick-Pontiac-GMC, Cadillac, Hummer, Saab
2002 – 2006	**Optimedia Intl.** T-Mobile, BMW Regional, ServiceMaster (Terminix, TruGreen, American Residential Services), Western Wireless, TXU Energy, Reily Foods (Luzianne Tea, JFG Coffees), New York Life Insurance, Owens Sausage, Ben Bridge Jewelers, Glaxo Smith Kline (BC Powder, Goody's), Denny's, Real Networks
2001 – 2002	**GSD&M** MasterCard
2001	**SpotPlus** Pepsi, Pizza Hut, Taco Bell, Harrah's, Luby's, H&R Block

EDUCATION

- University of Texas, B.S. in Advertising

FAVORITE LOTTERY MOMENT

My favorite lottery moment was when my dad won a $1400+ prize from matching five out of six numbers correctly. This was shortly after we had moved from Chicago to Texas when I was a teenager.

MEMBERS OF THE LOTTERY TEAM

MEGAN KOBOS

MEDIA BUYER
Media Supervisor

PERSONAL HISTORY

Megan can be summed up in two words: dependable and strong. Those qualities developed growing up the second oldest of seven children – especially the strong part. She brings those assets to Asher, and they are apparent in everything she does on accounts such as TXU Energy, Wingstop, Texas Lottery, Just Brakes and North Texas Food Bank. With a degree from Xavier University, she spent the formative days of her career working at SpotPlus, the Bloom Agency and The Richards Group for clients as diverse as Hyundai, Sara Lee, New York Life and Coors.

CURRENT JOB DESCRIPTION

Negotiates with media sales representatives to buy and place advertising for clients, calculates rates and budgets, and ensures that ads appear as specified. Also responsible for negotiating added value opportunities.

EMPLOYEE

1 YEAR LOTTERY

20 YEARS IN TEXAS

WORK HISTORY

2011 – Present	**Asher Media** Texas Lottery, TXU Energy, Wingstop, Just Brakes, North Texas Food Bank, Mattress Firm
2009 – 2011	**The Richards Group** Hyundai Eastern Region Dealers, QuikTrip, MetroPCS, Famers Insurance, Central Market
2000 – 2008	**Optimedia** British Airways, BMW, Block Drug, T-Mobile, TGI Friday's, Denny's Restaurant, Sara Lee, New York Life, Qantas, Terminix, TXU Energy, Ben Bridge Jewelers, Zales
1994 – 2000	**The Bloom Agency** TGI Friday's, Block Drug, Krystal's, Campbell-Taggart Bread, Incredible Universe, Zales
1992 – 2000	**SpotPlus** Pepsi, GTE, Lisa Frank, Kimberly-Clark, Coors

EDUCATION

- Xavier, B.A.

FAVORITE LOTTERY MOMENT

Hearing lottery spots on the radio in Dallas.

MEMBERS OF THE LOTTERY TEAM

STEPHANIE McCALLISTER

MEDIA BUYER
Senior Media Buyer

PERSONAL HISTORY

Stephanie brings to Asher not only an extreme sense of dedication and pride, but also an uncanny ability to organize – an ability that stems from keeping track of her shoe collection. All kinds of shoes. Stilettos, peep toes, wedges, platforms, sandals, flats, boots – well, you get the picture. Stephanie graduated from Dallas Baptist University with a degree in Communication and just a couple of pairs of sandals. Stints at The Ward Group, OMD, and Mason and Moon have allowed her to impact such accounts as Subway, CellOne, Golden Corral, Time Warner, Texas Lottery and Popeye's Chicken. With such success, could there be a new closet in the future?

CURRENT JOB DESCRIPTION

Negotiates with media sales representatives to buy and place advertising for clients, calculates rates and budgets, and ensures that ads appear as specified. Also responsible for negotiating added value opportunities.

WORK HISTORY

2011 – Present	**Asher Media** Bob Moore Auto Group, CRO, Just Brakes, Mattress Firm, Texas Lottery, TXU, Wingstop
2010 – 2011	**The Ward Group** Little Caesars, Texas Lottery, Texas State Comptroller
2008 – 2010	**Mason and Moon** Subway
2006 – 2008	**OMD** Sterling, Mattress Firm, Lowe's, On the Border, Macaroni Grill, Wells Fargo, Exxon/Mobil, Robert Half
2002 – 2006	**The Ward Group** Texas Lottery, CellOne, Clear Channel Entertainment, Golden Corral, la Madeleine, Little Caesars, Popeye's Chicken and Biscuits, Planet Tan, Schlotzsky's Deli, Sleep Experts, Texas State Comptroller, Time Warner, Victory Auto Group

EDUCATION

- Dallas Baptist University, B.S. in Communication

FAVORITE LOTTERY MOMENT

My favorite lottery moment was recently on a Powerball remote for WACO-FM. The station really promoted the event heavily, and they brought out food and all kinds of goodies. It was one of the most successful remotes the station has had! There were over 300 people who came through the remote!

MEMBERS OF THE LOTTERY TEAM

LAURA JANE PROKARYM

MEDIA BUYER
Senior Media Buyer

PERSONAL HISTORY

Laura Jane Prokarym has a pretty amazing background. In the past, she's worked on huge brands like Ford, Domino's Pizza, Disney and Pepsi. While she's only been at Asher Media for about a year, she's brought her exceptional media buying skills to some appreciative clients like Texas Lottery, Mattress Firm and Long John Silver's. It's pretty easy to see why she's becoming an instant star. Outside of work, Laura Jane lives for her two baseball-loving sons. She also likes to read, cook and watch reality shows.

CURRENT JOB DESCRIPTION

Negotiates with media sales representatives to buy and place advertising for clients, calculates rates and budgets, and ensures that ads appear as specified. Also responsible for negotiating added value opportunities.

WORK HISTORY

2011 – Present	**Asher Media** Texas Lottery, Bob Moore Automotive Group, TXU Energy, Just Brakes, Mattress Firm, Long John Silver's
2001 – 2006	**SpotPlus** Saturn, Subaru, Harrah's, Pizza Hut, Pepsi, Coors
2000 – 2001	**TN Media** Chrysler, Jeep
1999 – 2000	**Initiative Media** Albertsons, Disney World, Six Flags, Kia, The Home Depot
1997 – 1999	**J Walter Thompson** Twentieth Century Fox, Warner Lambert, Ford, Domino's Pizza
1996 – 1997	**RP Alpha** Honda, Acura

EDUCATION

- Southern Methodist University, B.A. in Marketing
- Southern Methodist University, B.A. in Organizational Behavior and Business Policy

FAVORITE LOTTERY MOMENT

A retired neighbor purchased a Scratch-Off ticket for his wife one day while he was out running errands. When she scratched off the ticket, she had won $900!

MEMBERS OF THE LOTTERY TEAM

MEDIA BUYER SANDERS\WINGO

QUALIFICATIONS

Must have minimum of 5 years industry experience in media buying. A solid understanding of Texas as a minority-majority state, a proven ability to generate cost savings for clients and experience managing large-scale media budgets.

JOB DESCRIPTION

Negotiates with media sales representatives to buy and place advertising for clients, calculates rates and budgets, and ensures that ads appear as specified. Also responsible for negotiating added value opportunities.

This position is currently open. We are committed to having the position filled by the Contract start date.

EDUCATION

- College Degree

MEMBERS OF THE LOTTERY TEAM

NICOLE BOUTIN

JUNIOR MEDIA BUYER
Assistant Media Buyer

PERSONAL HISTORY

Nicole brings to Asher a degree in Marketing from the University of Texas at Austin. Just six months into her career, she makes up for her lack of experience with enthusiasm out the wazoo. Her passion for her work influences everyone around her. She is organized, detail oriented and attacks her assignments on Oncor, Wingstop, Mattress Firm and Just Brakes with a sincere desire to succeed.

CURRENT JOB DESCRIPTION

Assists the Media Buyer with negotiating media, entering rates and makegoods, and following up on invoice discrepancies.

EMPLOYEE

1 YEAR LOTTERY

22 YEARS IN TEXAS

WORK HISTORY

2011 – Present — **Asher Media**
CRO, Just Brakes, Lake Austin Spa Resort, Long John Silver's, Mattress Firm, North Texas Food Bank, Oncor, Texas Lottery, TXU Energy, Wingstop

2011 — **Mathes and Co.**
Brighton Jewelry

EDUCATION

- University of Texas, B.B.A. Marketing

FAVORITE LOTTERY MOMENT

I love reading the bios about people winning the lottery.

MEMBERS OF THE LOTTERY TEAM

LAUREN McFARLAND

JUNIOR MEDIA BUYER
Media Buyer

PERSONAL HISTORY

To say Lauren gets around is a bit of an understatement. She's lived everywhere from Fort Leavenworth, Kansas (the city – not the penitentiary), to Melbourne (the one in Florida) to Augsburg (yes, that would be Germany). Honolulu and Richmond are tucked in there somewhere too. Since she settled down here in Dallas a couple of years ago, she's been a media buying superstar on accounts like Texas Lottery, Just Brakes and Mrs Baird's Bread. Outside of work, Lauren doesn't have time for much as she recently became a first-time mom and a first-time homeowner and rescued two dogs.

CURRENT JOB DESCRIPTION

Assists the Media Buyer with negotiating media, entering rates and makegoods, and following up on invoice discrepancies.

WORK HISTORY

2009 – Present	**Asher Media** TXU Energy, Texas Lottery, Just Brakes, Mattress Firm
2009	**Credit Solutions**
2008 – 2009	**Main Line Broadcasting**

EDUCATION

- Virginia Commonwealth University

EMPLOYEE

1 YEAR LOTTERY

3 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

I used to get a Scratch-Off every now and then, and the best moments were when I would win. It was never more than a few dollars or a free ticket, but it was still a win.

MEMBERS OF THE LOTTERY TEAM

COURTNEY MOCIO

JUNIOR MEDIA BUYER
Assistant Media Buyer

PERSONAL HISTORY

Fresh out of UT, Courtney Mocio is a Texan through and through. She likes Whataburger over McDonald's. She can tell a rock from an armadillo at 300 yards. And when her sister decided to go to A&M, well, let's just say they didn't speak for a while. She also displays that kind of passion as an Assistant Media Buyer for clients like Texas Lottery, Mattress Firm and TXU Energy.

CURRENT JOB DESCRIPTION

Assists the Media Buyer with negotiating media, entering rates and makegoods, and following up on invoice discrepancies.

EMPLOYEE

1 YEAR LOTTERY

22 YEARS IN TEXAS

WORK HISTORY

2011 – Present	**Asher Media** Texas Lottery, Bob Moore Auto Group, Wingstop, Mattress Firm, Just Brakes, TXU Energy
2011	**GM Financial/AmeriCredit**

EDUCATION

- University of Texas, B.S. in Advertising

FAVORITE LOTTERY MOMENT

My favorite lottery moment would be when I graduated college. It was a great accomplishment, and I felt like it was the biggest "winning" moment I've had so far in my life!

MEMBERS OF THE LOTTERY TEAM

KATIE ROGERS

JUNIOR MEDIA BUYER
Assistant Media Buyer

PERSONAL HISTORY

Katie might be just a year out of TCU, but she has earned a ton of responsibility in a short time. She runs traffic, coordinates print projects, reconciles discrepancies and tracks added value for clients like Texas Lottery, TXU and Wingstop. When she's not doing absolutely everything, she does yoga, cooks and plays with her dog.

CURRENT JOB DESCRIPTION

Assists the Media Buyer with negotiating media, entering rates and makegoods, and following up on invoice discrepancies.

WORK HISTORY

2011 – Present	**Asher Media** Mattress Firm, Consolidated Restaurant Operations, TXU Energy, Texas Lottery
2011	**The Ward Group** Park Place Motors, Little Caesars Pizza, SEEARP

EDUCATION

- Texas Christian University, B.A. in Business Administration

FAVORITE LOTTERY MOMENT

When I turned 18 and bought a lottery Scratch-Off; it was my first purchase as an adult.

EMPLOYEE

1 YEAR LOTTERY

25 YEARS IN TEXAS

6.2.5 Creative Staffing. Each Proposer must describe the staffing levels and functions of its creative department, and identify the personnel, including the length of experience for each, who will be assigned to the creative team for the Texas Lottery account. The Creative Director should have a minimum of five (5) years of relevant creative experience. Creative staff may include the following:

Creative Director
Associate Creative Director
Art Director
Copywriter
Copy Editor

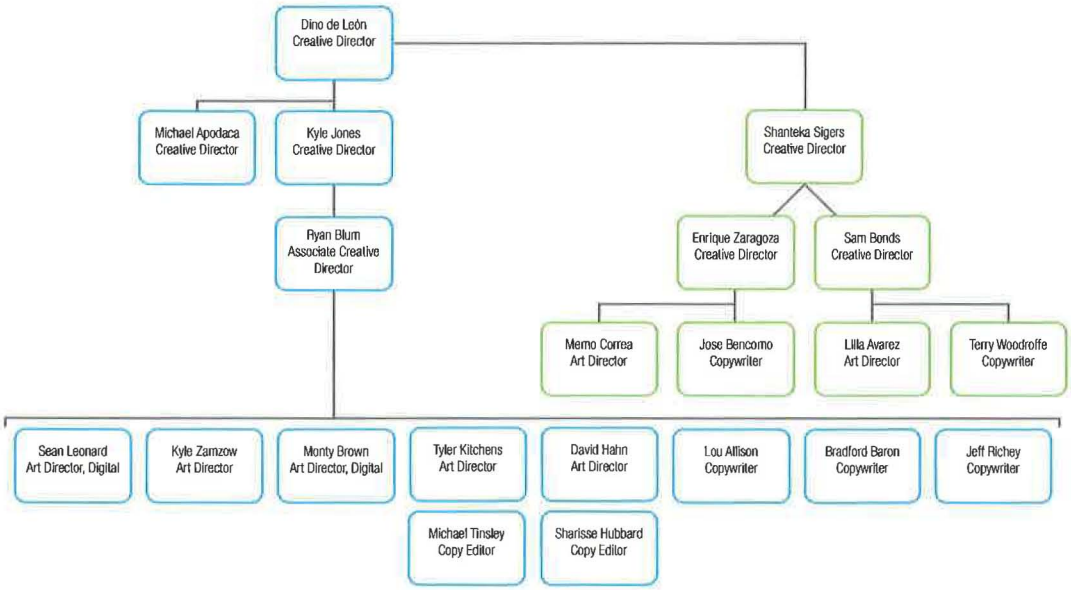
The Creative team will continue to be led by Dino de León and Kyle Jones of TracyLocke. As General Contractor, Dino and Kyle will be responsible for the overall management and execution of all creative solutions. Our ability to deliver ethnically inspired work will be complemented and supported through our Subcontractor Sanders\Wingo, who will be led by Creative Directors Shanteka Sigers (African American market) and Enrique Zaragoza (Hispanic market). In both instances, Shanteka and Enrique will be supported with market-specific Art Director and Copywriter teams.

As stated previously in Section 6.1, in some cases we have multiple staff members fulfilling the same position. Our Creative team is a perfect example of this, as the volume of work often requires that one team execute a campaign while others are concepting the next. We will continue to use this model as it truly provides the Texas Lottery with the best work and most efficient use of resources. For that reason, this team is staffed deeper than other disciplines.

Collectively speaking, this team has 42 years experience developing creative solutions for the Texas Lottery.

An organizational chart detailing the integration of our Creative teams is included to demonstrate disciplines and staffing levels across agencies. Following are résumés for all Creative staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

Creative


Dino de León
Creative Director
Michael Apodaca
Creative Director
Kyle Jones
Creative Director
Ryan Blum
Associate Creative
Director
Shanteka Sigers
Creative Director
Enrique Zaragoza
Creative Director
Sam Bonds
Creative Director
Memo Correa
Art Director
Jose Bencomo
Copywriter
Lilla Avarez
Art Director
Terry Woodroffe
Copywriter
Sean Leonard
Art Director, Digital
Kyle Zamzow
Art Director
Monty Brown
Art Director, Digital
Tyler Kitchens
Art Director
David Hahn
Art Director
Lou Allison
Copywriter
Bradford Baron
Copywriter
Jeff Richey
Copywriter
Michael Tinsley
Copy Editor
Sharisse Hubbard
Copy Editor

MEMBERS OF THE LOTTERY TEAM

DINO DE LEON

CREATIVE DIRECTOR
Executive Creative Director

PERSONAL HISTORY

Dino has amassed an impressive body of work and experience in advertising, marketing and branding over the past 20 years. Energetic, strategic, curious and tempered by a great sense of humor, he's adept at bringing brands to life at retail. Dino's clients have included Kellogg's, Kraft, GameStop, Subway and Bacardi to name a few. When he isn't mashing up strategy and creative, he spends time playing hockey, playing records and playing video games with his daughter.

CURRENT JOB DESCRIPTION

Oversees all creative projects and staff and is responsible for the overall quality of work produced by the creative department, including our Subcontractors. Manages creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the creative team in the production of advertising and marketing collateral.

TL EMPLOYEE

1 YEAR LOTTERY

30 YEARS IN TEXAS

WORK HISTORY

2011 – Present	**TracyLocke** T-Mobile, 7-Eleven, YUM!, Texas Lottery
2009 – 2011	**Catapult Marketing** Kellogg's, Kraft, Avon, Evian, Subway
2006 – 2009	**Razor** GameStop, Blockbuster, Baskin Robbins
2006	**Moosylvania** Purina, Enterprise Rental Cars
2003 – 2005	**Zipatoni** Jim Beam, Maytag, The Home Depot, Bacardi
1999 – 2003	**Brann Dallas** Tower Records, Rent-A-Center, Footaction USA
1996 – 1999	**Italia Advertising** True Value, CompUSA

EDUCATION

- Savannah College of Art and Design

FAVORITE LOTTERY MOMENT

I once told a cab driver I was going to the Texas Lottery Commission. After explaining to him how I wasn't going to collect winnings, he said, "I haven't won yet, but when I do, I'll give you a free ride because I'm buying the cab company."

MEMBERS OF THE LOTTERY TEAM

KYLE JONES

CREATIVE DIRECTOR
Group Creative Director

PERSONAL HISTORY

Kyle leads the creative team on the Texas Lottery account, inspiring great work derived from equally great insights and strategy. His sharp branding skills and retail sensibilities acquired over 20+ years in the business make for a formidable combination of assets for his clients. Those clients have included BMW, McDonald's, Walmart, Sprint, Bayer, HBO and Hallmark, just to name a few. An ex-Army Ranger, Kyle sometimes likes to parachute into meetings. Try to ignore the camo face paint.

CURRENT JOB DESCRIPTION

Oversees all creative projects and staff and is responsible for the overall quality of work produced by the creative department. Manages creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the creative team in the production of advertising and marketing collateral.

WORK HISTORY

2006 – Present	**TracyLocke** 7-Eleven, Texas Lottery, PlayStation
2004 – 2006	**Publicis** BMW, PowerBar, Nestlé
2003 – 2004	**Red Tettemer** Comcast Cable
2001 – 2003	**TracyLocke** 7-Eleven
2000 – 2001	**TBWA Stern Advertising** McDonald's, Ohio Lottery
1999 – 2000	**TM Advertising** Nortel Networks, American Airlines
1995 – 1999	**Valentine Radford Advertising** Hallmark Cards, Sprint, Bayer
1992 – 1995	**Bernstein Rein Advertising** H&R Block, Blockbuster, Walmart, Missouri Lottery

EDUCATION

- Fort Hays State University

FAVORITE LOTTERY MOMENT

Being on set with an elephant, a kangaroo, pirates, cavemen and Abe Lincoln.

MEMBERS OF THE LOTTERY TEAM

MICHAEL APODACA

CREATIVE DIRECTOR
Special Projects Creative Director

PERSONAL HISTORY

Mike's visual talents lie in creating three-dimensional solutions, including retail merchandisers, retail interior design and innovative product packaging. From how a product looks on the shelf to how it's displayed, to the look of the store it sits in, Mike is all about impact for our clients' products. For over 25 years, he has brought innovative 3-D thinking to Hasbro, HP, Pepsi, Frito-Lay, Harrah's Entertainment, T-Mobile, Hershey's, the Texas Lottery and many others. When not in front of his very cool computer, he is traveling to the Hill Country with a camera, getting inspiration from Mother Nature's own 3-D work.

CURRENT JOB DESCRIPTION

Oversees all creative development pertaining to Special Projects and is responsible for the overall quality of the work produced. Manages creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the creative team in the production of marketing collateral, product packaging and in-store event display.

TL EMPLOYEE

3 YEARS LOTTERY

22 YEARS IN TEXAS

WORK HISTORY

1989 – Present	**TracyLocke** Frito-Lay, Pepsi, Harrah's, Nokia, Texas Lottery
1989	**Rick Johnson and Co.** First National Bank of Alb., Garcia Motors
1988 – 1989	**Toppino Bozell Advertising** Presley Homes, Elephant Butte Resort

EDUCATION

- Eastern New Mexico University, B.F.A.

FAVORITE LOTTERY MOMENT

Getting the opportunity to help redesign the Texas Lottery Luck Zone space at the State Fair of Texas.

MEMBERS OF THE LOTTERY TEAM

SHANTEKA SIGERS

CREATIVE DIRECTOR
SVP, Executive Creative Director

PERSONAL HISTORY

Writers write. Case in point: Shanteka Sigers. In 17 years, she's provided words, ideas and direction for General Motors, McDonald's, Toyota, Verizon, Sprite, Nationwide – and that's just the short list. In addition, she is responsible for an award-winning blog called Library of Maternal Nagging. Also, she's a published author of short stories. If she weren't in advertising, she'd probably have her own cult.

CURRENT JOB DESCRIPTION

Oversees all creative projects and staff and is responsible for the overall quality of work produced by the creative department, specifically to the African American market. Manages creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the creative team in the production of advertising and marketing collateral.

WORK HISTORY

2006 – Present	**Sanders\Wingo** AT&T, Doc's Ski Haus, State Farm, Chevy, MINI USA, General Motors
1997 – 2006	**Burrell** McDonald's, McDonald's Youth, General Mills (Trix, Pillsbury, Betty Crocker, Honey Nut Cheerios, Cinnamon Toast Crunch, Pop Secret), Toyota, Pampers, Crest, Pantene, Verizon, Truth – youth antismoking movement, Coca-Cola, Sprite, Minute Maid, Gain, Kellogg's, Allstate, Nationwide, P&G, Tide
1996 – 1997	**Brainstorm** Soft Sheen brands — Carson Mizani, Optimum Care, Hair Werks, Wave Nouveau

EDUCATION

- Northwestern University

SW EMPLOYEE

6 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

Driving around with a friend/coworker to multiple gas stations in Austin looking for the perfect lottery ticket.

MEMBERS OF THE LOTTERY TEAM

HECTOR ENRIQUE ZARAGOZA

CREATIVE DIRECTOR
Group Creative Director

PERSONAL HISTORY

Hector "Enrique" is a top international designer who's left his mark on a varied list of brands, such as Pemex, Telcel Wireless and Chivas soccer team. He's also done incredible work in the hotel and entertainment industry for MGM Casino, The Venetian and Summerlin Resort. But one of his most exciting creative challenges was designing mini-jet interiors. Gives a whole new meaning to the term "fast-paced deadlines!"

CURRENT JOB DESCRIPTION

Oversees all creative projects and staff and is responsible for the overall quality of work produced by the creative department, specifically the Hispanic Market. Manages creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the creative team in the production of advertising and marketing collateral.

SW EMPLOYEE

17 YEARS IN TEXAS

WORK HISTORY

2005 – Present	**Sanders\Wingo** Ocean Alexander Yacht Builder, El Paso Electric, Las Palmas Del Sol Hospitals, Thorntons C-Stores, Texas Historical Commission, USPS, Zales Jewelers, State Farm Insurance Texas Zone
1996 – 2005	**Emery and Martinez** The Venetian Casino, MGM Casino, Summerlin Resort, Dos Lunas Tequila, Novamex Soft Drinks
1994 – 1996	***El Norte* Newspaper**
1994 – 1996	**Intela** Telcel Wireless, Tec De Monterrey University
1990 – 1994	**Aba Imagen** Chivas Soccer Team, Pemex Mexlub

EDUCATION

- Universidad Autónoma de Guadalajara, Graphic Design

FAVORITE LOTTERY MOMENT

I go buy lottery tickets and then I forget to watch for the numbers and my wife gets mad!

MEMBERS OF THE LOTTERY TEAM

RYAN BLUM

ASSOCIATE CREATIVE DIRECTOR
Creative Director

PERSONAL HISTORY

Ryan supervises the day-to-day creative development and execution of the work his teams deliver on the Texas Lottery account. He motivates and inspires his writers and art directors to think smarter, stay focused and deliver only the highest quality of work. Ryan, a gifted writer on his own part, has over 10 years in the business, and he has worked on accounts such as Southwest Airlines, 7-Eleven, Pizza Hut, Honda, The Home Depot, Spalding and Frito-Lay.

CURRENT JOB DESCRIPTION

Responsible for the preparation of advertising and marketing concepts and the production of collateral materials. Establishes and maintains high internal quality by originating creative ideas, managing project timelines, adhering to creative briefs and ensuring consistency of strategic branding.

WORK HISTORY

2010 – Present	**TracyLocke** Texas Lottery, 7-Eleven
2008 – 2010	**The Richards Group** Russell Athletic, Spalding, Atlanta Falcons, The Home Depot, Patron, QuikTrip, RAM Trucks, Cotton Patch Café
2002 – 2008	**TracyLocke** Pizza Hut, Nokia, Dreyer's/Dibs

TL EMPLOYEE

5 YEARS LOTTERY

35 YEARS IN TEXAS

EDUCATION

- Southern Methodist University, B.A.

FAVORITE LOTTERY MOMENT

Hanging out with a kangaroo.

MEMBERS OF THE LOTTERY TEAM

SAM BONDS

ASSOCIATE CREATIVE DIRECTOR
Creative Director

PERSONAL HISTORY

When it comes to Sam, we can talk about his experience on big brands like Chevy, AT&T, Southwest Airlines and Frito-Lay. We could mention his numerous industry awards. We could also mention how his biggest thrill is to see his team succeed. But no. Instead, we're going to take this space to tell you that Sam's kids' band, Charlie Bell, will be playing at Whole Foods in Austin on February 22. Don't miss it!

CURRENT JOB DESCRIPTION

Responsible for the preparation of advertising and marketing concepts and the production of collateral materials. Establishes and maintains high internal quality by originating creative ideas, managing project timelines, adhering to creative briefs and ensuring consistency of strategic branding.

WORK HISTORY

2008 – Present	**Sanders\Wingo** AT&T, Chevy
2006 – 2008	**Tierney** Blue Cross, Martin Guitars, Bayer Environmental
2004 – 2006	**Red Tettemer** Comcast, Adventure Aquarium
2000 – 2004	**GSD&M** Pennzoil, Southwest Airlines, Air Force, PGA, Frito-Lay, United Healthcare
1999 – 2000	**Pedone & Partners, NY** Hannaford Super Markets, Mall at Short Hills

EDUCATION

- Howard University, B.F.A. in Graphic Design

FAVORITE LOTTERY MOMENT

I relish the moment just before I check to see if I have won. It's beautiful.

MEMBERS OF THE LOTTERY TEAM

MONTY BROWNE

ART DIRECTOR
Senior Art Director, Digital

PERSONAL HISTORY

Monty brings over 11 years of experience not only in digital thinking but also 360-degree execution for brands whose needs span browsers, mobile and traditional media. His multimedia designs have benefited brands that are very savvy in the digital space, including AMP Energy, Mountain Dew, Bud Light, Old Spice, Pepsi and Starbucks. If there's a medium out there he hasn't touched, it doesn't exist yet. But Monty is more than likely to invent it.

CURRENT JOB DESCRIPTION

Develops digitally focused advertising creative concepts working alongside traditional Art Directors and Copywriters. Possesses solid understanding of the market dynamics of assigned products.

WORK HISTORY

2008 – Present	**TracyLocke, Digital** AMP Energy, Mtn Dew, Pepsi, Bud Light, New Business, Texas Lottery
2005 – 2008	**imc2** Old Spice, Secret, Olay, Tampax, Dunkin' Donuts
2004 – 2005	**Cheil Worldwide** Samsung
2000 – 2004	**Square One** Miller Lite, *Dallas Morning News*, Whataburger, Wilsonart

EDUCATION

- Shawnee College

TL EMPLOYEE

1 YEAR LOTTERY

11 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My grandmother once hit five out of six numbers on one of her first plays. I didn't know a 67-year-old woman could dance like that – seeing that moment was priceless.

MEMBERS OF THE LOTTERY TEAM

DAVID HAHN ART DIRECTOR

PERSONAL HISTORY

David is a graphic designer turned art director with a real appetite for aesthetics and execution. In other words, the distinctive look and crucial details that make advertising powerful and successful. For over nine years, he's done breakthrough work for Royal Caribbean, 7-Eleven, T-Mobile and, of course, the Texas Lottery. When not helping his wife play with their newborn son, you'll find him enjoying indie pop, mid-century furniture and his worn-in pair of Chuck Taylors.

CURRENT JOB DESCRIPTION

Develops advertising creative concepts in partnership with Copywriters. Possesses solid understanding of the market dynamics of assigned products.

TL EMPLOYEE

1 YEAR LOTTERY

1 YEAR IN TEXAS

WORK HISTORY

2011 – Present	**TracyLocke** T-Mobile, Texas Lottery
2007 – 2011	**Jajo** Hawker Beechcraft, Delta Dental, ICM, Cox Communications
2006 – 2007	**Greteman Group** FlexJet, Royal Caribbean
2002 – 2006	**Koch Industries** All businesses owned by KII

EDUCATION

- Wichita State University, B.F.A. in Graphic Design

FAVORITE LOTTERY MOMENT

My favorite Lottery moment would have to be when I was first told that I would be moving to the account from T-Mobile. It was a personal goal for me to end up working on this account, and when they told me I was on the team, all I could think of was "JACKPOT!"

MEMBERS OF THE LOTTERY TEAM

TYLER KITCHENS ART DIRECTOR

PERSONAL HISTORY

Tyler is responsible for all forms of art direction from concept to the execution across traditional and nontraditional media. He oversees the illustrators, studio artists and photographers who develop the visual look of both advertising and promotional efforts for clients like 7-Eleven, Harrah's and the Texas Lottery. An eight-year veteran equally adept at print and web production, Tyler is capable of creating high-impact, integrated campaigns that are strategic, memorable and effective.

CURRENT JOB DESCRIPTION

Develops advertising creative concepts in partnership with Copywriters. Possesses solid understanding of the market dynamics of assigned products.

WORK HISTORY

2008 – Present	**TracyLocke Dallas** Harrah's, 7-Eleven, Texas Lottery
2004 – Present	**Winsor Design (freelance)** Local musicians, local businesses, local churches
2004 – 2007	**THINQ Design** Nokia, local businesses, Lone Star Film Festival

EDUCATION

- Texas Christian University, B.F.A.

TL EMPLOYEE

3 YEARS LOTTERY

27 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My favorite Texas Lottery moment was getting to hang out with an elephant all day for the $500 Million Blockbuster photo shoot. Even though it slobbered on me.

MEMBERS OF THE LOTTERY TEAM

SEAN LEONARD

ART DIRECTOR
Digital Art Director

PERSONAL HISTORY

Sean has a real passion and flair for conceiving, designing and producing nontraditional and digital ideas. From online to mobile devices to in-store, he can deliver concepts that build brands and drive sales. His client list, past and present, is testimony to the trust those brands put in his expertise. AMP Energy, Pepsi, Mountain Dew, Bud Light, Denny's, PowerBar and Hornitos Tequila all know just what Sean can do with a challenge.

CURRENT JOB DESCRIPTION

Develops digitally focused advertising creative concepts working alongside traditional Art Directors and Copywriters. Possesses solid understanding of the market dynamics of assigned products.

TL
EMPLOYEE

1
YEAR
LOTTERY

26 YEARS IN TEXAS

WORK HISTORY

2009 – Present — **TracyLocke, Digital**
AMP Energy, Mountain Dew, Pepsi, Bud Light, New Business, Texas Lottery

EDUCATION

- University of North Texas, B.F.A. in Communication Design

FAVORITE LOTTERY MOMENT

I added Scratch-Offs to my holiday gifts one year, and my brother ended up winning $100. He redeemed it and bought me a taco. Thanks, bro.

MEMBERS OF THE LOTTERY TEAM

KYLE ZAMZOW ART DIRECTOR

PERSONAL HISTORY

Kyle is an Air Force brat who has lived all around the world, and those travels serve as the inspiration for his artistic eye and creative outlook. His innovative designs have appeared in work for EyeMasters, 7-Eleven, Alcon Laboratories, AAFES and for the past two years – the Texas Lottery. Kyle is also a big baseball fan and has a goal to visit every MLB ballpark in the nation. He has 11 down and 19 to go. He also loves hot dogs and peanuts, as if you couldn't guess.

CURRENT JOB DESCRIPTION

Develops advertising creative concepts in partnership with Copywriters. Possesses solid understanding of the market dynamics of assigned products.

WORK HISTORY

2009 – Present	**TracyLocke** Pepsi, 7-Eleven, Texas Lottery
2008 – 2009	**Harper House** AAFES, EyeMasters, Alcon Laboratories, Tuesday Morning, Nokia
2007	**Range (Internship)** Trinity River Project, Dallas Cowboys, ThinkCash, various small businesses in the Dallas-Fort Worth area

EDUCATION

- Texas Christian University, B.F.A.

TL EMPLOYEE

2 YEARS LOTTERY

11 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

I had a great time working on the Texas Lottery Black project – the creative turned out awesome, and I was really proud of the final product.

MEMBERS OF THE LOTTERY TEAM

LILIA ALVAREZ ART DIRECTOR

PERSONAL HISTORY

A self-described lucky person, Lilia brings an extreme amount of passion to her work, in addition to her skillful set of art direction capabilities. A resident of Texas for too many years to count, she has worked with clients that range from the El Paso Museum of History to AT&T and understands their different needs – but most importantly, she understands how to deliver exactly what they want. At the end of the day, Lilia loves to relax with a good book and plans to expand her design repertoire to include sewing this year.

CURRENT JOB DESCRIPTION

Develops advertising creative concepts in partnership with Copywriters. Possesses solid understanding of the market dynamics of assigned products.

SW EMPLOYEE

30 YEARS IN TEXAS

WORK HISTORY

2004 – Present **Sanders\Wingo**

El Paso Electric, AT&T, Del Sol Medical Center, El Paso Museum of History, Emerus Emergency Hospital, Borderplex Community Trust, Center Against Family Violence, Ocean Alexander, Valcent, Nova, El Paso Museum of Art

EDUCATION

- University of Texas at El Paso, B.F.A. in Graphic Design

FAVORITE LOTTERY MOMENT

The last time I bought a lottery ticket, I won about $3. I cashed it in and went to Starbucks. I felt like a big winner while I drank my latte that afternoon.

MEMBERS OF THE LOTTERY TEAM

MEMO CORREA

ART DIRECTOR
Creative Director

PERSONAL HISTORY

A longtime resident of Sanders\Wingo, Guillermo "Memo" brings 15+ years of creative experience to the team, which is evident in his vast range of past and current clients. Whether it is a project for Whataburger or the YWCA, or even the USPS, Memo knows how to deliver the best creative possible. This quest for great work could come from his naturally competitive spirit, as he once was a competitive cyclist. These days, he's happy putting his bike on the rack to spend quiet nights with his kids.

CURRENT JOB DESCRIPTION

Develops advertising creative concepts in partnership with Copywriters. Possesses solid understanding of the market dynamics of assigned products.

WORK HISTORY

1995 – Present	**Sanders\Wingo** SPHN Tenet Healthcare, Whataburger, Farah, Savane, TVO International, YWCA, Verde Realty, Heritage Preserve, Deer Canyon Preserve, Montaraz Preserve, Louis Raphael, USPS, Ocean Alexander Yachts, Simon Properties, EPA, Petro, State Farm, Las Palmas Del Sol HCA Healthcare
1992 – 1995	**Emery & Martinez Adv.** SPHN Tenet Healthcare, Salinas Y Rocha Mexico, Arcadas, Isla Dorada Resort Mexico, Treasure Island Casino
1991 – 1992	**Laster & Miller Adv.** Columbia Healthcare HCA

EDUCATION

- B.F.A. in Graphic Design

EMPLOYEE

17 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My dad asked me to check some tickets for him at the convenience store while he was recovering in the hospital. He had a winning ticket – a small amount, but nonetheless a winner. That made his day, week, maybe month!

MEMBERS OF THE LOTTERY TEAM

LOU ALLISON COPYWRITER

PERSONAL HISTORY

Lou is one of TracyLocke's true creative craftsmen – an accomplished copywriter, musician and published songwriter. Not to mention a pretty good art director who sells his own paintings. His 30+ years of experience (yes, 30) features a client list that reads like the Fortune 500: American Airlines, Pepsi, Frito-Lay, Zales, Borden Dairy, Phillips Petroleum and many more. He's also a five-year veteran on the Texas Lottery account. Lou's an avid bass fisherman who once threw back a nine-pounder. "Too small," he said. Lou's bar is always set in the "high" position.

CURRENT JOB DESCRIPTION

Responsible for original conceptions, clear, concise and convincing writing for grammatical and material accuracy. Conceives and executes advertising consistent with the agreed-upon strategy.

TL EMPLOYEE

5 YEARS LOTTERY

60 YEARS IN TEXAS

WORK HISTORY

2007 – Present	**TracyLocke** Ponderosa/Bonanza, TABASCO, American Airlines, Susan G. Komen for the Cure, Texas Lottery
2000 – 2007	**Allison Creative, Inc.** DDB Advertising, Publicis, Integer, Teleworks, Tony Roma's, FH&M Law Firm, Granton Marketing
1999 – 2000	**Brann Forbes** Rent-A-Center, Dave & Buster's, Popeyes Chicken, T.G.I. Friday's International, Pizza Hut International
1984 – 1999	**TracyLocke** Doritos National, *Dallas Morning News*, Pepsi National Radio, GTE, Borden Dairy
1982 – 1984	**Arnold Harwell McClain** Tom Thumb, Dallas Power & Light, Lone Star Cadillac, Pilgrim's Pride Fresh Chicken

EDUCATION

- University of North Texas, B.A. in Advertising Design

FAVORITE LOTTERY MOMENT

On location with Troy & Emmitt shooting TV commercials that I co-wrote.

MEMBERS OF THE LOTTERY TEAM

BRADFORD BARRON COPYWRITER

PERSONAL HISTORY

Bradford has the pedigree that makes him an incredible asset for the Texas Lottery. He began his career at TracyLocke seven years ago as a Media Planner on Pepsi and later became an Account Executive on the Clorox account. His excellent writing and idea generation caught the attention of a Creative Director, who promptly stole him away to become a Copywriter. Today, he brings his smart, strategic thinking, incredible sense of humor and keen insights to the business. He describes his job as "turning gibberish into genius."

CURRENT JOB DESCRIPTION

Responsible for original conceptions and clear, concise and convincing writing for grammatical and material accuracy. Conceives and executes advertising consistent with the agreed-upon strategy.

WORK HISTORY

2009 – Present	**TracyLocke** (Copywriter) Clorox, TABASCO, VISA, Ingersoll Rand, Texas Lottery
2009 – 2010	**TracyLocke** (Account Executive) All Clorox brands, including Clorox Bleach, Clorox 2, Clorox Clean-Up, Pine-Sol, Hidden Valley Ranch, Kingsford Charcoal, Green Works, Liquid Plumbr
2004 – 2009	**TracyLocke** (Media Planner) Pepsi, Diet Pepsi, Pepsi Max, Mountain Dew, Sierra Mist, Aquafina

EDUCATION

- Southwestern University, B.A. in Psychology

FAVORITE LOTTERY MOMENT

The first time I sold in a campaign, not only because it was my first, but because it led to a permanent position on the team.

TL EMPLOYEE

2 YEARS LOTTERY

30 YEARS IN TEXAS

MEMBERS OF THE LOTTERY TEAM

JEFF RICHEY COPYWRITER

PERSONAL HISTORY

Jeff is one of TracyLocke's "homegrown" copywriters, since he began here as a fresh young intern almost five years ago. His wicked sense of humor and mastery of the language has made him a client favorite ever since. Harrah's Casinos, Nokia, 7-Eleven, HP, TXU Energy and the Texas Lottery all have Jeff to thank for some stellar work. His one wish: that his cooking turns out as well as his writing. We'll take the copy over the casserole any day, Jeff.

CURRENT JOB DESCRIPTION

Responsible for original conceptions and clear, concise and convincing writing for grammatical and material accuracy. Conceives and executes advertising consistent with the agreed-upon strategy.

TL EMPLOYEE

4 YEARS LOTTERY

27 YEARS IN TEXAS

WORK HISTORY

2007 – Present **TracyLocke**
Texas Lottery, Nokia, 7-Eleven, Blockbuster, TXU Energy

EDUCATION

- University of Texas, B.S. in Advertising

FAVORITE LOTTERY MOMENT

My cousin won $500 on a Scratch-Off ticket!

MEMBERS OF THE LOTTERY TEAM

TERRY WOODROFFE

COPYWRITER
Copywriter, Social Media Strategist

PERSONAL HISTORY

Writers pull from a wealth of life experience to hone their craft, which makes Terry one of the best writers around. For example, she's studied in three countries and once pulled an intact obsidian blade from an archaeological site in Romania. Also, she dressed up in a Chuck E. Cheese mouse suit for money. All this means she knows how to pull an idea out of thin air like nobody's business. Ask State Farm, Chevrolet, AT&T and the U.S. Postal Service.

CURRENT JOB DESCRIPTION

Responsible for original conceptions and clear, concise and convincing writing for grammatical and material accuracy. Conceives and executes advertising consistent with the agreed-upon strategy.

WORK HISTORY

2007 – Present **Sanders\Wingo**
State Farm, Chevy, General Market, AT&T, Las Palmas Del Sol, Ocean Alexander, El Paso Electric, U.S. Postal Service, University of Texas at El Paso, Thorntons, EL Paso Convention & Visitors Bureau

SW
EMPLOYEE

29 YEARS IN TEXAS

EDUCATION

- Texas State University, B.S. in English, Creative Writing

FAVORITE LOTTERY MOMENT

Years ago, I got the hankering to buy a particular Scratch-Off ticket on my break from work. I picked out the ticket but had to scrounge around the bottom of my purse for enough change to make up the $1 to buy it (I didn't have cash handy). It took a while and was really annoying to the people waiting in line behind me, but I was determined to get this ticket! I got it, went back to the office and scratched it. I won $300 from that $1 in change. Ever since, I always make sure I have a few bucks on me for when I get that "winning feeling."

MEMBERS OF THE LOTTERY TEAM

JOSE BENCOMO

COPYWRITER
Senior Copywriter

PERSONAL HISTORY

No one exemplifies having the courage to fail better than Jose. At age 5, he would stand at the top of the stairs and launch himself into the air believing he could fly. Since he joined Sanders\Wingo a couple of years ago, Jose has left his mark on accounts such as LPDS Healthcare, Thorntons and Peter Piper Pizza. In his spare time, Jose likes to play with his 2-year-old boy, produce micro-budget independent films and sing in the shower. Yes, you read that right.

CURRENT JOB DESCRIPTION

Responsible for original conceptions and clear, concise and convincing writing for grammatical and material accuracy. Conceives and executes advertising consistent with the agreed-upon strategy.

SW EMPLOYEE

15 YEARS IN TEXAS

WORK HISTORY

2010 – Present — **Sanders\Wingo**
LPDS Healthcare, REDCo, Thorntons, Peter Piper Pizza

2000 – 2009 — **The Laster Group**
UMC of El Paso, GECU, Bank of the West, Inn of the Mountain Gods Casino

EDUCATION

- College of Santa Fe
- Prairie View A&M University

FAVORITE LOTTERY MOMENT

Winning.

MEMBERS OF THE LOTTERY TEAM

SHARISSE HUBBARD COPY EDITOR

PERSONAL HISTORY

She had a 4.0 in getting a Bachelor of Arts in journalism at Texas Tech. She had a 4.0 in getting a Master of Arts in journalism at Missouri. Simply put: Sharisse Hubbard is the smartest person in the history of the world, and she could be editing and proofing ALL of your copy. Since starting here in 2010, Sharisse has brought her excellence to brands such as Pepsi, 7-Eleven and Applebee's. Nothing slips past her. Including the typo that was originally in that last sentence. In her spare time, she reads Dante in the original Latin, transcribes Sanskrit and watches reality shows.

CURRENT JOB DESCRIPTION

Prepares written material for media by reviewing copy and verifying facts. Rewrites or modifies copy to clarify meaning and to conform to client's style guidelines and policy. May also create headlines or captions. Confers with copywriter/author regarding text changes and marks copy for typesetter using standardized code.

WORK HISTORY

2010 – Present	**TracyLocke, N-GEN Studios** All TracyLocke brands
2008 – 2010	***Columbia Missourian*** Community newspaper
2007 – 2008	***Vox* Magazine** Weekly magazine
2006 – 2007	***Red Raider Sports* Magazine** Monthly magazine
2003 – 2006	**Texas Tech University Media**

EDUCATION

- Texas Tech University, B.A. in Journalism
- University of Missouri, M.A. in Journalism

TL EMPLOYEE

2 YEARS LOTTERY

17 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

Seeing all of the people enjoying the Luck Zone at the State Fair of Texas after working on those elements in the studio. It's always neat to see the money machine and spinning wheel come to life!

MEMBERS OF THE LOTTERY TEAM

MICHAEL TINSLEY COPY EDITOR

PERSONAL HISTORY

Michael has the discerning eye that makes sure every "i" is dotted and every "t" is crossed. From the biggest, boldest headlines to the smallest of legal copy, he provides flawless quality control over every piece of marketing communication. His 30+ years in the business – nine on the Texas Lottery – is testimony to his love of the language and insistence on 100% mistake-free copy. Michael is a classic student of literature and lover of the arts who enjoys books, paintings and furniture in his spare time.

CURRENT JOB DESCRIPTION

Prepares written material for media by reviewing copy and verifying facts. Rewrites or modifies copy to clarify meaning and to conform to client's style guidelines and policy. May also create headlines or captions. Confers with copywriter/author regarding text changes and marks copy for typesetter using standardized code.

TL EMPLOYEE

9 YEARS LOTTERY

44 YEARS IN TEXAS

WORK HISTORY

1990 – Present **TracyLocke, N-GEN Studios**
All TracyLocke brands

EDUCATION

- Southern Methodist University, B.A. in English and History

FAVORITE LOTTERY MOMENT

When I saw a vintage lamp that was in my next-door neighbor's yard sale show up in a lottery ad.

6.2.6 Digital Staffing. Each Proposer must describe the staffing levels and functions of its digital department, and identify the personnel, including the length of experience for each, who will be assigned to the digital team for the Texas Lottery account. The Digital Creative Director should have a minimum of five (5) years of multimedia design experience. Digital staff may include the following:

Digital Creative Director
Digital Producer
Digital Specialist
Programming Specialist

At the end of 2011, TracyLocke officially acquired the agency formerly known as Tribal DDB, Dallas, bringing all of their employees and capabilities into TracyLocke. Tribal DDB is one of the first digital powerhouse agencies, being named *Adweek*'s "Digital Agency of the Year" in 2005 and *Advertising Age's* "Global Agency of the Year" in 2008.

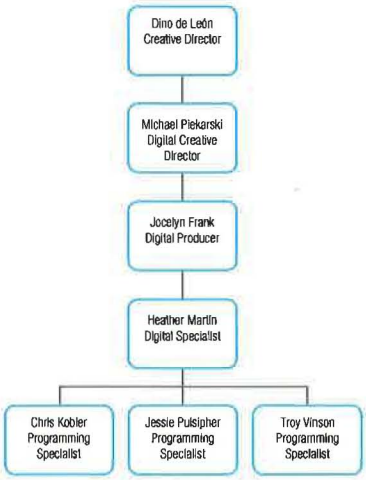
While many agencies outsource their programming and digital creative needs to Subcontractors, we have a team of digital experts in-house, already working in tandem with the entire Texas Lottery team. Dino de León will oversee all aspects of digital integration with the support of Michael Piekarski, Digital Creative Director, who will manage all digital production and development. Collectively speaking, this team has 3.5 years experience executing digital projects for the Texas Lottery Account.

Given the evolution of consumer shopping behaviors, the reinterpretation of the law by the Justice Department to allow Internet sales, and our societal reliance on 24/7 connectivity, digital marketing extensions should not be an afterthought. For that reason, our Creative teams have expanded to include Digital Art Directors so that we create fully integrated marketing solutions that deliver a 360-degree consumer experience. As a result, some of our digital staff are included in Section 6.3.4, separate from those listed below.

An organizational chart detailing the staffing levels of our Digital team is included for your reference. Following are résumés for all Digital staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors'

titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

Digital



MEMBERS OF THE LOTTERY TEAM

MICHEAL PIEKARSKI

DIGITAL CREATIVE DIRECTOR
Group Creative Director

PERSONAL HISTORY

Michael brings over 18 years of digital and design experience to the TracyLocke team. In his world-class career, he's helped Coca-Cola create a global social presence, introduced a new Gatorade sports beverage line and developed national campaigns for Miller Brewing Company. He's also been a part of major multimedia efforts for Ford, Mazda, Jeep and Pizza Hut. A veteran with the Army's 101st Airborne Division, Michael now gets his thrills climbing rocks instead of into military aircraft.

CURRENT JOB DESCRIPTION

Oversees all digital creative projects and staff and is responsible for the overall quality of work produced by the digital team, including websites, Internet-based ads, social media applications, viral marketing components, branded games, animated/video displays, mobile marketing, etc. Manages digital creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the digital creative team in the production of advertising and marketing initiatives in the digital space.

WORK HISTORY

2011 – Present	**TracyLocke, Digital** Pepsi, Samsung, Pizza Hut, American Heart Association
2006 – 2011	**imc2** The Coca-Cola Company, P&G, Pizza Hut, Dannon
2002 – 2005	**Euro RSCG Dallas** Pizza Hut, Footaction, TGI Friday's, Dunkin' Donuts
2001 – 2002	**Doner Detroit/Canada** Mazda North America
1999 – 2001	**J. Walter Thompson Detroit** The Ford Motor Company
1998 – 1999	**Frankel & Company** McDonald's Corporation, General Motors, Frito-Lay North America
1993 – 1997	**Design Resources Group** Gatorade, Snapple, US Robotics, Sears, Quaker Oats
1988 – 1991	**U.S. Army, 101st ABN Division, Iraq, Operation Desert Storm**

EDUCATION

- Texas A&M University, B.A. in Journalism/Graphic Arts

FAVORITE LOTTERY MOMENT

My most memorable lottery moment was being invited to work on this pitch. What a great opportunity.

MEMBERS OF THE LOTTERY TEAM

JOCELYN FRANK

DIGITAL PRODUCER
Project Manager

PERSONAL HISTORY

Jocelyn's three years of digital marketing experience includes strategic branding, CRM, mobile websites, Facebook applications and interactive media. In addition to her work on The Texas Lottery, she's also managed projects for ExxonMobil, Anheuser Busch, Pepsi, Clorox, Brown-Forman and NEC. Prior to advertising, Jocelyn developed new field rations for the military. Good to know when we're working in the trenches before a big campaign.

CURRENT JOB DESCRIPTION

Responsible for managing digital media projects from strategic development to tactical execution. Ensures timely delivery of projects within budget. May include programming background and oversight.

TL
EMPLOYEE

1
YEAR
LOTTERY

13 YEARS IN TEXAS

WORK HISTORY

2012 – Present	**TracyLocke, Digital** ExxonMobil, Clorox, Third Federal, Texas Lottery
2008 – 2010	**Slingshot LLC** Brown-Forman, Winchester Carlisle
2007	**Zibadoo** Internal
2005 – 2006	**Jackson Hewitt Tax Service** Internal
2003 – 2005	**The Wornick Company** DSCP, Natick

EDUCATION

- University of Texas – Pan American, B.A. in Journalism, emphasis on Advertising and Public Relations
- University of Texas, M.A. in Advertising

FAVORITE LOTTERY MOMENT

I gave my sister a Holiday Scratch-Off for Christmas and she won $5 – nothing big but so satisfying!

MEMBERS OF THE LOTTERY TEAM

HEATHER MARTIN

DIGITAL SPECIALIST
Account Manager

PERSONAL HISTORY

Heather works with the digital producers in executing a myriad of digital media projects, from online advertising, eCRM/email, web and mobile sites to social media, mobile apps and more. She also understands how digital works within a complete, integrated marketing plan. Heather's also an expert at managing budgets and schedules, keeping the digital wheels turning smoothly. Her five years of brand expertise include Frito-Lay, Pepsi, the American Heart Association and the Texas Lottery. Heather's got the energy of two people. And she's also an identical twin, which explains everything.

CURRENT JOB DESCRIPTION

Assists Digital Producer in executing digital media projects. May include assistance with project schedules, budgets, etc. May include programming background.

WORK HISTORY

2012 – Present	**TracyLocke, Digital** PepsiCo, Pepsi Buffets, Texas Lottery, American Heart Association
2011 – 2011	**Tribal DDB** PepsiCo, Pepsi Buffets, Texas Lottery, American Heart Association
2010 – 2011	**Square One Agency** OttLite Technologies, Commercial Metals Company, ZTE Wireless
2007 – 2010	**The Point Group** Accuro, MedAssets, Opus West, CardsDirect, Hill Country Galleria, Enterhealth, Geoforce, ZTE Wireless, Regency Centers, TransFirst

EDUCATION

- University of North Texas, B.A. in Journalism/Advertising

TL EMPLOYEE

1 YEAR LOTTERY

23 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My favorite lottery moment was when I gave my sister a Scratch-Off as a stocking stuffer one year. I paid $2 and she won $40 – WIN, WIN!

MEMBERS OF THE LOTTERY TEAM

CHRIS KOBLER

PROGRAMMING SPECIALIST
Web Developer

PERSONAL HISTORY

Chris puts his 12 years of experience to work as part of the amazing digital team at TracyLocke, creating engaging web experiences for clients such as PepsiCo, Pizza Hut and T-Mobile. In his spare time, he sits on the Board of Directors as Chairman of the Dallas Junior Chamber of Commerce. He also enjoys art, architecture, amateur photography and world traveling, and he is looking forward to an upcoming trip to China later this year.

CURRENT JOB DESCRIPTION

Provides programming support to execute against marketing goals, including the development of microsites, mobile applications, games, etc.

TL EMPLOYEE

1 YEAR LOTTERY

29 YEARS IN TEXAS

WORK HISTORY

2012 – Present	**TracyLocke, Digital** Texas Lottery, Pepsi, Pizza Hut, T-Mobile, Culver's, Buffets
2011	**Tribal DDB** Pepsi, Pizza Hut, Culver's, Buffets
2004 – 2011	**Match.com** Match.com, Chemistry.com
2003 – 2004	**Verizon SuperPages**
2002 – 2003	**European Organization for Rare Diseases**

EDUCATION

- University of Texas at Arlington, B.S.

FAVORITE LOTTERY MOMENT

Receiving Scratch-Off tickets from my mom for Christmas every year – it was such a fun tradition.

MEMBERS OF THE LOTTERY TEAM

JESSE PULSIPHER

PROGRAMMING SPECIALIST
Senior Interactive Developer

PERSONAL HISTORY

Jesse received his degree in Computer Science from TCU and, for the past 12 years, has been a key part of digital marketing's growth and innovation. He provides programming support that includes the development of microsites, mobile applications and games. His ability to combine his technical expertise with a thorough understanding of marketing strategies and goals makes him a huge asset on TracyLocke's digital team.

CURRENT JOB DESCRIPTION

Provides programming support to execute against marketing goals, including the development of microsites, mobile applications, games, etc.

WORK HISTORY

2012 – Present	**TracyLocke, Digital** Texas Lottery
2007 – 2011	**Tribal DDB** Mountain Dew
2007	**AdvoCare**
2003 – 2005	**Richmont Direct**
2000 – 2003	**Mary Kay**

EDUCATION

- Texas Christian University

FAVORITE LOTTERY MOMENT

The time I won $10 on a Weekly Grand Scratch-Off ticket!

MEMBERS OF THE LOTTERY TEAM

TROY VINSON

PROGRAMMING SPECIALIST
Manager of Application Development

PERSONAL HISTORY

Troy has been managing Internet systems and developing web applications since 1995. He's developed web, email and security applications as well as led the planning for the overall technical framework on accounts such as PepsiCo North America, Frito-Lay North America, U.S. Air Force and American Airlines. Troy also oversees the strategic development of applications and product infrastructure for all of TracyLocke's accounts. Think of him as an architect who lives in the digital space.

CURRENT JOB DESCRIPTION

Provides programming support to execute against marketing goals, including the development of microsites, mobile applications, games, etc.

TL EMPLOYEE

41 YEARS IN TEXAS

WORK HISTORY

2003 – Present	**TracyLocke, Digital** PepsiCo North America, Frito-Lay North America, American Airlines, U.S. Air Force, Nokia, International Foods
2001 – 2003	**Beckett Publications** Internal
1999 – 2001	**PSI-Net Consulting** Prudential Financial, Morgan Stanley, Clarke American, Verizon, SBC Communications
1995 – 1999	**FlashNet Communications / Prodigy Internet**

EDUCATION

- San Diego State University, U.S. Navy Maritime Education in Mechanical Engineering
- Southwestern Baptist Theological Seminary, B.Th.

FAVORITE LOTTERY MOMENT

Seeing Texas Lottery commercials on TV, knowing that I work with people who created them.

6.2.7 Production Staffing. Each Proposer must describe the staffing levels and functions of its production department and identify the personnel, including the length of experience for each, who will be assigned to the production team for the Texas Lottery account. Production staff may include the following:

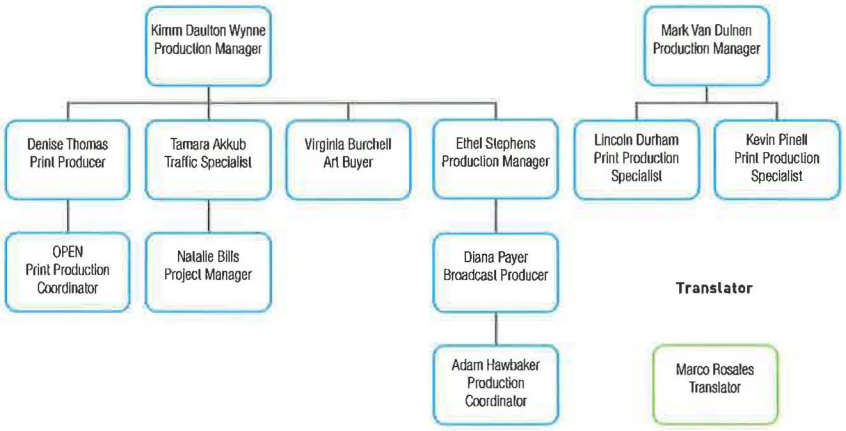
Production Manager
Production Coordinator
Broadcast Producer
Print Producer
Print Production Specialist
Art Buyer
Traffic Specialist
Project Manager
Translator

Our Production department is managed and led by Kimm Daulton Wynne, with the assistance of Ethel Stephens, who is responsible for Broadcast Services, and Mark Van Duinen, who operates our in-house production studio, N-GEN Studios. As mentioned previously, TracyLocke carries full-time staff for all of the functions listed in this section. None of these individuals are freelance because we recognize the value and effectiveness of having these services in-house.

Collectively speaking, this team has more than 26 years experience on the Texas Lottery account.

An organizational chart detailing the staffing levels of our Production team is included for your reference. Following are résumés for all Production staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

Production


Kimm Daulton Wynne
Production Manager
Mark Van Dulnen
Production Manager
Denise Thomas
Print Producer
Tamara Akkub
Traffic Specialist
Virginia Burchell
Art Buyer
Ethel Stephens
Production Manager
Lincoln Durham
Print Production
Specialist
Kevin Pinell
Print Production
Specialist
OPEN
Print Production
Coordinator
Natalie Bills
Project Manager
Diana Payer
Broadcast Producer
Translator
Adam Hawbaker
Production
Coordinator
Marco Rosales
Translator

MEMBERS OF THE LOTTERY TEAM

KIMM DAULTON WYNNE

PRODUCTION MANAGER
Director of Creative Services

PERSONAL HISTORY

Kimm manages the day-to-day operations of the creative department, encompassing art, print and broadcast production as well as project management. Her 25+ years in the business also includes valuable experience in HR, recruitment and post production. Her role as department "Mom" means her door is always open for helpful advice, encouragement and a great joke – not to mention an occasional timeout if you've been a little naughty.

CURRENT JOB DESCRIPTION

Manages production of a variety of projects. Duties include project planning, workflow management, vendor negotiations, cost control, quality control, logistical coordination and press checks.

WORK HISTORY

2005 – Present	**TracyLocke** All clients
2002 – 2005	**Publicis** TXU Energy, Nestle, PowerBar, Pria Bar, GSK, Goody's, Beano, Sara Lee, Zales, Hot Pockets, Butoni Pasta
2002	**Post Op Post Production**
1999 – 2002	**Freelance Workflow/Process Consultant**
1998	**Zipatoni** Barcardi, Jim Beam
1986 – 1998	**TracyLocke/DDB Dallas**
1984 – 1986	**Culwell & Son Clothier**

EDUCATION

- Texas A&M, B.A. in Journalism/Graphic Arts

FAVORITE LOTTERY MOMENT

I once almost tossed a "nonwinning" Scratch-Off ticket in the trash ... thankfully my son looked at it at the last minute because it was a $100 winner!

MEMBERS OF THE LOTTERY TEAM

MARK VAN DUINEN

PRODUCTION MANAGER
Director of Studio Services

PERSONAL HISTORY

Mark is N-GEN's kitchen drawer. During the past 10 years, Mark has completed the "hat trick" in advertising's creative realm: from service bureau to both major and boutique agencies to client side. Through a fast-track series of promotions, Mark has risen from production artist and digital illustrator to digital illustration manager and finally to overall department leader. Today, Mark brings his talents for both management and creative work to his position as Director of Studio Services for N-GEN Studios.

CURRENT JOB DESCRIPTION

Manages production of a variety of projects. Duties include project planning, workflow management, vendor negotiations, cost control, quality control, logistical coordination and press checks.

TL EMPLOYEE

7 YEARS LOTTERY

15 YEARS IN TEXAS

WORK HISTORY

2004 – Present	**TracyLocke, N-GEN Studios** All TracyLocke brands
2001 – 2004	**Dave & Buster's** Dave & Buster's
2000 – 2001	**Ryan Partnership** Mission Foods, Nokia, Raytheon
1998 – 1999	**TracyLocke** Frito-Lay, Pepsi, Harrah's, FedEx
1997 – 1998	**Studio 212** RadioShack, Frito-Lay, Jolly Time Popcorn, Pepsi, Sports Illustrated for Kids, Victoria's Secret, Smirnoff

EDUCATION

- University of Arkansas, B.A. in Graphic Design

FAVORITE LOTTERY MOMENT

When I first moved to Dallas, the Lottery was at an all-time high. So 25 of my new coworkers and I went in on 500 Quick Picks. All that week, we talked about what we would do if we won. Even though we didn't win, it was a great way for a new kid like me to get to know 25 people at my new job!

MEMBERS OF THE LOTTERY TEAM

ETHEL STEPHENS

PRODUCTION MANAGER
Director of Broadcast Business Affairs

PERSONAL HISTORY

We all know the creative aspects of developing exceptional broadcast advertising, but when it comes to the business of getting it done, no one does it better than Ethel. She's got a whopping 32 years of experience in the business of broadcast. Contracts, rights negotiation and management, research, usage – Ethel handles it all. She's got contacts throughout the industry and can tap into an extraordinary network of knowledge. She also loves to kayak and grow orchids – just not at the same time.

CURRENT JOB DESCRIPTION

Manages production of a variety of projects. Duties include project planning, workflow, management, vendor negotiations, cost control, quality control, logistical cordination and press checks.

WORK HISTORY

2011 – Present	**TracyLocke** Texas Lottery, T-Mobile, 7-Eleven, HP, Pepsi, Pizza Hut
2006 – 2011	**Uproar** Hasbro, Topps
2001 – 2006	**TracyLocke** Texas Lottery, 7-Eleven, Harrah's, Pizza Hut
1997 – 2001	**DDB Dallas** JCPenney, American Airlines, TABASCO, Phillips Petroleum
1986 – 1993	**TracyLocke** Haggar Apparel, Borden, Pepsi, Dillard's, Texas Commerce Bank, Embassy Suites
1980 –1986	**Bloom Agency** Block Drugs, Maybelline, Del Taco, Amalie Motor Oil

EDUCATION

- Southern Methodist University, B.F.A.
- Western Washington University, M.A.

FAVORITE LOTTERY MOMENT

Many years ago, my husband bought two tickets every week. One week he had matched 5 numbers and won $2,000! What a fun day that was.

MEMBERS OF THE LOTTERY TEAM

ADAM HAWBAKER

PRODUCTION COORDINATOR
Broadcast Coordinator

PERSONAL HISTORY

Adam serves as the resident "video man" to everyone in our Dallas office. From his shooting and editing abilities to broadcast production, Adam sees the full breadth of the video process. Fresh out of the University of Oklahoma, Adam came on board with TracyLocke after serving in our summer internship program. Since then, he's done video work on almost every account we have. From T-Mobile to 7-Eleven to the Texas Lottery, Adam's seen everything under the sun at TracyLocke. Adam likes to be as active as possible in his free time and is known to play some hard-hitting games of lacrosse whenever he can. Be wary if you ever see him wielding a lacrosse stick in close quarters!

CURRENT JOB DESCRIPTION

Provides logistical support to production department. Duties may include tracking and scheduling projects, filing summary reports, archiving and preflight formatting of collateral, and invoice management.

TL EMPLOYEE

20 YEARS IN TEXAS

WORK HISTORY

2011 – Present **TracyLocke**
T-Mobile, 7-Eleven, HP, Nokia, Pizza Hut

EDUCATION

- University of Oklahoma, Broadcast and Electronic Media

FAVORITE LOTTERY MOMENT

Watching a friend win a sweet prize randomly from a Scratch-Off ticket. It makes you feel lucky and/or awesome.

MEMBERS OF THE LOTTERY TEAM

PRODUCTION COORDINATOR, PRINT TRACYLOCKE

QUALIFICATIONS

Must have minimum of 1–2 years experience specific to print production. A proven ability to manage timelines, schedules and budgets efficiently, and a fundamental understanding of print specifications and techniques.

JOB DESCRIPTION

Provides logistical support to production department. Duties may include tracking and scheduling projects, filing summary reports, archiving and preflight formatting of collateral, and invoice management.

This position is currently open. We are committed to having the position filled by the Contract start date.

EDUCATION

- College Degree

MEMBERS OF THE LOTTERY TEAM

DIANA PAYER BROADCAST PRODUCER

PERSONAL HISTORY

Diana supervises the massive effort required to turn a great script into an engaging, sales-driving TV or radio commercial. From selecting directors and talent to location scouting and buttoned-up contracts, she's all about putting the client's best effort on the air. For over 20 years, she's worked on top brands, such as TABASCO, Nestlé, Sea World of Texas, Pearl Vision, Susan G. Komen for the Cure, Texas Lottery and many others. When a director yells, "Action!" he's really talking about Diana.

CURRENT JOB DESCRIPTION

Provides logistical support to the broadcast production department. Duties may include tracking and scheduling projects, filing summary reports, archiving and preflight formatting of collateral, and invoice management.

TL EMPLOYEE

7 YEARS LOTTERY

30 YEARS IN TEXAS

WORK HISTORY

2005 – Present	**TracyLocke** TXU Energy, TABASCO, Texas Lottery, Ingersoll Rand
2000 – 2005	**Publicis** Nestlé, Ross Laboratories, Curves for Women
1996 – 2000	**Atkins Production**
1993 – 1996	**IGO Production**
1989 – 1993	**GSD&M** Sea World of Texas, Pearl Vision

EDUCATION

- Texas State University, B.F.A.

FAVORITE LOTTERY MOMENT

At the end of the day of shooting with Troy Aikman and Emmitt Smith – it was an awesome shoot and those guys were terrific to work with. The icing on the cake was that the spot turned out great.

MEMBERS OF THE LOTTERY TEAM

DENISE THOMAS PRINT PRODUCER

PERSONAL HISTORY

Denise has over 20 years in the business, with a superb eye for detail, a firm hand on schedules and budgets, and only the highest standards for quality and execution. Her skills are as versatile as her client experience, ranging from Pepsi to 7-Eleven and from Nokia to the Library of Congress (yes, that library). And speaking of versatile, she bats left and throws right. Our co-ed softball team loves her.

CURRENT JOB DESCRIPTION

Manage and oversee logistics of printed marketing materials including point-of-sale, out-of-home, signage, etc. Responsible for developing effective and efficient print solutions while controlling cost and ensuring quality control.

WORK HISTORY

2001 – Present	**TracyLocke** Texas Lottery, Pepsi, Pizza Hut, T-Mobile
1990 – 2000	**Temerlin McClain** Long John Silver's, Dallas Museum of Art, Dallas Symphony
1987 – 1989	**Jones, Jones, Close & Brown**

EDUCATION

- University of Las Vegas Nevada

FAVORITE LOTTERY MOMENT

My dad's face when I bought him what turned out to be a winning ticket for $50 in his stocking!

TL EMPLOYEE

1 YEAR LOTTERY

20 YEARS IN TEXAS

MEMBERS OF THE LOTTERY TEAM

LINCOLN DURHAM

PRINT PRODUCTION SPECIALIST
Digital Illustrator

PERSONAL HISTORY

Lincoln knew from an early age he wanted to create art, so he began sketching, painting and sculpting. Before long, he had moved to advanced graphic software and 3D programs, and the rest, as they say, is digital illustration history. Today, Lincoln brings his 12 years of experience to virtually all of TracyLocke's clients, whether it's traditional or digital, 3D modeling and rendering, photo retouching, storyboarding or overall concepting. But he's never lost the wonder of that little boy enjoying his crayons and a blank piece of paper. But that's not all – this artist is also a star amongst the music scene. So be sure to check out his latest album produced by none other than the legendary Ray Wylie Hubbard.

CURRENT JOB DESCRIPTION

Assists design teams in graphic production for collateral, packaging, display and advertising projects.

TL EMPLOYEE

5 YEARS LOTTERY

30 YEARS IN TEXAS

WORK HISTORY

2006 – Present — **TracyLocke, N-GEN Studios**
Frito-Lay, Pepsi, Dairy Queen, 7-Eleven, YUM!, Samsung, T-Mobile, HP, Cargill, Harrah's, Texas Lottery

2000 – 2006 — **The Loomis Agency**
Community Coffee, Seagram's, Smirnoff, Furr's, Pier One

EDUCATION

- Hill College, Associate's in Arts

FAVORITE LOTTERY MOMENT

The LUCK|XURY campaign was my favorite! I modeled a 3D perfume bottle to go along with the Black ticket ad.

MEMBERS OF THE LOTTERY TEAM

KEVIN PINELL

PRINT PRODUCTION SPECIALIST
Digital Producer

PERSONAL HISTORY

A lot of couples meet in strange and funny ways. Some meet in line at the grocery store. Some meet online. But we're going to hazard a guess that Kevin and his wife are in the extreme minority of those who met while ... playing hockey. When his wife isn't crosschecking him, Kevin is the Swiss Army knife of the N-GEN Studios team. As a Digital Studio Producer, he coordinates, guides, designs and develops everything from digital imaging to web content for Texas Lottery, Sonic, HP, Pizza Hut and 7-Eleven.

CURRENT JOB DESCRIPTION

Assists design teams in graphic production for collateral, packaging, display and advertising projects.

WORK HISTORY

2008 – Present	**TracyLocke, N-GEN Studios** Pepsi, Pizza Hut, Del Monte, Nokia, Clorox, Texas Lottery
2005 – 2008	**Idearc Media/Verizon Information Services** Local DFW companies
2000 – 2003	**Smith Brothers/D&D Farm and Ranch Catalog** National mail order catalog
1997 – 2000	**HDB & Associates** In-House Agency for Eyemart Express

EDUCATION

- Art Institute of Dallas

FAVORITE LOTTERY MOMENT

I remember my wife's uncle would buy everybody three lottery tickets for Christmas, and we would scratch them together. One year my wife won $200.

TL EMPLOYEE

3 YEARS LOTTERY

39 YEARS IN TEXAS

MEMBERS OF THE LOTTERY TEAM

VIRGINIA BURCHELL

ART BUYER
Manager of Art Production

PERSONAL HISTORY

Virginia oversees the commissioning of photography and illustration needed by TracyLocke's creative teams and their clients. She's on top of the latest talent out there, from the best shooters to breakthrough artists and illustrators. For the past 13 years, she's been instrumental in making our clients' visual look second to none. Her account list includes Pepsi, Pizza Hut, Frito-Lay, Harrah's Entertainment, TXU Energy, 7-Eleven, Nokia, Hasbro, T-Mobile, Cargill, PlayStation, Texas Lottery and Susan G. Komen for the Cure. Virginia's guilty pleasure is Hollywood celebrity gossip. Stop by her office if you've got an hour or two to kill.

CURRENT JOB DESCRIPTION

Experience in art buying, photo shoot production and budget negotiation with a thorough knowledge of print advertising. Coordinates, selects and recommends talent portfolios. Maintains awareness of visual trends in the graphic arts field. Negotiates and produces written model and property releases.

TL
EMPLOYEE

3
YEARS
LOTTERY

14 YEARS IN TEXAS

WORK HISTORY

2001 – Present	**TracyLocke** Texas Lottery, T-Mobile, Nokia
1998 – 2001	**SMU**
1997 – 1998	**Noble and Associates** Borden, Tyson Chicken

EDUCATION

- Missouri State, B.A. in Graphic Design

FAVORITE LOTTERY MOMENT

Photographing an elephant!

MEMBERS OF THE LOTTERY TEAM

TAMARA AKKUB

TRAFFIC SPECIALIST
Senior Project Manager

PERSONAL HISTORY

Tamara is a "project manager's project manager" with 14 years of managing the high-velocity workloads of some of America's biggest advertising agencies and their clients. From Lowe's to Kimberly-Clark, Nokia to Pepsi, she's kept project after project flowing smoothly between creative, account and production. Tamara also keeps a sharp eye on schedules and costs and is instrumental in developing accurate print production estimates. At home, she's the owner of four energetic dogs and one very nervous rabbit.

CURRENT JOB DESCRIPTION

Coordinates scheduling, processing and trafficking of advertising and other creative projects. Serves as a liaison between outside vendors and agency departments to coordinate efficient and timely creative project processing. Responsible for creating project schedules and job estimates, maintaining records of action and work flow on projects, and routing projects for approval.

WORK HISTORY

2008 – Present	**TracyLocke** Pepsi, Sonic, Nokia, Texas Lottery
2005 – 2008	**Cultura** Lowe's, Concerta, Kimberly-Clark
2000 – 2005	**DDB Dallas** TABASCO, EPA, White Wave Foods, Bennigan's, Ponderosa, Ingersoll Rand
1998 – 2000	**Mangan/Holcomb Partners** AR Bank & Trust, Keep AR Beautiful
1996 – 1997	**CranfordJohnsonRobinsonWoods** Oaklawn, AR Children's Hospital, First Commercial Bank

EDUCATION

- Southern Arkansas University, B.B.A.

FAVORITE LOTTERY MOMENT

My favorite lottery moment was being part of the team that produced the $500 Million Blockbuster TV spot!

MEMBERS OF THE LOTTERY TEAM

NATALIE BILLS PROJECT MANAGER

PERSONAL HISTORY

Natalie was an advertising first-round draft pick right out of UT in Austin, and TracyLocke was lucky enough to get her for the Texas Lottery account. She's already an impact player on the team, capable of managing tight timelines, diverse assignments and a complicated workflow. Her additional background in branding and digital communications makes her a huge asset for the business. She also loves to find new restaurants, so if you want a review, she's your go-to person.

CURRENT JOB DESCRIPTION

Oversees the project from inception to completion, including creation of project schedule, managing resources for deliverables and ensuring adherence to the approval process.

WORK HISTORY

2011 – Present **TracyLocke**
Texas Lottery

EDUCATION

- University of Texas, B.S. in Advertising

FAVORITE LOTTERY MOMENT

A few years ago, my dad put a bunch of Scratch-Off tickets in my stocking. I ended up winning $50! I was so happy to experience the gift that keeps on giving.

MEMBERS OF THE LOTTERY TEAM

MARCO ROSALES

TRANSLATOR
Proofreader, Translator

PERSONAL HISTORY

Marco has been translating things for as long as he can remember – his grandmother used to make him translate movie dialogues back when movies didn't have subtitles. To say translation comes easy for him is a huge understatement. In addition to his keen knack for language, he brings a strong multicultural view to the table, which stems from his time spent in Mexico but a lot of his education spent in Texas. He has a passion for learning about culture and hopes to keep his ball of knowledge rolling for the rest of his life.

CURRENT JOB DESCRIPTION

Provides linguistic services, including translation in multiple languages, terminology creation and management, editing, proofreading, studio linguistic advising and post-processing (for recordings), and cultural review.

WORK HISTORY

2011 – Present **Sanders\Wingo**
Texas Historical Commission, El Paso Electric, El Paso CVB, Texas Gas, AT&T, Las Palmas Del Sol

EDUCATION

- University of Texas at El Paso

FAVORITE LOTTERY MOMENT

Whenever I think about the Texas Lottery, I remember the walks home from high school. I used to walk home from school with my brother, and every day, without fail, we would walk into a gas station and buy two large sodas and a lottery ticket. I really enjoyed those walks home.

6.2.8 Promotions Staffing. Each Proposer must describe the staffing levels and functions of its promotions department, and identify the personnel, including the length of experience for each, who will be assigned to the promotions team for the Texas Lottery account. The Promotional Event Planner should have a minimum of three (3) years of relevant promotional event experience. Promotions staff may include the following:

Promotional Event Planner
Promotions Specialist

Since promotions, events and brand activation are at the core of what we do for the Texas Lottery, we believe that it is the responsibility of TracyLocke Account Service and Media to execute and manage events in the best interests of the Texas Lottery.

Many of these events, both selling and nonselling, require coordination with GTECH. For this reason, we do not have a separate team in place; rather, we manage it within the existing team to ensure one centralized point of communication. Emily and/or Lauren are always the main points of contact to manage events for the Texas Lottery and our vendors; the event team ranges anywhere from three to eight people, depending on the size and needs of the event.

As we have done over the past nine years with larger events such as the State Fair of Texas, Lucky U and SXSW, we will continue to subcontract services to third-party vendors for event construction, staffing, promotional items, equipment, etc., as needed. Of course, TracyLocke will continue to triple bid these projects, as they often reach or exceed $5,000. It will remain the responsibility of TracyLocke to source the appropriate vendors and manage all relationships on behalf of the Texas Lottery.

An organizational chart detailing the staffing levels of our Promotion team is included for your reference. Following are résumés for all Promotion staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

Promotions

MEMBERS OF THE LOTTERY TEAM

LAUREN BORSHEIM

PROMOTIONAL EVENT PLANNER
Account Executive

PERSONAL HISTORY

Lauren has over five years in the agency business, with an already-impressive portfolio of clients, including Home Depot, Fruit of the Loom, Russell Athletic, Bahama Breeze, the Salvation Army and, most recently, the Texas Lottery. In particular, she's amassed invaluable experience in print, direct mail, radio, online and television production. She's also a superb strategist in both advertising and media. That love of strategy serves her well on the tennis court, where you'll find her most weekends. Watch out for her mean forehand down the line.

CURRENT JOB DESCRIPTION

Creates and coordinates activities related to the development, execution and evaluation of events and sponsorships. Duties may include identifying event locations; developing budgets; negotiating sponsorships and events; acquiring event permits; securing emcees and/or ambassadors and promotional giveaways; overseeing setup and teardown of event location; ensuring availability of proper equipment and supplies; and coordinating activities.

TL EMPLOYEE

1 YEAR LOTTERY

26 YEARS IN TEXAS

WORK HISTORY

2011 – Present	**TracyLocke** Texas Lottery
2007 – 2011	**The Richards Group** The Home Depot, The Salvation Army, Fruit of the Loom, Bahama Breeze

EDUCATION

- Texas A&M University, B.B. A. in Marketing

FAVORITE LOTTERY MOMENT

One of my favorite moments is managing the Texas Lottery's display at one of my favorite Texas events – the State Fair.

MEMBERS OF THE LOTTERY TEAM

EMILY HUTCHENS

PROMOTIONS SPECIALIST
Account Supervisor

PERSONAL HISTORY

Emily came straight to Dallas five years ago after graduating from Texas Tech, and from the moment she arrived at TracyLocke, she's been a force for smart ideas and flawless execution. She cut her teeth on the fast-paced Pepsi account and later brought that drive and energy to the Texas Lottery. As a former project manager, Emily understands the importance of organization, timelines and communication within her team. She makes great work even better.

CURRENT JOB DESCRIPTION

Ensures successful promotional events and sponsorships. Assists with coordinating the activities related to the development, execution and evaluation of events and sponsorships. May assist in on-site management of events and sponsorships.

WORK HISTORY

2007 – Present	**TracyLocke** Pepsi, Texas Lottery
2005 – 2006	**Office of Marketing & Promotions for Student Affairs – Texas Tech** Various University Student Organizations

EDUCATION

- Texas Tech University, B.S. in Journalism

TL EMPLOYEE

4 YEARS LOTTERY

28 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

One of my favorite moments was my first SXSW event – it was one of my first Lottery events and it was such a fun and rewarding work experience.

6.2.9 Finance Staff. Each Proposer must describe the staffing levels and functions of its finance department, and identify the personnel, including the length of experience for each, who will be assigned to the finance team for the Texas Lottery account. Finance staff may include the following:

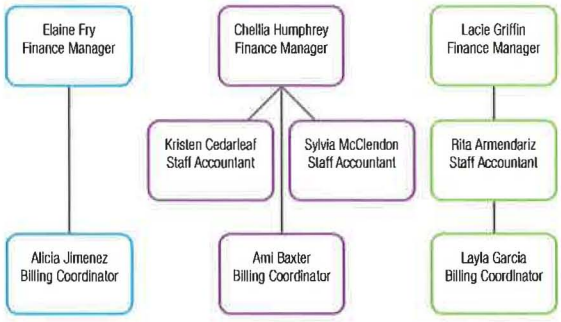
TENURED TX LOTTERY FINANCE TEAM

Finance Manager
Staff Accountant
Billing Coordinator

Elaine Fry will continue to lead the Finance team for TracyLocke and our Subcontractors, with assistance from Alicia Jimenez. With more than four years experience working on the Texas Lottery account, Elaine is incredibly well-versed in the reporting needs, billing process and financial requirements specific to the Texas Lottery. Over the past year, she has been instrumental in assisting Asher Media as they get up to speed, and she will provide the same counsel and leadership to Sanders\Wingo as they join the team. Collectively speaking, this team has 11 years experience managing the finances of the Texas Lottery account.

An organizational chart detailing the integration of our Finance teams is included to demonstrate disciplines and staffing levels across agencies. Following are résumés for all Finance staff that have been identified at this time. Each résumé outlines the team member's job title, work experience, client list, current job description and educational background. The job titles listed on the résumés are consistent with the Texas Lottery's job titles. In many instances, TracyLocke's and our Subcontractors' titles are somewhat different from those listed in the RFP. In those instances, the individual's agency title will follow the Texas Lottery title.

Finance



MEMBERS OF THE LOTTERY TEAM

ELAINE FRY FINANCE MANAGER

PERSONAL HISTORY

Elaine has over 16 years of combined experience at TracyLocke and Omnicom, and she understands the unique financial requirements of our diverse clients. From Harrah's Entertainment to HP, Nokia to Nestlé, TXU Energy to the Texas Lottery, she's skilled at managing the intricacies of all things payable and receivable. But she's most proud of her 1-year-old grandson.

CURRENT JOB DESCRIPTION

Responsible for accurate recording of all account transactions and the preparation of all financial reports. Maintains adequate controls of receipts and disbursements.

WORK HISTORY

2005 – Present	**TracyLocke** Texas Lottery, Nokia, HP
1988 – 2005	**OMS** Various Omnicom agencies

EDUCATION

- SAGU in Waxahachie, Texas, A.A.

TL EMPLOYEE

4 YEARS LOTTERY

34 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

Visiting the Texas Lottery booth at the State Fair of Texas.

MEMBERS OF THE LOTTERY TEAM

CHELLIA HUMPHREY

FINANCE MANAGER
Director of Accounting

PERSONAL HISTORY

There are four types of accountants in the world: those that can count and those that can't. For 45 years, Chellia has definitely been the former. Since she joined Asher in 2000, she has overseen all billing for our clients, vendors and partners. In her spare time, she loves to work on puzzles, play with her dogs and spend time with her family.

CURRENT JOB DESCRIPTION

Responsible for accurate recording of all account transactions and the preparation of all financial reports. Maintains adequate controls of receipts and disbursements.

EMPLOYEE

1 YEAR LOTTERY

60 YEARS IN TEXAS

WORK HISTORY

2000 – Present	**Asher Media** Mattress Firm, Mrs Baird's, Dallas Mavericks, CRO, Wingstop, Bob Tomes Ford, Lake Austin Spa, Shaw Floors, Heely's, Medical City, TXU Energy, Oncor, Wright Brand Bacon, Texas Lottery
1988 – 2000	**KCL Corporation**
1972 – 1987	**Dallas Plastic Films**
1968 – 1971	**Apartment Property Management**

EDUCATION

- High School

FAVORITE LOTTERY MOMENT

Watching people play Scratch-Offs!

MEMBERS OF THE LOTTERY TEAM

LACIE GRIFFIN

FINANCE MANAGER
Account Contract Manager

PERSONAL HISTORY

Lacie manages all the billing, budgeting, audits, expenses and reporting for our clients, including AT&T and MINI USA. She's been a classic "numbers" person for over 10 years and enjoys finance, accounting and the agency business in general. Off the clock, you're more than likely to find her in the kitchen, since her fantastic recipes have been published in *Southern Living* and *Cooking Light*. She also speaks French and Italian. A cooking show can't be far behind.

CURRENT JOB DESCRIPTION

Responsible for accurate recording of all account transactions and the preparation of all financial reports. Maintains adequate controls of receipts and disbursements.

WORK HISTORY

2011 – Present	**Sanders\Wingo** AT&T and MINI USA
2005 – 2011	**M/I Homes of Tampa**
2001 – 2005	**Reliable Roofing**
1999 – 2001	**Chili's Bar and Grill**
1998 – 1999	**JCPenney**
1998	**Idaho Parks and Recreation**
1996 – 1997	**The Chalet Restaurant**

EDUCATION

- University of South Florida, B.S. in Finance
- Hillsborough Community College, A.A. in Liberal Arts

FAVORITE LOTTERY MOMENT

Winning $65 combined total on $10 worth of Scratch-Offs that I got for my birthday.

MEMBERS OF THE LOTTERY TEAM

KRISTEN CEDARLEAF

STAFF ACCOUNTANT
Accounting Coordinator

PERSONAL HISTORY

Whoever said an ounce of loyalty is worth a pound of cleverness must have been talking about Kristen Cedarleaf. Kristen came to Asher Media from Omnicom over five years ago and made an immediate impression. She handles all the billing, invoices, journal vouchers and anything else the Texas Lottery, TXU and the American Heart Association throw at her. In her spare time, she likes to travel, run, cook, camp and see movies.

CURRENT JOB DESCRIPTION

Oversees all billing and accounting functions on the account.

EMPLOYEE

1 YEAR LOTTERY

12 YEARS IN TEXAS

WORK HISTORY

2006 – Present — **Asher Media**
TXU Energy, NTFB, Concentra, Just Brakes, Lake Austin Spa, Omni Hotels, American Heart Association, LGB&S, Wright Brand Bacon, Mattress Firm, Texas Lottery

2001 – 2006 — **Omnicom**
Harrah's, TABASCO, Pepsi, Taco Bell, Saturn

EDUCATION

- Trade School

FAVORITE LOTTERY MOMENT

Giving lottery tickets as stocking stuffers and then watching them scratch them off in hopes of winning something!

MEMBERS OF THE LOTTERY TEAM

SYLVIA McCLENDON

STAFF ACCOUNTANT
Media Payables

PERSONAL HISTORY

Having served in the U.S. Navy, Sylvia brings a unique perspective with her to Asher. Her experience in the armed forces has translated to determination and a sincere passion for her job. Her problem-solving skills and attention to detail serve her as well when she's solving Sudoku puzzles as when she's working for her clients, which include TXU Energy, Oncor, Omni Hotels, Just Brakes and Texas Lottery. And by the way, Sylvia is a Texan through and through. Move out of the Lone Star State? Not going to happen.

CURRENT JOB DESCRIPTION

Oversees all billings and accounting functions on the account.

WORK HISTORY

2010 – Present	**Asher Media** Texas Lottery, TXU Energy, Oncor, Omni Hotels, Just Brakes, CRO
1995 – 2010	**Belo Corp/*Dallas Morning News***
1984 – 1995	**Ginnie Johansen Designs**

EDUCATION

- U.S. Navy

FAVORITE LOTTERY MOMENT

We bought a Scratch-Off ticket about five years ago and won $500!

MEMBERS OF THE LOTTERY TEAM

RITA ARMENDARIZ

STAFF ACCOUNTANT
Client Accounting Manager

PERSONAL HISTORY

Rita Maria is a morning person. In fact, we wouldn't be surprised if her blood type were Pike Roast. She also boasts a 15-year background in financial and operational management with a reputation for implementing programs to improve performance. Her experience in a variety of industries gives her a well-rounded perspective on her client's business. Outside of work and coffee, Rita spends time with her husband and three children.

CURRENT JOB DESCRIPTION

Oversees all billings and accounting functions on the account.

SW EMPLOYEE

42 YEARS IN TEXAS

WORK HISTORY

2001 – Present	**Sanders\Wingo** AT&T, EL Paso CVB, Peter Piper Pizza, Las Palmas Del Sol, MINI, EL Paso Electric, Texas Gas, University of Texas at El Paso, U.S. Postal Service
1995 – 2000	**Mission Linen & Uniform Service**
1990 – 1995	**SAS Factory Shoe Store**
1987 – 1990	**Temple Fashions**

EDUCATION

- Austin High School, El Paso, Texas

FAVORITE LOTTERY MOMENT

I like to hear the stories of lottery winners.

MEMBERS OF THE LOTTERY TEAM

ALICIA JIMENEZ

BILLING COORDINATOR
Finance Coordinator

PERSONAL HISTORY

Alicia has been with TracyLocke and Omnicom in general for over 12 years, three of those on the Texas Lottery account. She knows how to keep the billing details in order and is a stickler for detail. Of course, having four kids ranging in age from one to 14 has taught her a thing or two about order.

CURRENT JOB DESCRIPTION

Collects, assembles and processes invoices, estimates and overall accounting documentation.

WORK HISTORY

2008 – Present	**TracyLocke**	Texas Lottery, Pizza Hut, Nokia
1997 – 2008	**OMS**	Various Omnicom agencies

EDUCATION

- Skyline High School

TL EMPLOYEE

3 YEARS LOTTERY

32 YEARS IN TEXAS

FAVORITE LOTTERY MOMENT

My favorite moments working on this account are when we get no billing binder questions – we work so hard to get everything right the first time, so it's a great feeling when it pays off!

MEMBERS OF THE LOTTERY TEAM

AMI BAXTER

BILLING COORDINATOR
Operations Manager

PERSONAL HISTORY

There are those who set the bar high, and then there's Ami Baxter who raises it even higher. Since joining Asher in 2005, she has become a jack of all trades. That's how she can balance billing for brands like the Texas Lottery, Peterbilt and Mrs Baird's Bread with two kids. And as if that weren't enough, she caught the photography bug too.

CURRENT JOB DESCRIPTION

Collects, assembles and processes invoices, estimates and overall accounting documentation.

EMPLOYEE

1 YEAR LOTTERY

33 YEARS IN TEXAS

WORK HISTORY

2005 – Present	**Asher Media** TXU Energy, Consolidated Restaurants Operations, Wingstop Corporate and Franchisee, Wright Brand Bacon, Texas Lottery
2004 – 2005	**Fain & Trip** Yamaha Motor Sports
2003 – 2004	**CableONE** Local businesses in the Sherman/Ada market
2000 – 2003	**Asher Media** TXU Energy, Consolidated Restaurants Operations, Wingstop Corporate and Franchisee, Wright Brand Bacon
1998 – 2000	**MediaWise** Mary Kay Cosmetics, Tia Rosa Tortillas, Siecor Fiber Optics
1997 – 1998	**LMS Marc**

EDUCATION

- Southern Methodist University, B.A. in Advertising

FAVORITE LOTTERY MOMENT

My uncle won over $200 when he came to Texas! The thought of winning that easily was just amazing to us!

MEMBERS OF THE LOTTERY TEAM

LAYLA GARCIA BILLING COORDINATOR

PERSONAL HISTORY

Layla is a fantastic people person and student of human nature, which makes her a perfect choice for the Sanders\Wingo family. She's got a sharp eye and a keen mind for finance, making her a tremendous resource for her account team. She also has a strong background in human resources and is a key part of the wonderful culture at Sanders\Wingo. Her respect for each person's feelings, lifestyle and beliefs is legend. After work, she's still got energy to burn, so you'll find her each day at the gym.

CURRENT JOB DESCRIPTION

Collects, assembles and processes invoices, estimates and overall accounting documentation.

WORK HISTORY

2009 – Present **Sanders\Wingo**
All clients

SW EMPLOYEE

29 YEARS IN TEXAS

EDUCATION

- El Paso Community College
- Park University

FAVORITE LOTTERY MOMENT

Buying Scratch-Off tickets for people as gifts.

6.3 AGENCY STAFF POSITION DEFINITIONS

Proposers shall indicate all staff that will fill the following positions. If the Proposer plans to subcontract for these services, hourly rates should be listed in the cost proposal, Attachment H.

Below we have identified the staff that will fill each of the following positions for the Texas Lottery. Where applicable, we have also included staff identified by our Subcontractors, Sanders\Wingo and Asher Media. In the event that staff has yet to be identified, we commit to having the position staffed by the Contract start date. All hourly rates (across agencies) have been included in the cost proposal, which has been included in the original binder.

6.3.1 Account Management

Group Account Director – Serves as the brand steward on determining the client's strategic brand objectives by leading the client, reassessing the brand position and managing the internal team resources to best service the overall client account. Responsible for a specific group of accounts and manages the client relationship.

Kim Elenez – TracyLocke
Leslie Wingo – Sanders\Wingo

Account Director – Ensures the timely development and execution of plans, campaigns and projects to assure goals are achieved. Supervises the development of the advertising activities in accordance with client's objectives and budget limitations. Provides direct supervision of all account service staff.

Kryslyn Burks – TracyLocke
To be filled by Contract start date – Sanders\Wingo

Account Supervisor – Initiates planning that will lead to execution of advertising activities for clients. Consults with creative, media, production and account planning to be certain client objectives are clearly understood and then to develop alternative strategic solutions. Supervises Account Executives in their direct responsibility for the development of approved plans and analysis.

Emily Hutchens – TracyLocke
Roslyn Swindell – Sanders\Wingo

Account Executive – Manages projects from start to finish and develops a strong working rapport with day-to-day client contacts. The Account Executive is the liaison between the client and the creative team to ensure the client's needs and goals are being met on every project.

Lauren Borsheim – TracyLocke
Audrey Garcia – Sanders\Wingo

Junior Account Executive – Provides support to the account services team to ensure projects are on strategy, meet deadlines and are within budget.

To be filled by Contract start date – TracyLocke

Account Coordinator – Responsible for supporting client-related and administrative activities of the account service teams.

Crystal Fortune – TracyLocke

6.3.2 Account Planning

Account Planner – Brings research and other information and inputs to bear on accounts in order to bring a greater degree of consumer insight to advertising.

Lance Hill – TracyLocke
Natalie Anderson – TracyLocke
James Lanyon – Sanders\Wingo
Pearl Owen – Sanders\Wingo

Assistant Account Planner – Responsible for drafting, prep work and executing elements of the account planning process under the guidance and direction of an Account Planner.

Jennifer Burkey – Sanders\Wingo

6.3.3 Media

Media Director – Oversees management of all media strategies, planning and buying. Presents media plans, as needed, including objectives, strategic research and demographic analysis. Supervises the development and execution of media plans.

To be filled by Contract start date – TracyLocke
Kalyn Asher – Asher Media
Sheryl Standifer – Asher Media
Jackie Barrera – Asher Media, Buying
Ellen Ordaz – Sanders\Wingo
Tori Scott – Sanders\Wingo

Associate Media Director – Responsible for all media activities including developing the media plan, and selecting media to achieve sales objectives within a predetermined budget. Supervises planners and buyers and has client contact.

Jenn Timmer – TracyLocke, Planning
Lynn Haten – Asher Media, Planning
Christi Swanner – Asher Media, Buying

Media Planner – Implements the process and assists with the management of the strategic and tactical execution of all media products. Evaluates composition of a wide range of media vehicles to determine which would most effectively reach the target audience.

Michelle Stojanik – TracyLocke, Planning
Stephanie Wavro – Asher Media, Planning

Junior Media Planner – Responsible for drafting media recommendations and plans gathering statistics, and studying demographic data and consumer profiles. May also track and analyze advertising expenditures.

Hilary Hanger – TracyLocke, Planning
Mary O'Connor – Asher Media, Planning

Media Buyer – Negotiates with media sales representatives to buy and place advertising for clients, calculates rates and budgets, and ensures that ads appear as specified. Also responsible for negotiating added-value opportunities.

Mary Kim – Asher Media, Buying
Megan Kobos – Asher Media, Buying
Stephanie McCallister – Asher Media, Buying
Laura Jane Prokarym – Asher Media, Buying
To be filled by Contract start date – Sanders\Wingo

Junior Media Buyer – Assists the Media Buyer with negotiating media, entering rates and makegoods and following up on invoice discrepancies.

Nicole Boutin – Asher Media, Buying
Lauren McFarland – Asher Media, Buying
Courtney Mocio – Asher Media, Buying
Katie Rogers – Asher Media, Buying

6.3.4 Creative

Creative Director – Oversees all creative projects and staff and is responsible for the overall quality of work produced by the creative department. Manages creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the creative team in the production of advertising and marketing collateral.

Dino de León – TracyLocke
Kyle Jones – TracyLocke

Michael Apodaca – TracyLocke, Special Events
Shanteka Sigers - Sanders\Wingo, African American Market
Enrique Zaragoza – Sanders\Wingo, Hispanic Market

Associate Creative Director – Responsible for the preparation of advertising and marketing concepts and the production of collateral materials. Establishes and maintains high internal quality by originating creative ideas, managing project time lines, adhering to creative briefs and ensuring consistency of strategic branding.

Ryan Blum – TracyLocke
Sam Bonds – Sanders\Wingo

Art Director – Develops advertising creative concepts in partnership with Copywriters. Possess solid understanding of the market dynamics of assigned product(s).

Monty Brown – TracyLocke, Digital
David Hahn – TracyLocke
Tyler Kitchens – TracyLocke
Sean Leonard – TracyLocke, Digital
Kyle Zamzow – TracyLocke
Lilia Alvarez – Sanders\Wingo, African American Market
Memo Correa – Sanders\Wingo, Hispanic Market

Copywriter – Responsible for original conceptions, clear, concise and convincing writing for grammatical and material accuracy. Conceives and executes advertising consistent with the agreed strategy.

Lou Allison – TracyLocke
Bradford Barron – TracyLocke
Jeff Richey – TracyLocke
Terry Woodroffe – Sanders\Wingo, African American Market
Jose Bencomo – Sanders\Wingo, Hispanic Market

Copy Editor – Prepares written material for media by reviewing copy and verifying facts. Rewrites or modifies copy to clarify meaning and to conform to client's style guidelines and policy. May also create headlines or captions. Confers with copywriter/author regarding text changes and marks copy for typesetter using standardized code.

Sharisse Hubbard – TracyLocke, N-GEN Studios
Michael Tinsley – TracyLocke, N-GEN Studios

6.3.5 Digital

Digital Creative Director – Oversees all digital creative projects and staff and is responsible for the overall quality of work produced by the digital team, including websites, Internet-based ads, social media applications, viral marketing components, branded games, animated/video displays, mobile marketing, etc. Manages digital creative projects from concept to completion and translates marketing objectives into creative strategies. Leads and directs the digital creative team in the production of advertising and marketing initiatives in the digital space.

Michael Piekarski – TracyLocke, Digital

Digital Producer – Responsible for managing digital media projects from strategic development to tactical execution. Ensures timely delivery of projects within budget. May include programming background and oversight.

Jocelyn Frank – TracyLocke, Digital

Digital Specialist – Assists Digital Producer in executing digital media projects. May include assistance with project schedules, budgets, etc. May include programming background.

Heather Martin – TracyLocke, Digital

Programming Specialist – Provides programming support to execute against marketing goals including the development of microsites, mobile applications, games, etc.

Chris Kobler – TracyLocke, Digital
Jesse Pulsipher – TracyLocke, Digital
Troy Vinson – TracyLocke, Digital

6.3.6 Production

Production Manager – Manages production of a variety of projects. Duties include project planning, workflow management, vendor negotiations, cost control, quality control, logistical coordination and press checks.

Kimm Daulton Wynne – TracyLocke
Ethel Stephens – TracyLocke
Mark Van Duinen – TracyLocke, N-GEN Studios

Production Coordinator – Provides logistical support to production department. Duties may include tracking and scheduling projects, filing summary reports, archiving and preflight formatting of collateral, and invoice management.

Adam Hawbaker (broadcast) – TracyLocke
To be filled by contract start date (print) – TracyLocke

Broadcast Producer – Provides logistical support to the broadcast production department. Duties may include tracking and scheduling projects, filing summary reports, archiving and preflight formatting of collateral and invoice management.

Diana Payer – TracyLocke

Print Producer – Manage and oversee logistics of printed marketing materials, including point-of-sale, out-of-home, signage, etc. Responsible for developing effective and efficient print solutions while controlling cost and ensuring quality control.

Denise Thomas – TracyLocke

Print Production Specialist – Assists design teams in graphic production for collateral, packaging, display and advertising projects.

Lincoln Durham – TracyLocke, N-GEN Studios
Kevin Pinell – TracyLocke, N-GEN Studios

Art Buyer – Experienced in art buying, stock photo buying, photo shoot production, budget negotiation and a thorough knowledge of print advertising. Coordinates, selects and recommends talent portfolios. Maintains awareness of visual trends in the graphic arts field. Negotiates and produces written model and property releases.

Virginia Burchell – TracyLocke

Traffic Specialist – Coordinates scheduling, processing and trafficking of advertising and other creative projects. Serves as a liaison between outside vendors and agency departments to coordinate efficient and timely creative project processing. Responsible for creating project schedules and job estimates, maintaining records of action and work flow on projects, and routing projects for approval.

Tamara Akkub – TracyLocke

Project Manager – Oversees the project from inception to completion, including creation of project schedule, managing resources for deliverables and ensuring adherence to the approval process.

Natalie Bills – TracyLocke

Translator – Provides linguistic services, including translation in multiple languages, terminology creation and management, editing, proofreading, studio linguistic advising and post-processing (for recordings), and cultural review.

Marco Rosales – Sanders\Wingo
Any additional translation needs will be subcontracted through Sanders\Wingo.

6.3.7 Promotions

Promotional Event Planner – Creates and coordinates activities related to the development, execution and evaluation of events and sponsorships. Duties may include identifying event locations; developing budgets; negotiating sponsorships and events; acquiring event permits; securing emcees and/or ambassadors, and promotional giveaways; overseeing setup and tear down of event location; ensuring availability of proper equipment and supplies; and coordinating activities.

Lauren Borsheim – TracyLocke

Promotions Specialist – Ensures successful promotional events and sponsorships.

Assists with coordinating the activities related to the development execution and evaluation of events and sponsorships. May assist in on-site management of events and sponsorships.

Emily Hutchens – TracyLocke

6.3.8 Finance

Finance Manager – Responsible for accurate recording of all account transactions and the preparation of all financial reports. Maintains adequate controls of receipts and disbursements.

Elaine Fry – TracyLocke
Chellia Humphrey – Asher Media
Lacie Griffin – Sanders\Wingo

Staff Accountant – Oversees all billings and accounting functions on the account.

Kristen Cedarleaf – Asher Media
Sylvia McClendon – Asher Media
Rita Armendariz – Sanders\Wingo

Billing Coordinator – Collects, assembles and processes invoices, estimates and

overall accounting documentation.

Alicia Jimenez – TracyLocke
Ami Baxter – Asher Media
Layla Garcia – Sanders\Wingo

6.4 AGENCY STAFF POSITION CHANGES

6.4.1 The Successful Proposer shall commit to providing the same Account Director and Supervisor for all Texas Lottery projects. If the Account Director or Supervisor, respectively, is re-assigned or no longer assigned to the Texas Lottery account, the Successful Proposer shall fill the vacant position with an individual who has comparable or better experience and training. That replacement shall be made subject to the Texas Lottery's written approval.

Kryslyn Burks (Account Director) and Emily Hutchens (Account Supervisor) will continue to service the account in the new Contract. If any unforeseen staffing changes arise, including but not exclusive to the aforementioned, we will fill the vacant position with someone of comparable or better experience and training.

6.4.2 As required under RFP Section 3.13.2 (Lottery Approval of Staffing), the Successful Proposer shall provide the Texas Lottery written notification and justification of any personnel changes involving employees or any Subcontractors involved in the service of the Texas Lottery account within three (3) Working Days of the personnel changes. The Successful Proposer must send the Texas Lottery the résumé of the person who is to be hired or placed, and the Successful Proposer must receive written approval from the Texas Lottery prior to the person working on the account.

We have read, understand and will continue to comply with this process. We acknowledge that per Section 4.6, background investigations may also be included in the staffing approval process.

SECTION SEVEN
SCOPE OF SERVICES

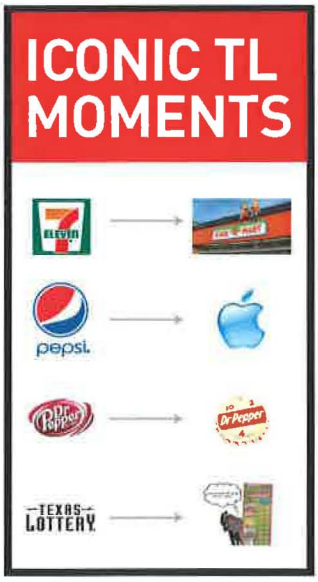
TEXAS LOTTERY PROPOSAL

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

7.1.1 The Successful Proposer must be able to perform the functions of a full-service advertising agency, including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution. The Successful Proposer shall exhibit a thorough understanding of Texas as a minority-majority state and must demonstrate the ability to effectively reach and speak to the general and ethnic markets. The Successful Proposer must also exhibit strong digital advertising expertise including social and mobile media.

As we mentioned in Section 4.1.1, in 2013, TracyLocke will celebrate its centennial. That's 100 years of experience working with brands to solve their communications needs. Over those years, we've built advertising that has fueled popular culture, grown clients' businesses and even built icons of Texas' culture. From powerhouse brands like current clients Pepsi, T-Mobile and Starbucks, to Texas favorites like Borden and Dr Pepper, we create to make impact.

We're honored to include the Texas Lottery Commission as part of that history. And in the minds of many Texans, the campaigns we have built for the Lottery are a part of our legacy. Whether it's turning 7-Eleven stores into Simpsons Kwik-E-Marts or the elephant for our Texas Lottery Blockbuster Scratch-Off game, we know the Texas marketplace and build communications that resonate – in some cases, for many years to follow.



Admittedly, the definition of a full-service agency has evolved over those many years. We make it our business to stay ahead of where the industry and marketplace are going. Clients have trusted us with a diverse spectrum of communication needs, largely turnkey. We work with organizations (both in the private and public sectors) to build long-term brand equity. We do this through a series of individualized campaigns that we build, shoot, plan, buy and measure. Whether it's a TV spot, social media program or event – we are creators of content in all its forms. We do what's right to meet our clients' business and marketing objectives.

Our rallying cry is "creativity with consequence" – no creative award replaces the satisfaction we feel when we positively impact a client's business.

As such, TracyLocke is well-qualified to continue performing the following functions of a full-service advertising agency, including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution. We've detailed these capabilities, as well as others, below.

	7-Eleven	Buffets, Inc.	Chase	HP	PepsiCo	Pizza Hut	Starbucks	T-Mobile	Texas Lottery
Branding	✓	✓	✓	✓	✓	✓	✓	✓	✓
Creative	✓	✓	✓	✓	✓	✓	✓	✓	✓
Production & Fulfillment	✓	✓	✓	✓	✓	✓	✓	✓	✓
Media Planning	✓			✓	✓	✓	✓	✓	✓
Media Buying	✓				✓	✓	✓	✓	✓
Digital	✓	✓	✓	✓	✓	✓	✓	✓	✓
Event Marketing	✓		✓	✓	✓	✓	✓	✓	✓
Consumer Promotions	✓	✓	✓	✓	✓	✓	✓	✓	✓
Shopper Marketing	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social Media	✓	✓	✓	✓	✓	✓			✓
Mobile	✓		✓		✓	✓		✓	✓

Branding

Brand building is at the core of what we do at TracyLocke and has been for nearly 100 years. We believe that branding should happen at every touchpoint throughout the consumer's/shopper's path to purchase whether it is broadcast, digital, out-of-home or at retail.

Creative

With nearly 150 employees in our creative department across our U.S. offices, our creative capabilities are diverse and experienced. Name a category, channel, medium or discipline, and we've worked in it, driving business results and winning industry awards along the way.

Adding credibility to our innovative creative solutions, we are proud of each of the many awards we have received. In the last two years, we've won 4 Promo Pro Awards, including Best Promotion of 2011 and Best Creative, a Cannes Lion for our work with Gatorade, 36 Addy Awards, 2 Promo Interactive Marketing Awards, 2 Design of the Times Gold Awards, a Radio Mercury Award, 4 Reggie Awards, a Silver Effie and a Globe for Best Sponsorship Campaign.

We have also won many awards on behalf of the Texas Lottery, including 2 Dallas NY Festivals Finalists, 5 Addy's (4 Local, 1 Regional) and multiple NASPL awards, including the 2011 Best New Instant Game: Texas Lottery Black.

Multicultural Marketing

Understanding the Texas Lottery's very specific needs, we sought to identify an ethnic marketing partner that could provide best-in-class expertise specific to Texas' diverse population. Sanders\Wingo's capabilities are the ideal match for TracyLocke and the Texas Lottery.

Since its beginning in 1958, Sanders\Wingo has grown from a local agency offering retail marketing solutions to a national presence offering regional and nationwide brand opportunities. Today, they are a full-service advertising and marketing communication firm specializing in Hispanic and African American audiences, with more than 90 employees working from primary offices in Austin and El Paso, as well as four satellite offices throughout the United States.

Sanders\Wingo collaborates with its agency partners and clients to help maximize brand recognition and increase preference among ethnic audiences. Their core competencies include:

- Research
- Strategic Planning and Development
- Media Planning and Placement
- Creative Development
- Interactive/Digital/Mobile
- Social Media
- Production
- Analytics/Measurement

Sanders\Wingo's combination of capabilities and team-spirited attitude provide us with a resource that is truly an extension of the TracyLocke team. Their desire for building campaign ideas that stem from a single concept is perfectly aligned with TracyLocke's perspective, so we are thrilled to have them on the team.

Production & Fulfillment

Our in-house production services work across several areas of expertise, including broadcast, print, art and digital. Additionally, we have an in-house production studio, N-GEN Studios, that our producers work with on a daily basis. Their three primary disciplines (print, motion and creative imaging) are centralized within the agency to ensure brand consistency, program messaging and visual continuity across all of our clients' projects.

The creative imaging department includes retouching, illustration and photography. Our in-house photographer and photo studio give us the flexibility to shoot products and models in-house while at the same time saving costs normally spent on rights-managed photography.

Media Planning

We offer holistic media solutions with a 360-degree view. Simply put, we don't divide disciplines. Every planner is expected to utilize the best mix to meet client objectives, working hand-in-hand with the creative department. This allows us to leverage our full planning power across all platforms for maximum efficiencies. This also yields greater merchandising/value-added opportunities that further enhance our clients' ROI. Our Media Strategists' approach envelops the entire landscape of in-home, on-the-go and at-retail platforms. Our Media team, armed with a robust toolbox, works to turn ideas and innovation into marketplace impact.

Media Buying

With regard to the Texas Lottery, TracyLocke has an exclusive partnership with Asher Media. The broadcast buying team at Asher Media is composed of senior media buying professionals. Their expertise spans virtually every market in the U.S., with specialists for Texas markets and a current concentration in local broadcast buying.

With regard to broadcast buying, Asher Media is a geographically structured buying group with a Market Specialist focus. This approach ensures that each buyer is an expert in his/her respective market. Each buyer is required to:

- Know not only the stations/reps, but also station management.
- Receive the best opportunities first, before other buyers in the market.

- Fully understand the strategies and tactics of our partner clients.
- Secure the best deals through firm yet fair negotiations.

Our specialists use this knowledge, their station relationships, as well as Asher Media's collective client-base clout, to deliver costs well below published industry averages. And they negotiate significant return on investment for added-value elements with every buy – this includes no-charge ROI on elements such as bonus units, billboards, vignettes, tickets, sponsorships, promotions, remotes and digital extensions on behalf of our client partners.

Digital

This year TracyLocke completed an integration with another Omnicom subsidiary, Tribal DDB Dallas, a full-service digital arm of Tribal DDB. Tribal DDB is a world class group of digital communications experts, proven by campaigns for Mountain Dew, Bud Light and Pepsi. They were named *Adweek*'s "Agency Network of the Year" in 2005 and became the first interactive agency to be named *Advertising Age*'s "Global Agency of the Year" in 2008.

This move helped TracyLocke further build its digital capability to include social, mobile, web and hosting. From creative concept to development, we use in-house talent and expertise. Our capabilities in this space are robust; in the following question, 7.1.2., we'll further outline our capabilities to illustrate the scope of this resource.

Translations

Beyond conducting straight translations, we understand the importance of having a deep understanding of regional and cultural nuances. This is taken into consideration depending on market and media placement. For languages beyond Spanish, Sanders\Wingo has worked with translation services, including American Language Technologies (americanlt.com), LinguaLinx (lingualinx.com) and Trusted Translations (trustedtranslations.com).

Event Marketing

We create events that provide a new standard of engagement between brands and their consumers. Whenever possible, we require a sampling or sales component to ensure the event is directly connecting the brand with its clientele to build the business. We've worked with a variety of brands and audiences to get them to interact in surprising, new ways.

Consumer Promotions

The promotions we develop at TracyLocke are designed to engage the consumer with the brand. We develop programs that include national promotions, retailer-specific initiatives, partnership marketing, sports marketing, loyalty programs, sweepstakes and event/experiential. Over the past decade, we have leveraged digital, social and mobile technologies to create more engaging promotions. We consider promotions a core area of expertise at TracyLocke, and we're not alone. We were recently named *PROMO* magazine's 2011 "Promo Agency of the Year."

Shopper Marketing

We offer full-service shopper marketing capabilities from research, strategy and creative development to execution and measurement/ analytics. We have experience in category management, national programs, account-specific initiatives, packaging, environmental design, in-store events and merchandising. We have proprietary models for creating joint value between a manufacturer's brand and a retailer brand. Every employee at TracyLocke breathes retail. We've consistently been listed as one of *Hub Magazine's* top five shopper marketing agencies over the past four years.

Putting These Capabilities to Work for the Texas Lottery

Additionally, we already have the historical knowledge, systems and procedures in place to make the day-to-day aspects of the Texas Lottery account run smoothly out of the gate. With an account as labor-intensive and regimented as the Texas Lottery, the transition time to get a new agency up to speed could easily be six months to a year. We understand fully what is required to handle this account and what it takes to make it run like a well-oiled machine. If you choose to continue working with TracyLocke (and therefore Asher Media and Sanders\Wingo), we can guarantee there will be no transition time needed. We can hit the ground running and get to work immediately to make FY 2013 and beyond even more successful than the previous nine fiscal years.

7.1.2 Digital Strategy. Several elements of the Texas Lottery's digital strategy are provided by the Lottery and its lottery operator vendor. Proposers are anticipated to play a significant role in the expansion and growth of existing digital strategies and platforms (e.g. social media, interactive advertising, and mobile media, etc.). Proposers are required to discuss their skill and experience in executing interactive communications across various platforms.

As previously mentioned in Section 7.1.1, with the acquisition of Tribal DDB Dallas, our digital capability expanded significantly in 2011. Our approach to developing digital programs allows us to strengthen relationships with your audience by bringing consumer interaction into integrated campaigns. We believe an integrated consumer experience starts with a solid strategic insight and merges information architecture and creative design into the message. This approach delivers content that moves beyond simple websites or ads, and into rich, interactive experiences.

However, part of the beauty of digital programs is that the delivery of the content is only a portion of the program. Since digital campaigns are living, they are malleable. Optimization is fundamental. Therefore, once the digital campaign has launched, we enable a proven and tested approach to the project's ongoing management. This allows us to deliver clear reporting to clients and to maintain budgets and schedules. As the technology evolves, we are constantly learning and innovating within the space to provide our clients with the latest digital solutions.

Below is an overview of the services we provide:

- Web: Brand sites, e-commerce sites, content, applications
- Social: Branded communities, network pages, social applications, blogs
- Mobile: Mobile sites, SMS & MMS, couponing, applications
- Digital Media: Display ads, rich media, text ads, interactive overlay
- Search: Search engine optimization, search engine marketing
- Out-of-Home: Digital signage, kiosks
- Gaming: Web-based gaming, in-game advertising
- CRM: Email programs, loyalty programs

Social Media

Social engagement is not just a marketing function but also a new way of looking at your business and shaping it from the outside in. Our Social Media competency is a crucial element of our overall digital expertise. In order to be successful, we must first add value, not just to the community but also to the conversation. We don't shout the brand message, but instead we inspire our fans by focusing on delivering quality content they are genuinely interested in hearing. We create purpose for each personality.

Our goal socially is to spark conversations and overshadow the negative. By truly listening, participating and advancing the wants/needs of our users, we will change the way we do business and provide them more than just a Lottery gaming experience.

Our approach to building social media programs involves three steps:

1) Listen – Listen and learn to drive insights.

Active listening to what our consumers are saying is paramount. Only by understanding their interests can we engage with them effectively. Similar to a public relations strategy, your social media strategy must be built upon a foundation that relates to your consumers from a credible, relevant perspective.

2) Participate – Build the social presence by actively participating in conversations.

Engaging with the brand's social community is critical to establishing an authentic brand persona. Consumers want to know that a brand is alive and active, not simply an automated device. This also creates opportunities to engage directly with consumers, bolstering their loyalty. There is a time commitment to this approach, but it will pay dividends from your fans.

3) Advance – Extend our reach and expand campaigns.

Enabling this complete process can encourage sharing of the brand's content and message. The quality of this sharing is unique and powerful since the person passing it along adds significant credibility to your content through an implied or direct endorsement of it. To achieve more sharing, we must empower creativity in our content. Make it relevant, honest, fun and, most important, shaped by consumers' interests from steps 1 and 2 above.

Mobile

The mobile phone has become the remote control of our lives. It is no longer just another touchpoint, but can and should serve as a constant thread through all initiatives. Consumers today expect that all content should not only be readily available on their devices, but should also be tailored toward them. The key is figuring out what they want and when they want it.

- **Opt-in is key.**

  This self-selection process primes consumer behavior to be accepting and responsive to promotions and offers they receive. It also always allows us to restrict participation based on age. Our ability to control access to consumers 18+ is critical in the development of all social, digital and mobile recommendations.

- **Accessibility.**

  We strive to be device agnostic, which means, regardless of whether a subscriber has a smartphone or a feature phone, a marketer can still create a meaningful consumer interaction.

- **Real estate is at a premium.**

  Because the mobile device offers limited screen space, the experience is optimized for viewing on smaller screens with less scrolling and zooming.

- **Know what I want.**

  Personalized content makes all the difference when trying to engage a customer. Because smartphones know where we are and what time it is, content can and should be tailored based on whom we're talking to, where they are and when they're there. This makes the engagement much more relevant.

  It's also important to note the role diversity plays in the space. Attitudes and participation in this space vary by culture. Working with our partner, Sanders\Wingo, we will optimize each recommendation to the appropriate audience.

Setting the foundation for the Texas Lottery brand

We believe the Texas Lottery brand's behavior with digital platforms must be an extension of its behavior everywhere else. Doing the opposite would be a breakdown in delivering a consistent brand experience, doing more harm than good. By considering all digital

touchpoints an opportunity to extend the Texas Lottery experience, we can give consumers a new dimension in engaging with the brand, ultimately strengthening relationships with players while promoting products.

Our personality is fun, lighthearted and optimistic, but how does delivering that online drive sales? Answering that question is the goal of our recommendation, because we believe every effort, every time we communicate with consumers, must be focused on the Texas Lottery's primary mission: generating revenue for the State of Texas through responsible management and sale of lottery products.

Therefore, our digital strategy recommendation is built with the following two objectives in mind:

1) Drive sales at retail.

2) Increase relevant engagement.

Where are we today in accomplishing these digital objectives?
Currently, we are at a place of low engagement.

Where do we want to be?
Driving sales based on strong digital engagement.

How are we going to do it?
It is important that the strategy deliver on both objectives equally. Driving consumers to retail benefits the organization today, while increasing engagement drives brand consideration, benefiting the organization in the future.

We must be realistic about the capabilities of digital tactics, as not all will have the ability to immediately drive sales and consideration. We must look to the entirety of the program to accomplish the objectives.

Since the Texas Lottery is new to the digital space and we understand all the sensitivities to consider, we recommend tackling the endeavor slowly.

We'll address the approach for each objective.

1) Drive sales at retail. (Benefits now.)

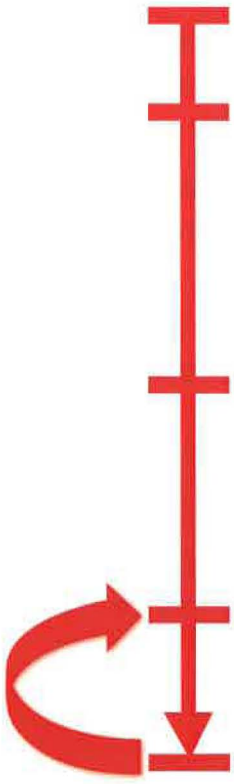
With the Justice Department's reinterpretation of the law in December 2011, many states have begun to explore selling tickets online. While that may be the case for those states, it

will be some time before Internet lottery sales come to Texas. We recommend building an online strategy that focuses on driving customers to the retailer, with the acknowledgement that one day a new online revenue channel may open.

When retailers succeed, so does the Texas Lottery. Our digital communications should funnel consumers to the counter.

2) Increase relevant engagement. (Benefits the future.)

Consumers have come to expect brands to have a presence online. They expect it the same way they expect to see TV commercials or point-of-sale materials. Like most other advertising media, consumers need a good reason to seek out brands online. Therefore, our digital communications must stand out to get noticed by using brand appropriate pillars. We recommend evaluating each component of the digital plan by asking: Does this grow our brand perception? Will this get noticed? Is this interesting? Does it encourage response? Only when we can say yes to those questions will we be delivering relevant engagement online.



Start slow and test a variety of tactics.

Be present on consumer destinations.

- Facebook: relevant content on a widely used platform – in concert with the Facebook recommendation we delivered 1/26/12
- Online advertising: relevant content on websites consumers are already visiting

Build fun digital devices for when consumers want to engage. (When we're fortunate enough to have consumers seek us out, reward them with a brand appropriate device that interests them.)

- Microsite: a place with something special for consumers

Listen and analyze.

- Based on the varieties being tested above

Adapt.

- Adjust as necessary and build a program based on consumer response and behavior.

We believe the following path offers an effective strategy to more deliberately deliver on the two core objectives.

This path illustrates a simple approach that ensures we deliver a controlled, engaging message that keeps pace with what consumers want to hear and see from the Texas Lottery brand. Because of the nature of online media, the repetition of the *Listen & Analyze* and *Adapt* phases is critical to keeping on track with our objectives.

Though we need to activate this process for very specific learning, our experience tells us that mobile will be an extremely effective tool. Consider these points:

- Mobile is an on-the-go capability, perfectly suited to connecting with our consumers when closest to retailers.
- Mobile skews high among both Hispanics and African Americans.
- While Hispanics are less likely to have home Internet access than Caucasians, they are more likely to connect via a mobile device. The Hispanic community leads the trend with 59% mobile Internet users compared to 52% of African Americans and 43% of Caucasians.
- Mobile technology has developed so extensively that the user interface has little difference from laptops. It is truly the third screen.
- For many, mobile devices have become suitable substitutes for laptops even when at home: 86% of mobile Internet users are using their devices while watching TV.

If we become the Successful Proposer of this contract, we would like to continue exploration of mobile in accordance with developments in your business. As the Texas Lottery develops new online technology in conjunction with GTECH, we recommend placing significant focus on mobile should our digital process be enacted. In July of 2011, we presented a framework for a mobile app experience. We look forward to working with you in bolstering this activation point, as we believe it will drive business at retail significantly.

7.1.3 Advertising Related Market Research and Planning. Most research services are currently provided by the Texas Lottery or its research vendors. However, Proposers are required to discuss their in-house research capabilities, and/or access to research resources for the Texas Lottery account.

At TracyLocke, we have a robust planning department comprising of Brand Planners, Retail Strategists and Business Analysts. Their primary charge is to provide a clear identification and quantification of human behavior so that we can understand how the brand should engage with consumers and shoppers along the dynamic path-to-purchase, and to increase our ability to look back and optimize in real time.

In order to gain the necessary insights, our team has strong capabilities in both primary research methodologies (quantitative and qualitative) and secondary research analysis. We understand that the Texas Lottery has a relationship with Ipsos Reid. We are comfortable with this engagement, as we work with researchers directly on other clients' businesses. We will continue to work with them through the appropriate channels.

We would love the opportunity to expand upon your current stable of research, using our capabilities outlined below.

Primary Research Capabilities

Our team has expertise in conducting quantitative studies both large and small, fielded online and over the telephone as respondent screening criteria dictate, as well as qualitative consumer intercepts, ethnographies, shop-a-longs and focus groups.

TracyLocke's and Sanders\Wingo's combined primary research toolset includes proprietary studies that each agency commissions to provide additional thought leadership for our clients, as well as research tools we can tap into on a project-by-project basis. A few of these proprietary tools include:

Shoppability Study™ is a research methodology and database used to measure the physical and virtual touchpoints of a shopper's experience. With that data, we are able to prescribe prioritized improvements a retailer or brand should make, and we can use the same data to predict increases in amount spent, loyalty, satisfaction and word of mouth.

Moods of Moms™ is a study conducted every four years to map the mindsets of moms during the calendar year. Understanding the natural cycles caused by seasonality helps shed light on how and why moms shop, which, in turn, allows us to develop more relevant communications.

digital-DNA™ is a digital platform developed to provide access to consumer insights via computer or mobile devices. A panel of more than 1.4 million prequalified and prescreened respondents empowers consumers to evaluate everything from ads to packaging and to provide feedback on positioning, statements and trends.

Noiz-E™ is a digital portal enabling brands to engage consumers digitally over an extended period of time, not just a couple of hours or a day. This platform is used to observe general trends or to answer specific questions a client might have about an audience. Consumers post their thoughts, pictures, videos, etc., and share their experiences on a daily basis.

LATTE™ is an innovative, proprietary out-of-home planning tool based on consumer lifestyles and environments. LATTE correlates data on where people are living their lives and spending their time outside of the home with data on the communication vehicles/tactics that can be employed to reach them at those times and in those places.

Secondary Research Resources

We also have a robust selection of secondary research subscriptions, including:

- Forrester – Independent technology and market research company that advises on the existing and future impact of technology
- GfK MRI – Survey of the American Consumer provides quarterly data on who Americans are, what they buy, how they think and the best ways to reach them
- Experian Simmons – National survey with more than 6,000 data elements, including products, brands, media, demographics and lifestyle characteristics

- Scarborough – Provides local market research, shopping patterns, media behaviors, lifestyle and demographic information of American consumers
- Mintel – Market research data, analysis and forecasts across hundreds of categories
- Path to Purchase Institute – Global association providing in-depth analysis and images of retail environments and point-of-sale elements
- Kantar Media – Offers a range of media insights and audience measurement services through the analysis of print, radio, TV, Internet, cinema, mobile, social media and outdoor worldwide
- trendwatching.com – The world's most visited source for consumer trends and insights
- TRU – The world leader in tweens, teens and 20-somethings research and insight
- Hitwise – Provides insights on how Internet users interact with more than a million websites across 165+ industries
- Alterian – Helps organizations to create relevant, effective and engaging experiences with their audience that add value and reinforce the brand
- ESRI – Geographic information system that leverages geographic insights to address social, economic, business and environmental concerns on local, regional, national and global scales

These tools provide additional data and context in developing strategies for our clients.

Tracking and Measurement Expertise

Additionally, we have specialists in Analytics and ROI who work hand-in-hand with our Strategic Planners to ensure we have business objectives driving our strategy and a measurement plan in place so that we can track, learn and, most importantly, refine our programs to drive measurable business results. This team has the ability to create comprehensive consumer profiles and personas, understand the interaction of the brand across various consumer cohorts and track the consumer brand relationship, as seen with clients like HP and Pizza Hut.

7.2 ADVERTISING SENSITIVITY

7.2.1 The Texas Lottery is an agency of the State of Texas, and all advertising efforts shall be conducted in a manner commensurate with the dignity and integrity of the State of Texas. Advertising should be consistent with the core values, mission and vision of the Texas Lottery and, in accordance with the State Lottery Act, lottery advertising must not unduly influence any person to purchase a lottery product.

We have read, understand and will continue to comply with these requirements.

TracyLocke has successfully adhered to these guidelines for the past nine years and is well versed in the sensitive nature associated with the marketing and advertising of Texas Lottery products.

7.2.2 The following stipulations apply to all Texas Lottery advertising:

(1) Advertising should not unduly influence.
(2) Advertising should not over promise.
(3) Advertising should not show a change of lifestyle. Advertising should not present, directly or indirectly, any Texas Lottery game as a potential means of relieving any person's financial or personal difficulty.
(4) Advertising should not display guns, alcohol, tobacco, improper attire or imply lewd or indecent language, images or actions.
(5) Advertising should not portray product abuse, excessive play or preoccupation with gambling. It should also not imply or portray any illegal activity.
(6) Advertising should not make fun of other's pain, misfortune or impairment, physique, nor should advertising degrade the image or status of persons of any ethnic, minority or religious group.
(7) Advertising should not show any form of cruelty and/or abuse of animals.
(8) Advertising should not specifically target with the intent to exploit a person or specific group or economic class.
(9) Advertising should not create the perception that the Texas Lottery has control over where winning tickets are sold and/or purchased.
(10) Advertising should not stereotype Texans.
(11) Advertising shall not solicit children.

We have read, understand and will continue to comply with these requirements.

We take these guidelines very seriously and recognize that it is our responsibility to create advertising that preserves the integrity of the Texas Lottery brand. TracyLocke has successfully adhered to these guidelines for the past nine years and is well versed in the

sensitive nature associated with the marketing and advertising of Lottery products.

7.3 ADVERTISING AND MEDIA PLANS

Under the current contract, TracyLocke has developed similar plans that are requested in this section – nine annual plans to be exact. Each year we have strived to push the plan into new territory, bringing ideas and thinking that go above and beyond the contractual requirements. We do this because we have a passion for your business.

We understand that the more thoughtful and strategic we are, the greater the opportunity to generate funds for the Foundation School Fund.

So, yes, we acknowledge and agree to the terms you've outlined in Section 7.3. We feel confident in our ability because we have participated in this process many times before and are constantly seeking ways to add value to it, and as recently as last May, we brought forward a comprehensive strategy for FY 2012 and ideas on how to move your business forward, centered on strategies to increase participation, such as:

- An initial step into the social media landscape with a Facebook go-to-market point of view.
- Increasing traffic drivers at retail through maximizing contextual relevance.
- Developing "evergreen" opportunities to ensure a constant presence in the marketplace, bridging the gap between product campaigns.
- Identifying new methods to communicate jackpot amounts, quickly and accurately.
- Strategies focused on driving grocery retail business.
- Building an education component for jackpot games, "Don't know how to play?"
- Strengthening the media buy and shifting our definition of "general market" to truly reflect the Texas minority-majority market in general.

7.3.1 The Texas Lottery will provide the Successful Proposer with a marketing strategy including planned product flights as well as an overall budget. The strategy shall clearly define communication goals and objectives that result from the Texas Lottery's general strategy. Texas Lottery staff and the Successful Proposer shall meet as needed to review the goals and objectives. The Texas Lottery may modify and/or amend the goals and objectives at any time.

We have read, understand and will continue to comply with these requirements.

7.3.2 Advertising Plan. The Successful Proposer shall be required to develop an annual advertising plan that is consistent with the Texas Lottery's marketing strategy and must be approved in writing by the Texas Lottery. The advertising plan, at a minimum, must include:

(1) Audience profiles inclusive of both general and ethnic markets.
(2) Creative strategies for all advertising campaigns planned for the fiscal year and how these strategies achieve the goals and objectives in the Texas Lottery's marketing strategy.
(3) Relevant research to support the recommended creative strategies.
(4) A general breakdown of proposed spending (production and media) by media type, product, Designated Market Area ("DMA").
(5) Opportunities for special events, promotional activities, and any other topics specified by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

We have a successful track record as proven by our nine annual and 40+ campaign-specific advertising plans developed for the Texas Lottery.

7.3.3 Media Plan. Once the advertising plan has been approved, the Successful Proposer shall develop a media plan to support the advertising plan. The Texas Lottery and the Successful Proposer will review the media plan and may revise the plan based on changes in economic factors, market conditions, or as otherwise authorized by the Texas Lottery.

The media plan, at a minimum, must include:

(1) Allocation of dollars by media and DMA with detailed rationale.
(2) Gross rating point ("GRP") objectives with reach/frequency and efficiency analysis.
(3) Detailed media flowchart that specifies mediums, market tiers, GRP levels and costs for each campaign.

Advertising and media plans should be based on the Texas Lottery's fiscal year (FY) (September 1 – August 31). The Successful Proposer shall submit an advertising plan for FY13 no later than four weeks after the Contract execution date, or as specified by the Texas Lottery. The media plan for FY13 is due two weeks after the Texas Lottery approves the advertising plan.

Advertising plans will be due annually thereafter but no later than May 31, and media plans will be due two weeks after Texas Lottery approval of the advertising plans.

We have read, understand and will continue to comply with these requirements.

We have a successful track record of developing effective advertising plans for the Texas Lottery, including innovative methods of delivering communications in efficient and cost-conscious ways.

7.4 BUDGET

7.4.1 The Successful Proposer shall develop an annual budget based on the Texas Lottery's fiscal year of all advertising expenditures. The level of anticipated annual spending will be determined by the Texas Lottery, based on projections contained in the advertising plan. The Successful Proposer shall develop a cost-efficient plan that is responsive to the Texas Lottery's marketing needs. The budget shall provide proposed spending for respective markets as recommended in the advertising plan.

We take each of our clients' budgets very seriously. At TracyLocke, we know that our clients instill a great amount of trust in us to ensure we are allocating funds responsibly. In the case of the Texas Lottery, our understanding couldn't be keener. We respect the fact that we are planning and dispersing citizens' money, and every dollar in earned state income is a dollar toward Texas education. This is not play money; it is very real with great responsibility.

We agree to continue to find savings and efficiencies whenever possible. We will continue to look inside every expense to ensure funds are spent wisely. However, as always, we will work with you to make those commitments before any dollars are spent on the Texas Lottery's behalf.

7.4.2 The Successful Proposer shall make recommendations for savings wherever possible. The Budget will be reviewed as needed and shall be revised as required by the Texas Lottery. Budget plans shall be incorporated in the Advertising and Media Plans and are subject to approval by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

TracyLocke will continue to plan, manage and maximize spending in a responsible and financially efficient manner.

7.4.3 The Successful Proposer shall make no commitment on behalf of the Texas Lottery without prior written approval by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

7.5 REPORTS

The Successful Proposer shall provide the following reports to the Texas Lottery in a format approved or proscribed by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

Over the course of the past nine years, TracyLocke has continuously provided and influenced the content and structure of many of the reports listed below. We recognize the importance and value the Texas Lottery places on these reports, as we have completed more than 1,000 since 2002. As a result, we are the most qualified to continue to deliver the level of detail and accuracy needed to provide productive and insightful reports.

7.5.1 The following report is due every Wednesday:

Status Report. This report documents all current media and production jobs, projects, promotional events, reporting, and meetings. Status Report will include: job by product, media, production, status of job, timeline of job, or as prescribed by the Texas Lottery. The report should also include a section for outdoor billboard maintenance. This section will include DMA, board number, board location, creative, date incident was reported, description of incident with board or as prescribed by the Texas Lottery. All timelines shall include a minimum of five (5) Working Days for approval by the Texas Lottery on each stage of each job or project unless otherwise approved by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

Additionally, we recognize that the Texas Lottery requires five working days for approvals on each stage of a job. We will continue to adhere to these timelines as an agency and in our management of our subcontractors and vendors.

7.5.2 The following reports are due by the 10th of each month:

The HUB Subcontracting Plan Prime Contractor Progress Assessment Report. This report documents monthly payments made by the Successful Proposer to subcontractors under the Contract. The report may be due prior to the 10th of the month at the request of Texas Lottery staff.

Approved Expenditure Report. A summary of all approved expenditures to date for the current fiscal year. The summary shall indicate the total amount available in the budget and the total amount currently committed. The summary also shall include current amounts invoiced, amounts invoiced but not paid, amounts owed for services performed but not invoiced, and current amounts paid, together with spending by audience, media and production type.

We have read, understand and will continue to comply with these requirements.

7.5.3 The following reports are due quarterly:

Post Buy Report. No more than one hundred twenty (120) Days following the end of each broadcast quarter after the flight ends, the Successful Proposer shall provide the Texas Lottery with a post buy report indicating whether the reach, frequency and GRP goals of each buy were achieved within budget. If the goals were not achieved, the report shall contain a make good report where bonus spots were issued. In addition, post buy analyses shall be provided for media buys that utilize new rating information for the buy period, when available.

We have read, understand and will continue to provide these reports in the same thorough and timely manner as we do so currently.

Additionally, we at TracyLocke and Asher Media have recently increased the level of accountability for our stations partners. Historically, the Texas Lottery has adhered to industry posting standards that are 90% per market. We are now requiring all stations to post at 90%, thus resulting in more overall points and greater value for the Texas Lottery.

Print Audit. No more than thirty (30) Days following the end of each TLC fiscal year quarter, the Successful Proposer shall submit quarterly print audits. Print audits will include name of publication, (paid or unpaid) circulation, DMA, year established, publication frequency, distribution sites, and publisher information or as prescribed by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

7.5.4 The following report is due on an annual basis:

Year End Media Review. The Successful Proposer shall submit year end media reviews no later than January annually during the Contract term and any renewal periods, including a summary of added value achieved as a result of the previous year's media buy.

We have read, understand and will continue to comply with these requirements.

As we recently reported, we were able to secure over $5 million in added value in FY11.

Storage Inventory Report. The Successful Proposer shall submit an inventory report no later than September 30. The report shall include the date of inventory, job number and description or as prescribed by the Texas Lottery.

We have read, understand and will comply with these report requirements.

We also recognize that the Storage Inventory Report is a new addition for this contract. Our years of experience providing reports that meet the needs and requirements of the Texas Lottery will ensure that this is a seamless addition.

7.5.5 The following report is due prior to campaign launch as follows:

Media Buys. For each campaign, actual media buys will be required at least three weeks prior to the start of each flight. All media buys must include a summary of goals met, any cost savings achieved per DMA and added value placement in accordance with section 7.7.4. The Successful Proposer shall make the Texas Lottery aware of any cost savings that might be achieved by the advance purchase of media.

We have read, understand and will comply with these requirements.

Additionally, we recognize that media buys will now be due three weeks in advance of the start of the flight. The previous contract

stated that Media Buys were to be delivered two weeks in advance of the flight. We support this contract change as it allows room for the buys to be cancelled without penalty should the need arise.

7.5.6 The following report is due thirty (30) Days after campaign completion as follows:

> Post Campaign/Promotional Report. This report provides a recap of each campaign as prescribed by the Texas Lottery. Report is due thirty (30) Days after the campaign/promotional event concludes or as directed by the Texas Lottery.

We have read, understand and will comply with these report requirements.

Over the past several years, TracyLocke has provided Promotional Reports for all major events, such as State Fair, Lucky U, SXSW and radio remotes, many times much sooner than 30 days. For events with shorter lengths, such as Lucky U or SXSW, we typically provide reports within 14 days. Given our history of providing thorough promotional reports, we are well versed and fully understand the level of detail and analysis required to produce a meaningful and constructive post campaign/promotional report.

7.6 CREATIVE SERVICES

7.6.1 The Successful Proposer shall be responsible for concepting, creation and production of Texas Lottery advertising materials, including broadcast, digital and print advertisements, out-of-home and such other materials as may be required by the Texas Lottery. The Successful Proposer also may be required to develop multi-media campaigns and to assist the Texas Lottery in developing game names, product logos, or art for other use.

We have read, understand and will continue to comply with these deliverables by bringing original thinking and unique creative solutions, just as we have done for the past nine years.

TracyLocke is a full-service agency skilled in the development and production of all aspects of marketing and advertising from broadcast to POS materials, events, digital, out-of-home and traditional print. We are fully staffed with an in-house production team and print studio (TracyLocke, N-GEN Studios). This team of full-time TracyLocke employees is capable of quickly responding to the needs of our clients.

Additionally, we look forward to opportunities to assist in the development of elements such as ticket art. Our ability to impact these elements will allow us to bring forward even more integrated marketing solutions. We will expand on this point in section 7.21.

To ensure campaigns have inclusive themes and messages relevant to the diversity of our Texas audience, we have established a collaborative creative development process with Sanders\Wingo. As the lead agency, TracyLocke will direct all creative, yet work hand-in-hand with Sanders\Wingo to bring the Texas Lottery single-minded campaigns that are relevant across ethnicities. We've enacted this process for the enclosed creative assignment in section 8.1.

7.6.2 Creative Concepts. The Successful Proposer shall present at least three (3) creative concepts for each campaign and, upon Texas Lottery approval of the campaign concept, the Successful Proposer shall present three (3) creative options for each medium in the campaign. If concepts or creative options are not approved by the Lottery, the Successful Proposer, at the direction of the Texas Lottery, shall be required to develop and present additional creative executions.

We have read, understand and will continue to comply with these requirements.

7.6.3 Creative Meetings. The Successful Proposer shall schedule creative meetings between Texas Lottery staff and the account team. Unless otherwise approved by the Texas Lottery, the Successful Proposer shall provide at least five (5) Working Days' advance notice for all creative meetings. Creative meetings will be held on an as-needed basis.

We have read, understand and will continue to comply with these requirements.

7.6.4 Timelines. The Successful Proposer shall allow sufficient time for developing and presenting creative solutions, editing and revising selected options, obtaining final approvals from Texas Lottery staff, producing the final product, and distributing the finished product according to Texas Lottery specifications. Unless otherwise approved by the Texas Lottery, all timelines shall include a minimum of five (5) Working Days for approval by the Texas Lottery on each stage of each job or project. The Successful Proposer shall provide detailed production schedules with task milestones for each job. Prior to conference calls with the Successful Proposer and the Texas Lottery all required materials for the call must be sent via email no later than four (4) hours before the call unless otherwise approved by the Texas Lottery. The Texas Lottery will not be responsible for any additional costs incurred as a result of the Successful Proposer's not adhering to set timelines.

We have read, understand and will continue to comply with these requirements.

7.6.5 Artwork Changes. The Successful Proposer shall only be allowed to charge the Texas Lottery one time for artwork that is used in multiple forms, except for the reduction or enlargement of the artwork. Artwork required for any print advertisements shall be billed as a one-time item on a separate invoice. All original artwork becomes the property of the Texas Lottery, and the Successful Proposer shall provide originals to the Texas Lottery upon request and, in any event, promptly following Contract termination or expiration.

We have read, understand and will continue to comply with these requirements.

7.6.6 Creative Approvals. The Successful Proposer shall obtain written approval from the Texas Lottery prior to producing any advertisement. When producing any creative work, the Successful Proposer shall not vary from approved scripts, story boards or print layouts without written approval from the Texas Lottery. Failure to adhere to approved scripts, story boards or layouts may void the Texas Lottery's approval of the estimate for the project. The Successful Proposer shall incorporate all changes required by the Texas Lottery, as well as submit any other alternative creative solutions deemed prudent by the Successful Proposer. The Successful Proposer shall be responsible for all unauthorized expenses.

We have read, understand and will continue to comply with these requirements.

7.7 MEDIA SERVICES

TracyLocke will continue to serve as your media planning team working with Asher Media as your buying team. These individuals represent more than 300 years working in Texas media, providing an unparalleled resource of experience in Texas. In addition, our agencies have been working together on your behalf for months, building process, efficiency and teamwork. We are very proud of the relationship we've built and our ability to work seamlessly together on Texas Lottery's behalf.

Should TracyLocke be named the Successful Proposer of this contract, the Texas Lottery's media program will continue without missing a beat.

7.7.1 Negotiation and Placement. The Successful Proposer shall be responsible for the placement and purchase of all media, including but not limited to broadcast, digital, out-of-home and print media. In negotiating media purchases, the Successful Proposer shall make the Texas Lottery aware of any savings that might be achieved through long-term commitments or other specialized programs. Media placement shall be reimbursed at net cost with no mark up.

We have read, understand and will continue to comply with these requirements.

With all broadcast buys, goal vs. purchased information is provided to capture savings generated during negotiations. With all other forms of media, out-of-home, print and digital, savings are generated during negotiations and prior to client authorization. Flowcharts are updated after all buys are approved to reflect purchased dollars, and savings are moved to the "unallocated" budget. Unallocated dollars are discussed with the Texas Lottery to determine how savings should be reinvested. Final FY11 media savings after reinvestment resulted in approximately $769,000.

7.7.2 The Successful Proposer shall be responsible for auditing and verifying all media outlets. The criteria used for auditing media outlets will be at the sole discretion of the Texas Lottery. If the Successful Proposer proposes a more viable and cost effective method, the Successful Proposer will make the report available for inspection and approval by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

All media is audited using industry-recognized audience measurement resources (Arbitron, Nielsen, etc.) and posted back against once complete.

7.7.3 Placement Verification. The Successful Proposer shall ensure that all media was broadcast or published according to any contracts or placement instructions. The Successful Proposer shall provide, at no cost to the Texas Lottery, affidavits, tear sheets or any other placement verification requested by the Texas Lottery. Placement verification documents shall indicate the run dates and/or times and the circulation or ratings achieved.

We have read, understand and will continue to comply with these requirements.

To ensure the greatest accuracy against all buys placed (broadcast, print, online and out of home), TracyLocke's partner buying agency

and subcontractor, Asher Media, utilizes a software program called SBMS/Strata. This system electronically reconciles all invoices and buys to guarantee performance accuracy and reporting. Any discrepancies are flagged and vendors are contacted for resolution, resulting in either make-goods or credits for media that ran incorrectly. For each media type, we provide positioning report analyses and competitive separation based on negotiated parameters, impressions reports and proof of performance reports. Tear sheets, photos, event recaps and any other placement verification documents are provided as required.

7.7.4 Added Value Media Placements. The Successful Proposer shall attempt to negotiate added value for all media included in any Texas Lottery buy. Any added value provided by participating media vendors shall be identified in the summary of any media buy. The Successful Proposer shall establish a goal for added value media subject to Texas Lottery approval, based on estimated spending over each contract year.

We have read, understand and will continue to comply with these requirements.

For all media buys, we request that vendors provide additional exposure above and beyond the schedules ordered. This includes no-charge ROI on elements such as bonus units, billboards, vignettes, tickets (to be given away as part of a promotion), sponsorships, promotions, remotes, mobile and digital extensions on behalf of our client partners, including the Texas Lottery. Goals are established based on total annual spending, and we ensure achievement of goal ROI. Added-value summaries are provided at the beginning of each designated campaign/promotion for Client approval. Summaries include the estimated media value and are updated with achieved value approximately 30 days following the end of the promotions. We are pleased to report that more than $5 million was secured in added value in both FY10 and FY11.

7.8 MATERIALS AND SIGNAGE

The Successful Proposer shall be responsible for the creative design and production of printed materials under the Contract to support the Texas Lottery's advertising efforts. The Successful Proposer may provide product brochures and posters, signage, digital and traditional displays, and other point-of-sale items, together with other collateral materials at the Texas Lottery's request.

We have read, understand and will continue to comply with these requirements.

We are dedicated to delivering unique, creative solutions for these materials. In addition, our experienced in-house production team and full-service studio allow us to develop functional and custom materials that meet the needs of the Texas Lottery, GTECH and their retail partners.

7.9 FILM AND PLACEMENT VERIFICATION STORAGE

The Successful Proposer shall store all past and current film and placement verification associated with the Texas Lottery. The Successful Proposer shall store all film and placement verification in a manner consistent with industry standards. All storage cost for film and placement verification will be reimbursed by the Texas Lottery for actual cost only. In accordance with Section 3.16.4, the Successful Proposer shall aid in any transition of film and placement verification to any new arrangement and provider, if applicable.

We have read, understand and will continue to comply with these requirements.

7.10 GOODS AND EQUIPMENT

Notwithstanding anything herein to the contrary, after completion of the services to be provided on the Texas Lottery's behalf, the Successful Proposer shall be solely responsible for the proper disposition of all physical or tangible goods and/or equipment created in connection with the services or works provided to the Texas Lottery, and which are incidental to such services or works (e.g., props, set dressing, promotional equipment, signage, related equipment). The Texas Lottery will notify the Successful Proposer in the event that such incidental goods or equipment are to be returned to the Texas Lottery; otherwise, the Successful Proposer shall bear all storage, destruction and other costs in connection with disposition of such physical or tangible goods and equipment. Upon request of the Texas Lottery, the Successful Proposer shall be required to provide supporting

documentation confirming disposal or destruction of such items. The Successful Proposer is expressly prohibited from reproducing, distributing, displaying, performing publicly, making copies or derivative works of, selling, using, reusing or otherwise conveying to other persons or entities any goods and/or equipment bearing any Texas Lottery mark without prior written approval by an authorized Texas Lottery representative.

We have read, understand and will continue to comply with these requirements.

7.11 PUBLIC SERVICE ANNOUNCEMENTS

At the Texas Lottery's request, the Successful Proposer shall develop print and/or broadcast public service announcements and work to secure placements. The announcements will run at no charge to the Texas Lottery. The Successful Proposer shall include a detailed PSA run schedule in its quarterly post buy analyses.

We have read, understand and will continue to comply with these requirements.

TracyLocke understands the importance of social responsibility as evidenced by our involvement in the 2003 "Play Responsibly" and 2006 "Where the Money Goes" campaigns. As with all successful communications, effectiveness is based on the intersection between media and creative. While the 2006 "Where the Money Goes" initiative was largely communicated through broadcast channels, the 2003 "Play Responsibly" campaign is still in existence today through how-to-play brochures, retailer and player publications, point-of-sale materials, and a "Play Responsibly" web page where players can find links to third-party problem gambling resources.

7.12 TRANSLATION SERVICES

Translation services may include translation in multiple languages, terminology creation and management, editing, proofreading, studio linguistic advising and post-processing, and cultural review. These services must be available on request. In the past, the Texas Lottery has used translation services for Spanish and Chinese.

We have read, understand and will continue to comply with these requirements.

We will work with our subcontracted ethnic marketing partner, Sanders\Wingo. Beyond conducting straight translations, they acknowledge the importance of having a deep understanding of regional and cultural nuances. This is taken into consideration depending on market and media placement.

They also understand that translation services may include translation into multiple languages, terminology creation and management, editing, proofreading, studio linguistic advising and postprocessing, and cultural review. These services are available upon request through various options.

In addition to in-house staff resources, Sanders\Wingo has worked with translation services, including American Language Technologies (americanlt.com), LinguaLinx (lingualinx.com) and Trusted Translations (trustedtranslations.com).

7.13 EXPERIENTIAL MARKETING - PROMOTIONAL EVENTS/ACTIVITIES, SPONSORSHIPS AND SPECIAL EVENTS

7.13.1 The Texas Lottery works primarily with the Texas lottery operator, GTECH Corporation, to select promotional events/activities, sponsorships and in-store Retailer promotions that create awareness and interest for Texas Lottery products among adult Texans. Experiential Marketing efforts are intended to increase product trial and educate new and potential players about Lottery products.

We have read, understand and will continue to comply with these requirements.

TracyLocke will continue to work in concert with GTECH to create interest and awareness for Texas Lottery products in a socially responsible manner. We believe that experiential marketing in the form of sampling is fundamental to the continued success and growth of the Lottery.

In 2009, TracyLocke worked closely with GTECH to revamp the Texas Lottery's presence at the State Fair of Texas. In addition to redesigning the event program to be more interactive and engaging for customers, we consolidated our presence into one location, where it had previously been split into two. The new interactive experience has proven successful year over year, with 2011 State

Fair sales at an all-time high, equaling a 12% increase since 2009, with average daily sales of $32,752.00.

Looking ahead, as a new generation of "wired" young adults enters the market, it is important to reach them where they are most active. Social media and mobile applications will become increasingly important for educating and engaging this audience. The manner in which they choose to participate and learn about opportunities to try new products is real-time and in the palm of their hands. TracyLocke will continue to work in concert with GTECH and the Texas Lottery to ensure that our efforts to increase trial and educate new players are both meaningful and relevant to the intended audience where they are most engaged.

7.13.2 At the Texas Lottery's request, the Successful Proposer shall assist in selecting, developing and contracting for promotional events/activities, sponsorships and other special events. The Successful Proposer may be responsible for designing promotional giveaways and interactive and experiential activities in support of the Texas Lottery brand and products. This may include contracted services with third party vendors, equipment, supplies or other components required to conduct the promotional event/activity or sponsorship.

We have read, understand and will continue to comply with these requirements.

We will continue to provide in-depth media evaluations for events and promotional opportunities to ensure that Texas Lottery participation is beneficial and cost-efficient. Once determined, TracyLocke will assist with sponsorship negotiations to guarantee the best placement, generate cost savings and secure added value when applicable.

7.13.3 The Successful Proposer shall make the Texas Lottery aware of any possible media sponsorships and the cost-efficiency of such sponsorships.

We have read, understand and will continue to comply with these requirements.

7.13.4 *Joint Promotions.* At the Texas Lottery's request, the Successful Proposer shall solicit and encourage joint advertising and promotional opportunities with potential co-sponsors. The Successful Proposer shall indicate the benefits to the Texas Lottery from any such joint promotion recommended.

We have read, understand and will continue to comply with these requirements.

We understand the importance of stretching our clients' marketing dollars and how borrowed equity with the right partner is a powerful way to deliver relevant and unique experiences to consumers in order to build brand loyalty. Our experience runs the gamut from identifying partners that we feel are a brand fit all the way to bringing partnerships to life that our clients have existing relationships with.

Our history with Pepsi is in large part a testament of this capability. We've partnered with the NFL, NASCAR, *Saturday Night Live* and *Superman*, to name a few. But perhaps the best example is in 2003, when we brought Pepsi an innovative new digital music product called iTunes. At the time, only 20,000 iTunes had been downloaded and only 3,000 iPods sold. It quickly became the most successful promotion in Pepsi history. Most recently, we've helped bring Pepsi's partnership with *The X Factor* to life through a fully integrated program that included national radio, out-of-home and an in-store campaign, complete with custom packaging.

7-Eleven is another client with whom we have garnered attention for developing joint promotions. One of the most famous examples is when we took what could have been a standard movie tie-in with 7-Eleven and *The Simpsons* movie and created national attention. Instead of simply hanging point-of-sale materials, we fully transformed 13 stores across the country into Kwik-E-Marts, a fictional store on *The Simpsons*. These "real life" stores were custom outfitted with iconic Simpsons products such as KrustyO's, Buzz Cola and Squishees.

We are happy to share other examples if this is an area of interest.

7.13.5 *Free Tickets and Other Benefits.* Sponsorships often carry with them an offer for free tickets to events, premium items and other special benefits. All such benefits provided in relation to a sponsorship purchased on behalf of the Texas Lottery shall be fully disclosed and documented. The Texas Lottery reserves the right to accept or reject the offer of any such items or benefits offered in association with a sponsorship or other media buy. The Successful Proposer may not utilize any such items for its own benefit or the benefit of other clients. No such item shall be provided to an employee of the Texas Lottery. The Successful Proposer shall maintain a listing of any or all items or benefits provided to the Texas Lottery, and shall make a recommendation for their use. Tickets, trips, premiums and other such items may be utilized for retailer incentives, for example. If, at the Texas Lottery's sole discretion, the Texas Lottery cannot make

appropriate use of the items offered, it shall be the obligation of the Successful Proposer to negotiate lower rates or alternative benefits.

We have read, understand and will continue to comply with these requirements.

Tickets, premium items and/or special benefits are often offered as part of a sponsorship or in return for an investment with a specific vendor. Under no circumstances have these or will these benefits be accepted by TracyLocke or its subcontractors for any use other than redistribution to consumers. As such, we have created strict guidelines for use of tickets or other items of value. These guidelines are inherent in our relationship with the Texas Lottery and all vendors we use on its behalf.

When such benefits are provided in part with a sponsorship, the vendor is made aware that these items will be given away as part of a consumer-facing promotion with a radio or TV partner. If the vendor cannot permit this to happen due to team/event conditions, the items are declined with our appreciation, and additional media value is then negotiated in the form of lower rates.

When these benefits are approved for promotional giveaway, TracyLocke and Asher Media work with our broadcast partners to determine the most effective promotions. We agree that effective promotions are those that keep the Texas Lottery brand and/or its products at the forefront of the promotion, and care is taken to ensure that the items to be distributed are relevant and meaningful to the program. For example, at a recent Powerball® radio remote event in Dallas, we provided the sponsoring station with the 10 Dallas Stars suite tickets that resulted from the Fox Sports Net sponsorship negotiated this past fall. Tickets were awarded to lucky listeners who purchased new $2 Powerball tickets at the remote. Following the remote, we also required that the radio partner send representation to the Fox Sports Net suite on game night to ensure a controlled environment on behalf of the Texas Lottery and our partner.

7.13.6 *Conventions, Trade Shows, Special Events and Meetings.* All Texas Lottery vendors are encouraged to stay current on industry trends by attending various conventions, trade shows, special events, HUB expos and related meetings. When attendance is requested by the Texas Lottery, all expenses for these events shall have prior written approval by the Texas Lottery and will be reimbursed pursuant to Texas State Per Diem (See Section 7.17).

We have read, understand and will continue to comply with these requirements.

As lottery advertising professionals, we make it our business to stay current on local, regional, national and international lottery trends.

- **Associate Member of NASPL**
- **Regular attendance at industry conferences such as NASPL, PGRI and La Fleur's**
- **Annual participation in the Texas Lottery's HUB forum**
- **Omnicom Lottery Agencies Network and information sharing (current: NY, GA and IL)**

We also understand that these expenses are not funded by the Texas Lottery but rather TracyLocke. It is an important element of successfully fulfilling this contract, so we will take on that expense.

7.14 EXPENDITURE APPROVAL

7.14.1 The Successful Proposer shall prepare written estimates for all expenditures and obtain prior written approval from the Texas Lottery before making any commitment on behalf of the Texas Lottery. The Texas Lottery will not be responsible for any expenditure unless pre-approved in writing by the Texas Lottery. Unless otherwise approved by the Texas Lottery, the Successful Proposer shall submit a written request for approval of estimates at least five (5) Working Days prior to the start of production. The Successful Proposer shall submit estimates in a format prescribed by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

7.14.2 For expenditures that exceed $5,000, the Successful Proposer must obtain at least three (3) competitive bids to be used in the preparation of written estimates. The areas which will require competitive bidding are identified in Section 5.5 of this RFP. In obtaining bids, the Successful Proposer must comply with the HSP requirements. The Successful Proposer shall be required to provide all supporting documentation of bids for these charges along with the job cost estimate.

We have read, understand and will continue to comply with these requirements.

7.14.3 Any production work to be conducted outside the State of Texas must be identified in the expenditure approval request, and the Successful Proposer must demonstrate to the Texas Lottery's satisfaction that locations or facilities within the State of Texas are not adequate for the required production.

We have read, understand and will continue to comply with these requirements.

7.14.4 Estimate Revisions. Revisions to approved estimates must be pre-approved in writing by the Texas Lottery representative. All revised estimates shall contain full written explanation for the cost differential, including previous approved amounts.

We have read, understand and will continue to comply with these requirements.

7.14.5 Estimate Cancellations. For any previously approved estimate that is cancelled, upon cancellation the Successful Proposer shall submit a revised closed estimate for Texas Lottery approval, reflecting all cancelled portions of the estimate.

We have read, understand and will continue to comply with these requirements.

7.15 BILLING/INVOICES

7.15.1 The Successful Proposer shall include approved estimates with invoices and requests for payment submitted under the Contract. No payment will be made without a signed and approved estimate. Payments will be made only upon the completion of services or after the delivery of goods and/or services authorized in an approved invoice.

We have read, understand and will continue to comply with these requirements.

7.15.2 In accordance with Section 3.9 and as further described herein, the Successful Proposer shall submit invoices to the Texas Lottery in accordance with this Section 7.15 upon completion of those services approved in a specific estimate. Production jobs will be closed ninety (90) Days after the completion of the production. Media jobs will be closed ninety (90) Days after the completion of the actual date(s) when the (media) air dates/flights took place. Once a job is closed, no further billing can be submitted. The Successful Proposer is required to mark "Closed" on the final invoice submitted to the Texas Lottery for payment of the job.

We have read, understand and will continue to comply with these requirements.

7.15.3 The State's fiscal year is September 1 through August 31. Any invoices submitted after August 31 for services performed during the previous fiscal year must be submitted to the Texas Lottery no later than October 30 of the immediately following fiscal year.

We have read, understand and will continue to comply with these requirements.

7.15.4 If no final invoice is received within ninety (90) Days after the termination of the contract or expiration of this contract by its own terms, the Successful Proposer waives the right to receive any further payments under this agreement.

We have read, understand and will continue to comply with these requirements.

7.15.5 The Successful Proposer shall submit invoices in duplicate every other Monday, or as prescribed by the Texas Lottery, together with supporting documentation to substantiate all expenses incurred. If the designated Monday is a State holiday, invoices will be due the next state business day. By submitting an invoice for payment, the Successful Proposer certifies that goods have been delivered and received or services have been rendered in accordance with the Contract. The Successful Proposer must include, at a minimum, or as prescribed by the Texas Lottery the following with each invoice: (i) invoice statement including the invoice number, job/estimate/line number; flight/air date(s), amount for each invoice submitted, current billed amount and balance remaining; (ii) all approved estimates and revisions; and (iii) any and all supporting documentation (e.g., subcontractor bills, tearsheets, affidavits, etc.).

We have read, understand and will continue to comply with these requirements.

7.15.6 Any invoices submitted that do not have all required detail to process for payment will be disputed in accordance with Texas. Government Code § 2251.042 et. seq. ("Disputed Payments"). A disputed invoice will be processed for payment as soon as possible following settlement of dispute, but no sooner than thirty (30) Days from original invoice received date.

We have read, understand and will continue to comply with these requirements.

7.15.7 The Successful Proposer shall be required to reimburse the Texas Lottery for any overpayment determined as a result of an audit or inspection of records

on work performed under the Contract. At the Texas Lottery's sole discretion, reimbursement may be in the form of a credit or actual payment made by the Successful Proposer.

We have read, understand and will continue to comply with these requirements.

7.16 SHIPPING/FREIGHT CHARGES

The Successful Proposer is expected to utilize the lowest cost modes and carriers to safely transport their shipments. The Successful Proposer shall be responsible for all additional costs incurred by the Texas Lottery as a result of the Successful Proposer's delay.

We have read, understand and will continue to comply with these requirements.

7.17 TRAVEL

The Texas Lottery does not reimburse for travel related expenses for regularly held meetings at Lottery Headquarters. In the event, that TLC requires the Successful Proposer to travel, for TV and radio production, event management or other reason any such travel cost will be reimbursed pursuant to Texas State per diem rates. Approved travel expenses shall not be reimbursed without prior written approval by the Texas Lottery pursuant to the estimate approval process. Travel related to TV and radio production by the Successful Proposer's subcontractor staff shall be reimbursed at rates pursuant to State per diem.

We have read, understand and will continue to comply with these requirements.

7.18 UNACCEPTABLE PRODUCTS

The Successful Proposer shall be responsible for the cost of all items produced on behalf of the Texas Lottery that are misprinted, produced in error or which the Texas Lottery, in its sole discretion, determines are unacceptable.

We have read, understand and will continue to comply with these requirements.

7.19 UNACCEPTABLE SERVICES

The Successful Proposer shall be responsible for any costs incurred in conjunction with services provided on behalf of the Texas Lottery which are deemed unacceptable due to failure to meet deadlines that warrant services unusable, or rendered in a manner inconsistent with the services approved by the Texas Lottery.

We have read, understand and will continue to comply with these requirements.

7.20 MEETINGS WITH TLC VENDORS

Any meetings or conference calls that are held between the Successful Proposer and any of the Texas Lottery's vendors must be approved by the Texas Lottery. Texas Lottery staff may attend any meeting or conference call the Successful Proposer and any of the Texas Lottery vendors may have.

We have read, understand and will continue to comply with these requirements.

We value our partnership and relationship with Texas Lottery vendors and believe the most productive meetings are oftentimes the most inclusive. As such, whenever the Texas Lottery requests our presence at meetings with their team and Texas Lottery vendors, we are happy to participate and share perspectives as appropriate.

7.21 OTHER ASSOCIATED SERVICES (OFFERED OPTION)

Offered Options are not identified in this RFP, but may be identified by the Proposer and included in the Proposal. This is an opportunity for Proposers to offer options the Texas Lottery may not have been aware of at the time this RFP was written. As an Offered Option, Proposers should describe in detail any other service(s) proposed to be provided to the Texas Lottery that are not specifically addressed in this RFP. The Proposer should include the cost or fee associated with an Offered Option, on a separate sheet to be included with the sealed cost proposal. The Proposer also should specify how those services would assist the Texas Lottery in achieving its objectives as outlined in this RFP.

At TracyLocke, our resources are broad and include specialties in most communication media. This is in part due to our role as creative thinkers – constantly developing new ideas to grow our clients' businesses. When an idea surfaces, we make it our job to figure out how to execute it. It is possible that we may develop creative solutions not currently outlined in this RFP but that we are willing and capable of executing. We do not present ideas that we cannot produce.

Offered Option

One area we would like to offer our services is instant ticket artwork design. While we understand that you have contracted vendors who concept, develop and produce these games, our offer is simply limited to creative art/design. Should the Texas Lottery accept this portion of our Proposal, TracyLocke would work with your team and vendors to concept ticket artwork based on the terms of the ticket the Texas Lottery sets forth. This offer is limited to games in which TracyLocke builds advertising campaigns, currently 4-6 per fiscal year.

Our desire to offer this service is to help the Texas Lottery achieve its objectives in creating additional connectivity between consumers and the Texas Lottery's games across each point of consumer contact – advertising programs, at retail and when the ticket is in hand. Our staff consists of dozens of award-winning designers anxious for the opportunity to help achieve this.

Again, the Texas Lottery and its vendors are experts in the intricacies of game research and development; we simply want to provide our expertise in ticket creative artwork design.

7.22 AUSTIN OFFICE

The Successful Proposer is not required to maintain an office in Austin, Texas, but shall indicate all key staff that will be available to meet with Texas Lottery representatives at Texas Lottery headquarters as required by the Texas Lottery.

The Texas Lottery's headquarters is a short flight or drive away. Your TracyLocke team is available on short notice to be in Austin. The same is true of our subcontracting agency, Asher Media. Additionally, our ethnic marketing partner and Subcontracting agency, Sanders\Wingo, has a sizeable office in Austin, allowing us to work in town as often and as extensively as needed.

In addition to the Texas Lottery, we have a strong track record of effectively servicing clients in Austin, as well as across the country and the globe.

Our commitment to servicing this account is unwavering. If the Texas Lottery determines the need for an Austin office, TracyLocke would certainly consider it.

SECTION EIGHT
CREATIVE RESPONSE

TEXAS LOTTERY PROPOSAL

8.1 CREATIVE ASSIGNMENT

8.1.1 The Texas Lottery is interested in the Proposer's process and approach to resolving communication challenges. The Texas Lottery will assess the Proposer's ability to utilize qualitative and quantitative market research and translate the findings into a concise advertising strategy that produces effective, marketing messages.

We absolutely acknowledge and agree with the need for research to uncover insights that drive solutions to communication challenges. In the past nine weeks, we have conducted three primary research initiatives to guide our response to your creative challenge. These initiatives included both qualitative and quantitative methodologies:

1) Convenience store consumer intercepts

- **Qualitative in-person interviews conducted December 21-22, 2011, in Dallas**

2) Attitudes and Behaviors Study

- **Quantitative online survey fielded December 27, 2011–January 2, 2012**

3) Creative concept testing

- **Quantitative online survey fielded February 3-7, 2012**

In addition, we looked to various secondary data tools as well as the 2011 Demographic Survey of Texas Lottery Players. For the purposes of this response, we will focus on our propriety primary research, as it has the most unique and robust findings to share with respect to the Holiday Scratch-Offs assignment.

Let's review these proprietary studies, one by one:

1. CONVENIENCE STORE CONSUMER INTERCEPTS

The intent of this research study was to discuss holiday shopping with consumers during the holiday season, particularly the "crunch" time when shopping days are waning. We wanted to understand consumers' connections during this hectic time of year and if their shopping behaviors altered with the season.

Objective:

- **Supplement knowledge of Holiday Scratch-Offs purchase behavior**
- **Further understand the point at which consumers become connected to the idea of purchasing Holiday Scratch-Offs**
- **Better understand for whom Holiday Scratch-Offs are purchased**

Respondent Detail:

- **15 lottery players, ranging in age and ethnicity**

Key Findings:

- **Players choose Scratch-Off games based on appeal at the time of purchase. Tickets that have the right balance of visual attractiveness and high payouts get chosen.**

"I kind of look at the ones that look pretty good or maybe give out the most money, and I'll choose that one." **—Linda**

"Basically I just look inside and see what looks the prettiest, to be honest. The most attractive." **—Neil**

"Sometimes the pictures look pretty and it draws me to it." —**Levi**

- **Scratch-Offs are not a planned purchase.**

"No planning involved. What's it called? An impulse purchase." —**Neil**

"It's random. No real thinking behind it." —**Matt**

- **The players we spoke with primarily bought Holiday Scratch-Offs for themselves, but they also occasionally bought them for someone else.**

"I play Scratch-Offs just around the holidays really. I don't know, sometimes you feel you might get lucky for it." —John

"I have purchased Holiday Scratch-Offs for someone else before. I just put a couple dollar Scratch-Offs in as stocking stuffers." —Levi

"When I was broke in college, I gave Holiday Scratch-Offs to my family. They got a kick out of it." —Matt

- Advertising for Holiday Scratch-Offs is a reminder to purchase tickets.

"I actually saw a billboard the other day and thought, 'Oh, I better get the stocking stuffers for my wife.' She likes them." —Kevin

We then took the perspectives we identified in these qualitative interviews, merged that information with the 2011 Demographic Survey of Texas Lottery Players (provided by the Texas Lottery in conjunction with the RFP) and used them to develop hypotheses that we tested in our Attitudes and Behaviors Study to prove or disprove.

2. ATTITUDES AND BEHAVIORS STUDY

The intent of this study was to provide quantitative data to support or debunk our hypotheses formed after speaking with players at retail and reviewing the Demographic Survey findings. We wanted to inform our study with a broad range of Texans to ensure the statistical accuracy of the data.

Objective:

- **Supplement knowledge of Holiday Scratch-Offs purchase behavior**
- **This study took a deep dive into purchase behavior of Holiday Scratch-Offs. We used the results of this study to develop our advertising strategy that led to the creative ideas presented in this response.**

Respondent Detail:

767 Texas Lottery players of Caucasian, Hispanic and African American ethnicities

Statistical Confidence Level:

+/- 3.6%

Key Findings:

Consumers typically select their ticket in this order: (See Figure 1)

1) Ticket Price
Regardless of ethnicity, age or gender, ticket price is the leading decision factor for what Scratch-Off game to buy. Before players can move on to selecting the exact ticket they will buy, they've already made a decision on this rational factor.

2) "Games I've Won Before"
After players have decided how much they will spend, more emotional decision factors come into play. Whether a player has won from a particular ticket in the past is the leading selection factor after price. Hispanics and African Americans are significantly more likely than Caucasians to feel this way, an indication that they may be more superstitious.

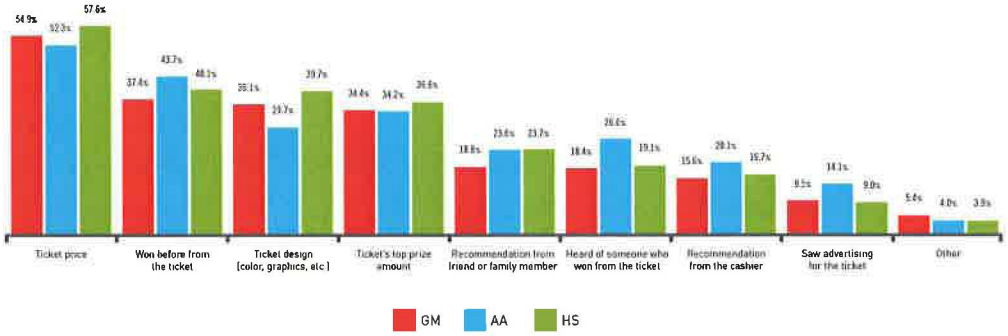
3) Ticket Design

If a player doesn't see a ticket they've won from before, they will next look to ticket design to help them select a suitable game. Ticket design is significantly more important to Hispanics than it is for African Americans.

4) Top Prize Amount

For many players, top prize amount is on par with ticket design as the next step in selecting a game. Between two tickets of equal price, they'd rather play the one with the higher top price amount.

FIGURE 1: Purchase decision factors



Q5. How do you decide which Scratch-Off game to play?

What influences their purchase? (See Figure 2)

- **Visibility**

  The top influencer for purchasing Holiday Scratch-Offs is simply seeing the tickets at the counter. This underscores the significance of driving players into convenience stores.

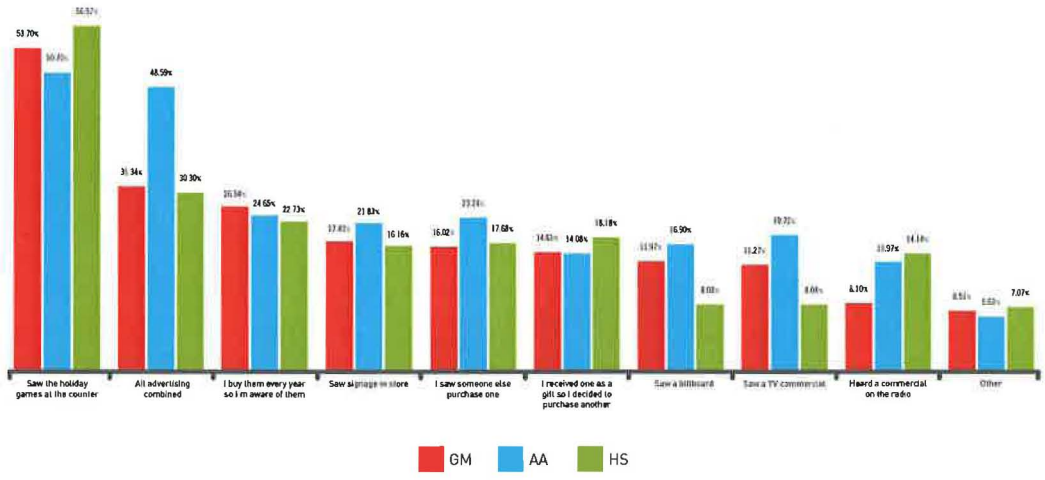
- **Advertising**

  Hispanics are more influenced by advertising than Caucasians and African Americans, though advertising is an effective influencer for a third of all players.

- **Impulse / Reminder Purchase**

  African Americans are significantly more influenced by seeing another shopper purchase a Holiday Scratch-Off.

FIGURE 2: Factors that influence purchase of Holiday Scratch-Offs

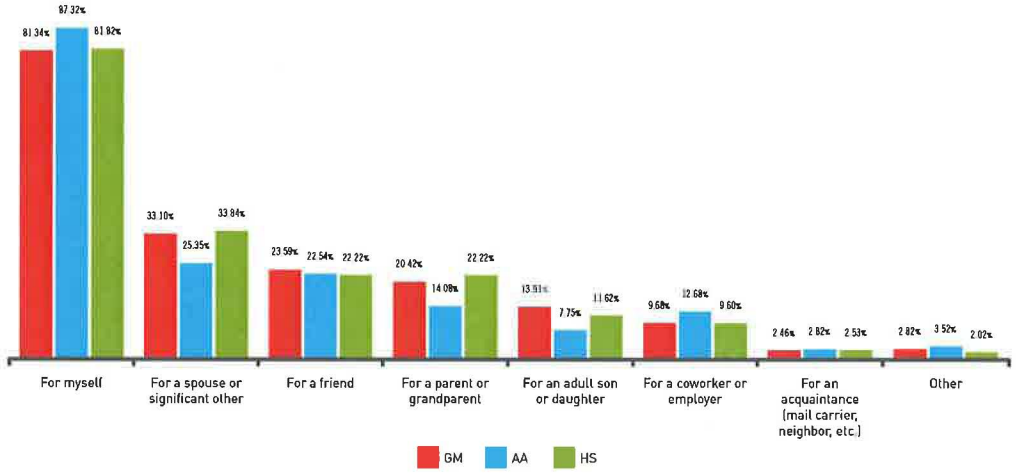


Q20. What factor(s) contributed to you purchasing a Holiday Scratch-Off from the Texas Lottery?

Consumers know to whom they are giving the Holiday Scratch-Off. (See Figure 3)

- **Myself**
  The vast majority (82%) of players purchase Holiday Scratch-Offs for themselves, regardless of whether or not they purchase an additional ticket for someone else.
    - **39% purchase Holiday Scratch-Offs for themselves only.**
- **Me and a loved one**
  If players do buy one for someone else, they'll buy one for themselves also.
    - **Just 18% of players only purchase Holiday Scratch-Offs for someone else.**
    - **43% purchase Holiday Scratch-Offs for themselves and someone else.**
    - **The most popular recipients of gifted Holiday Scratch-Offs are spouses/significant others, friends and parents/grandparents.**

FIGURE 3: Recipients of Holiday Scratch-Offs

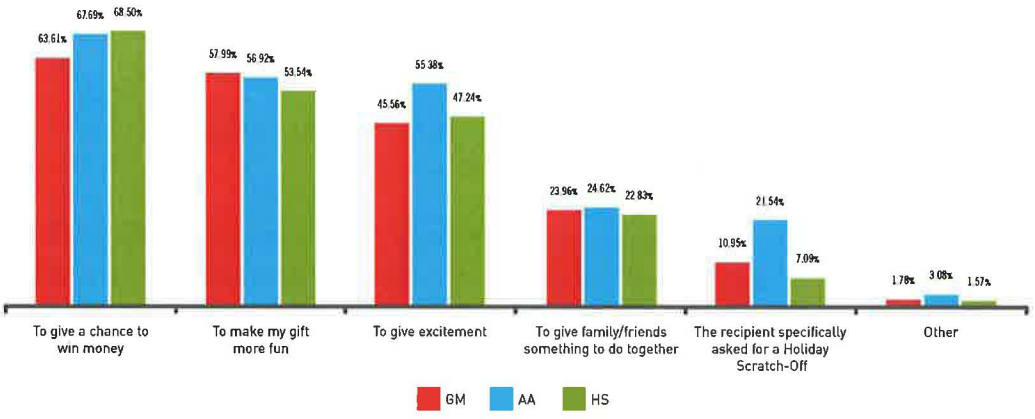


Q21. For whom did you purchase the Holiday Scratch-Off game(s)?

Why do people give Scratch-Offs as a gift? (See Figure 4)

- **Most players give Holiday Scratch-Offs to share the chance to win money.**
- **Most players give Holiday Scratch-Offs to give the feelings of fun and excitement.**
- **African Americans are significantly more likely than Caucasians and Hispanics to give Holiday Scratch-Offs because someone requested them.**

FIGURE 4: Reasons for giving Holiday Scratch-Offs



Q22. What was the **primary reason** you gave Holiday Scratch-Offs?

The results of this study show that beyond Scratch-Offs being a great holiday gift, shoppers are mainly buying for themselves. This presents an opportunity to remind consumers of the benefits of sharing, thus proving a mechanism for increased sales.

In addition, this tells us that the gifting opportunity for both my loved ones and myself is prime for the season. Leveraging the timeliness could also spur sales – potentially even multiple sales given the eight-week holiday shopping window.

3. CREATIVE CONCEPT TESTING

Once we had an understanding of our consumers' purchase behaviors, we used that data to inform our advertising strategy (Section 8.1.4 (a)). We believe our creative solutions born from that strategy were strong and very strategically relevant to our consumers. However, we felt that it was important to share those concepts with consumers and ensure our solutions were indeed effective responses to their wants and needs.

As such, we implemented a quantitative concept test to receive feedback. The intent of this type of study is not to build concepts, but rather to understand how consumers view them.

Objective:

Share Holiday Scratch-Offs creative concepts with consumers to unearth perspectives and connectivity in those concepts

Respondent Detail:

451 Texas Lottery players, achieving a readable sample of Caucasian, Hispanic and African American consumers

Statistical Confidence Level:

+/- 4.6%

Key Findings:

We will delay discussion of key findings of this study until after the presentation of the creative ideas, later in section 8.

Applying the Learning

We feel strongly these research initiatives set a solid foundation for success and consumer relevance among all of our ideas. We will recap our rationale for why the work strikes a chord with consumers at the end of each campaign idea.

8.1.2 Introduction. The Texas Lottery's product mix consists of instant (scratch-off) and online (ball drawing) games. The Texas Lottery introduces approximately 85 instant ticket games annually ranging in price point from $1 to $50, which account for approximately 75% of overall Texas Lottery sales. On-line (ball drawing) games (i.e. PowerBall, Mega Millions, Lotto Texas, Cash Five, Daily 4, Pick 3 and Texas Two Step), range in price point from $.50 to $2 including add-on features and account for approximately 25% of Texas Lottery sales.

We have read, understand and will comply with these requirements.

TracyLocke is very comfortable with the functionality and marketability of the Texas Lottery products. In fact, we've developed campaigns for most of them. We look forward to the opportunity to continue to do so should we be selected as Successful Proposer.

8.1.3 During fiscal year 2011 (September 1, 2010 –August 31, 2011), sales of Instant tickets totaled $ 2.8 billion with approximately $209 million coming directly from the Holiday suite. As with many retail products, the holiday season represents an important sales period for the Texas Lottery. Holiday Scratch-offs are a key component of the product portfolio offered to potential customers during this period. The Texas Lottery introduces a variety of holiday scratch-offs at various price points ($1, $2, $3, $5, $10 and $20) to appeal to a wide variety of potential customers.

The product goals for the holiday suite are:

(1) Provide an appealing selection and variety of products for existing customers.
(2) Encourage product trial for new or lapsed players.
(3) Position the products as the perfect holiday gift.

This campaign must compete in the cluttered holiday advertising space and resonate with consumers.

We have read, understand and will comply with these requirements.

8.1.4 ***The Assignment.*** Each Proposer shall create and submit as part of its Proposal an advertising campaign designed to increase awareness and trial of Holiday Scratch-Off products for both the general and ethnic markets. Each Proposer must consider and provide information in regard to how the campaign will execute successfully against the Texas Lottery's product and campaign goals. The Texas Lottery's core audience is all Texans between the ages of 18 and 49.

The creative response, at a minimum, should include:

(a) Advertising Strategy
A solid and comprehensive strategy should be developed that addresses the assignment and meets the marketing objectives. The strategy should reflect a

thorough understanding of Texas – its demography, its history and its current status as a minority-majority state. The strategy shall be grounded in and substantiated by research. Proposers are encouraged to seek additional quantitative and qualitative research.

Our approach to developing creative solutions for this assignment followed our proven process of establishing an insights-inspired strategy from which to begin creative development. Our goal is to define a focused strategy to ensure creative ideas will deliver on the business objectives and marketing goals.

We recognize the Texas Lottery's business is complex, requiring a thorough knowledge of not only player mindsets and behaviors, but also of the brand values and sensitivities. That is why we initiate every project with a discovery phase where our planning team conducts the necessary research analysis to understand the unique opportunities and challenges of the product we are advertising.

The following sections outline relevant findings from analysis of our own proprietary research studies conducted to inform this creative challenge (as outlined in Section 8.1.1), as well as our review of relevant secondary research tools including MRI and Kantar Media.

The research revealed to us a clear story of how to best communicate 2012 Texas Lottery Holiday Scratch-Offs to Texans. We will use our traditional Creative Brief questions to relay the story and build to our strategy.

Why are we advertising?

To promote Texas Lottery Holiday Scratch-Off instant games across Texas.

What is our business goal?

To ultimately contribute $1 billion to the Foundation School Fund.

What is our marketing objective?

To increase awareness and trial of Holiday Scratch-Off products for both the general and ethnic markets.

Who are we talking to?

The core of defining an audience requires understanding their demographics. TracyLocke has multiple secondary and proprietary research tools that allow us to quantify players on every demographic variable, from age to gender to ethnicity to income to family size and far beyond.

That said, for us, player demographics are not nearly as significant to our strategy as the thoughts and behaviors related to how players interact with lottery products. The following list includes what we felt were the most relevant demographic factors to portray to our creative and media teams for this particular project:

- **Gender: The player base we want to focus on reflects an equal distribution of men and women; therefore, ideas must portray a tone appealing to both genders.**
- **Age: All Texans ages 18 and older may play lottery games. Our work should focus on appealing to those ages 18-49, especially those ages 18-34 who are currently lighter players and represent business opportunity in the future.**
- **Ethnicity: Our players reflect the diverse ethnic makeup of our state; therefore, our work must be relevant across many ethnic groups. According to the 2011 Demographic Survey of Texas Lottery Players, 67% of players are Caucasian, 18% are Hispanic, 15% are African American and 2% are Asian.**

Again, it is important to incorporate the demographic piece of the puzzle, but we feel strongly it is the psychographics that lead to the strongest and most effective creative communications.

To begin, we looked to the full body of research at our disposal. This included a combination of TracyLocke fielded primary/proprietary data, TracyLocke subscribed secondary data and Texas Lottery provided primary data:

TracyLocke Primary Research

- **Convenience store consumer intercepts**
- **Attitudes and Behaviors Study**

TracyLocke Secondary Research

- **MRI**
- **Kantar Media**

Texas Lottery Primary Research

- **2011 Demographic Survey of Texas Lottery Players, conducted by the University of Houston**

We conducted the aforementioned Attitudes and Behaviors Study to gain an even deeper understanding of players' process of selecting and purchasing Holiday Scratch-Offs.

As explained in Section 8.1.1, the compilation of the research led us to these key findings:

- **Lottery play is random.**
- **Newer is better.**
- **Ticket design matters.**
- **Holiday Scratch-Offs are most often purchased for self.**
- **Holiday Scratch-Offs as gifts mean fun and excitement.**

What do they currently think about Holiday Scratch-Offs?
"Holiday Scratch-Offs are fun. I like that they go with the holiday spirit that's all around."

For most players, Holiday Scratch-Offs aren't much different than other Scratch-Offs. Sure, matching the holiday season makes them distinctive and that's a good thing, but the mindset for playing a Holiday Scratch-Off is very similar to non-holiday games. They play Scratch-Offs because of the excitement and chance to win some money from the newest ticket on the market.

What do we want them to think?
"Ooh! Holiday Scratch-Offs are back! I'm going to grab some for myself right away and pick up a few for gifts too."

Players love to play the newest Scratch-Off games. Combine that with holiday spirit-filled themes and suddenly these are the hottest tickets in town. But rather than suggest behavior that is not consistent with their purchase intent, and convince them to only buy these as gifts, we want to remind players to pick up a Holiday Scratch-Off for someone else in the spirit of sharing.

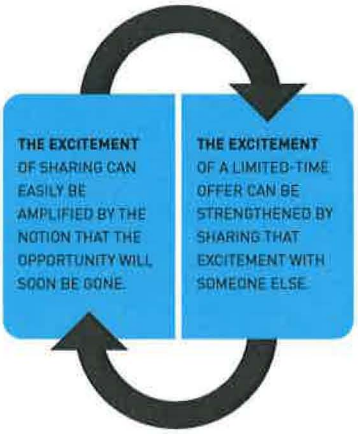
What do we need to communicate to move them?
The findings of our research revealed that our work must communicate two things:

1) Share the excitement of Holiday Scratch-Offs.
2) Holiday Scratch-Offs are here for a limited time.

Below we describe these two areas separately; however, they are both crucial ideas that must be represented in each idea to varying degrees. Both points have strong insights across all ethnicities because they both come out of the emotion of excitement.

Communication Idea:	1. Share excitement this season and give Holiday Scratch-Offs to yourself and someone you love!	2. Holiday Scratch-Offs are here! But just like the magic of the holidays, they won't last long.
Why is it believable?	When they think of it, players agree that Holiday Scratch-Offs are a fun gift to give family and friends. Players like giving their loved ones an exciting gift that comes with a chance to win money. Just a simple reminder that the holidays are about sharing will be enough for players to gift a Holiday Scratch-Off.	Part of the magic of the holidays is that they come only once a year. Just like the long-awaited season, Holiday Scratch-Offs won't last long. The limited engagement of the tickets adds excitement. The last thing players want is to miss out on a chance to win.
What is the relevant Hispanic Insight?	Hispanics never want to have fun alone. The joy of celebrating together is what makes a moment special. By sharing a Holiday Scratch-Off, you're not only sharing the joy and spirit of the holiday together, but now everyone has a chance to win. The only thing better than winning is giving everyone the chance to win too!	Hispanics are always looking for a reason to celebrate. They look at the brighter things in life and see the glass half full. During the holidays, buying a holiday-themed LTO Scratch-Off is just the catalyst to get the party started and set the tone for a fun-filled holiday.
What is the relevant African American insight?	For African Americans, Holiday Scratch-Offs represent a heightened departure from their lottery routine. The holidays are a time to reward one's self with an engaging ticket design and a potentially luckier-than-normal purchase, creating a sense of excitement. As a result, the holidays are a time to share that same tingling anticipation and excitement with family and friends. You know you love it, and they will too.	The African American player is more of a Scratch-Off regular. They are more likely than other audiences to play multiple times a week and are also more likely to play at the same location. As a result, a change in the routine requires something special. The Holiday Scratch-Off (cooler, luckier, festive time of year, etc.) represents the ultimate opportunity to depart from the routine and do something new.

Our creative teams were inspired by the crossover of these two ideas. The result is four distinct creative campaigns that contain varying weights of the two thoughts outlined above.



The one common thread woven throughout all the ideas is excitement—a nod back to the anticipatory thrill everyone has right before opening a holiday gift or scratching a holiday instant game.

Our creative ideas support the objective of increasing sales in two ways:

1) Heighten the excitement around Holiday Scratch-Offs by communicating the newness and limited-time availability. This encourages consumers to play soon and often before all the goodness is gone.

2) Encourage players to pick up Holiday Scratch-Offs to share when they're buying for themselves. This strategy creates additional usage occasions for Holiday Scratch-Offs.

Creative Considerations:

- **During the holidays, our campaigns must work even harder to differentiate our products from other advertising all around that may share similar colors, icons, themes and music.**
- **We must be aware that our elements need to be dynamic in a sea of sameness. Therefore, our creative deliverables are less about a plethora of different tactics, and more about achieving breakthrough at this cluttered time of year.**
- **The creative should deliver ideas that have strong application in digital, in-store, OOH, TV, radio and event.**

- **All ideas must reinforce the Texas Lottery brand: a positive, uplifting brand that looks and makes you look at life optimistically; the glass is always half full. It's friendly, lighthearted, energetic and fun.**

Following is the creative brief used to initiate the creative response to this RFP.

TracyLocke — TEXAS LOTTERY

2012 Holiday Scratch-Offs
CREATIVE BRIEF

WHY ARE WE ADVERTISING?
To promote Holiday Scratch-Off games across Texas.

WHAT IS OUR BUSINESS GOAL?
To ultimately contribute $1 billion to the Foundation School Fund.

WHAT IS OUR MARKETING OBJECTIVE?
To increase awareness and trial of Holiday Scratch-Off products for both the general and ethnic markets.

WHO ARE WE TALKING TO? (AUDIENCE & INSIGHTS)
- Adults 18-49; especially those 18-34 who are currently lighter players
- Research-Inspired Insights:
  - For players, picking up a couple of inexpensive Scratch-Offs once a month or more is a pretty common occurrence. They're not routine about it, but they're so open to it that if they have a little extra cash in their pockets, they'll consider a Scratch-Off game a fun way to spend it.
  - While browsing designs, if they spot a ticket they've won with before, they'll grab it. If not, they'll choose whatever design stands out as appealing to them ... as long as it has a high top prize amount. They're playing to win after all!
  - Holiday Scratch-Offs are exciting for several reasons: Players look to play the newest Scratch-Off games because they have the most unredeemed prizes. When the holiday time comes, there's a whole suite of new games to play. Plus players enjoy games with fun themes, and holiday themes carry with them the magic of the season.

CURRENT MINDSET:
"Holiday Scratch-Offs are fun. I like that they go with the holiday spirit that's all around."

FUTURE MINDSET:
"Ooh! Holiday Scratch-Offs are back! I'm going to grab some for myself right away and pick up a few for gifts, too."

WHAT DO WE NEED TO COMMUNICATE TO MOVE THEM?

1. A GIFT FOR SELF AND OTHERS

Share excitement this season and give holiday Scratch-Offs to yourself and someone you love!

REASONS TO BELIEVE:
When they think of it, players agree that Holiday Scratch-Offs are a fun gift to give family and friends. Players like giving their loved ones an exciting gift that comes with a chance to win money. Just a simple reminder that the holidays are about sharing will be enough for players to gift a game.

Application for Hispanics:
Hispanics never want to have fun alone. The joy of celebrating together is what makes a moment special. By sharing a Holiday Scratch-Off, you're not only sharing the joy and spirit of the holiday together, but now everyone has a chance to win. The only thing better than winning is giving everyone the chance to win too!

Application for African Americans:
For African Americans, holiday lottery tickets represent a heightened departure from their lottery routine. The holidays are a time to reward one's self with an engaging ticket design and a potentially luckier-than-normal purchase, creating a sense of excitement. As a result, the holidays are a time to share that same tingling anticipation and excitement with family and friends. You know you love it, and they will too.

2. LIMITED TIME ONLY

Holiday Scratch-Offs are here! But just like the magic of the holidays, they won't last long.

REASONS TO BELIEVE:
Part of the magic of the holidays is that they come only once a year. Just like the long-awaited season, Holiday Scratch-Offs won't last long. The limited engagement of the games adds excitement. The last thing players want is to miss out on a chance to win.

Application for Hispanics:
Hispanics are always looking for a reason to celebrate. They look at the brighter things in life and see the glass half full. During the holidays, buying a holiday-themed LTO Scratch-Off is just the catalyst to get the party started and set the tone for a fun-filled holiday.

Application for African Americans:
The African American player is more of a Scratch-Off regular. They are more likely than other audiences to play multiple times a week and are also more likely to play at the same location. As a result, a change in the routine requires something special. The Holiday Scratch-Off (cooler, luckier, festive time of year, etc.) represents the ultimate opportunity to depart from the routine and do something new.

CREATIVE CONSIDERATIONS:
- During the holidays, our campaigns must work even harder to differentiate our products from other advertising all around that may share similar colors, icons, themes and music.
- We must be aware that our elements need to be dynamic in a sea of sameness. Therefore, our creative deliverables are less about a plethora of different tactics, and more about achieving breakthrough at this cluttered time of year.
- The creative should deliver ideas that have strong application in digital, in-store, OOH, TV, radio and event.
- All ideas must reinforce the Texas Lottery brand personality: a positive, uplifting brand that looks and makes you look at life optimistically; the glass is always half full. It's friendly, lighthearted, energetic and fun.

Our media recommendations outlined in Section 8.1.4 (b) extend our advertising strategy, as such quantitative and qualitative research has informed our media program. Past successes have proven that carefully selected media choices drive awareness and trial—our marketing objectives for 2012 Holiday Scratch-Offs.

(b) Media Plan

The Media Plan should detail the media, GRP levels and flights utilized to reach the intended audience. Digital media and event promotion details shall be presented here.

Our Approach to Media

Students of the Industry

In order to develop a solid media strategy, we need to be students of the industry – and we are. We are passionate about all aspects of media and are constantly learning to ensure we can provide our clients with the best options. Every day we talk to vendors and entrepreneurs who have new media outlets, read about trends emerging in other countries, and witness new opportunities in our daily lives. We pride ourselves on balancing what is new and exciting with what is proven and true.

Thorough Research

After campaign objectives are determined, qualitative and quantitative research provides the base for media strategy development. We determine media types to include in the plan – whether traditional (TV, radio, OOH), emerging (digital, mobile) or experiential (events, promotions). Research helps us understand not only who the audience is, but also how to surround them where they live, work, play and shop. The goal of all media is to intercept the consumer in their daily life, often along their path to purchase, and engage them in a meaningful way so they ultimately take action.

Collaboration with Creative

Successful media plans are contingent on many factors, one of which is collaboration with the creative team. The process of developing an integrated plan begins with the creative brief and insights provided by the strategic planner. This information serves as a litmus test to ensure media tactics and messaging work together to deliver a program that is effective, efficient and engaging (the three Es).

Driven by insights into the audience, married with a strategic creative brief, final tactics for each medium are determined through creative collaboration. Spot length, visual concept and wording are all important factors in determining the ideal mix to deliver on the three Es. If the right combination of placement and messaging is not considered, the end result will be a less successful campaign.

Digitally Integrated

We do not have traditional and digital media planners. Instead, it is the expectation of each of our media planners to be experts in all media, including the complete range of digital platforms. Media recommendation should not be siloed in tactical categories, but rather by a strategy to achieve business results. Our team is structured to deliver on this specifically.

Language Appropriate

A part of connecting with the consumer on their terms is communicating to them in the appropriate language. This means a blend of English and Spanish creative, with the station, format or neighborhood determining the best fit. For instance, ads placed at retail should be a blend of English and Spanish copy in neighborhoods with a high concentration of Spanish-speaking consumers.

Our Approach in a Minority-Majority State

Texas is considered a minority-majority state with over half of the population designating themselves as Hispanic, African American, Asian or another race other than Caucasian. It is important when discussing the minority population to recognize that race and ethnicity overlap. Hispanic, Latino and Spanish origins are considered ethnicities and are not considered races. A person can be Hispanic and African American (or another race). Therefore, Hispanic/Latino Census information cannot be added to non-White respondents without the possibility of duplication.

The general Texas market, according to the 2010 Census, is made up of the following:

Race	Population	% Pop	Ethnicity	Population	% Pop
White	17,701,552	70.40%	Hispanic or Latino	9,460,921	37.62%
African American	2,979,598	11.85%	Non-Hispanic/Latino	15,684,640	62.38%
Asian	964,596	3.84%			
American Indian/Alaska Native (AIAN)	170,972	0.68%			
Native Hawaiian Pacific Islander (NHPI)	21,656	0.09%			
Some Other Race	2,628,186	10.45%			
2+ Races	679,001	2.70%			
Total	25,145,561	100.00%		25,145,561	100.00%

Source: U.S. Department of Commerce, Bureau of the Census; 2010 Census Questionnaire Reference Book

Because the general market encompasses the total market, all general placement has the opportunity to reach all races and ethnicities in the marketplace. As such, we view the term "General Market" as inclusive of all Texans in the market-in-general, versus being exclusive of non-White ethnicities. When planning for Texas markets, we recognize formats and programs may skew toward one segment but may not be exclusive to that segment. While we are aware race and ethnicity are two separate designations, we still refer to the Hispanic and African American segments as ethnic media.

For the top three noted segments in the 2010 Census, we look to the DMA level to understand each market better.

		Market Penetration					
DMA	Est. Total DMA Pop	% HA	Est. Total HA Pop	% AA	Est. Total AA Pop	% Asian	Est. Total Asian Pop
Abilene/Sweetwater	306,105	23%	69,363	6%	17,907	1%	2,602
Amarillo	533,141	32%	171,352	5%	26,870	1%	7,944
Austin	1,918,090	30%	575,427	7%	134,650	4%	79,409
Beaumont	452,378	11%	49,309	24%	107,304	2%	8,188
Corpus Christi	570,412	60%	342,875	4%	20,364	1%	6,674
Dallas/Fort Worth	7,283,340	28%	2,026,225	14%	986,164	4%	324,837
El Paso	989,075	78%	775,237	3%	25,518	1%	9,990
Harlingen/McAllen	1,258,141	89%	1,121,884	1%	8,807	1%	9,059
Houston	6,333,391	34%	2,175,520	16%	1,043,743	6%	357,837
Laredo	263,344	94%	247,886	0%	1,211	0%	1,080
Lubbock	432,959	38%	165,564	6%	27,666	1%	4,070
Odessa	408,451	48%	196,833	5%	19,401	1%	3,227
San Angelo	144,529	36%	52,681	3%	4,697	1%	1,113
San Antonio	2,446,839	55%	1,334,506	6%	143,874	2%	40,128
Sherman/Ada	334,164	7%	24,193	5%	16,107	1%	2,139
Shreveport/Texarkana	1,006,857	6%	64,237	30%	300,849	1%	7,048
Tyler/Longview	727,345	15%	110,775	16%	118,194	1%	5,601
Victoria	88,554	43%	37,972	6%	5,234	1%	921
Waco/Bryan/Temple	977,985	21%	202,638	16%	155,500	2%	20,831
Wichita Falls	416,979	13%	53,999	10%	40,822	1%	5,921

Source: SRDS Lifestyles Local Market Analyst; Nielsen Pop-Facts Demographics, 2011

Who Is the Texas Lottery Audience?

Beyond the overall makeup of the Texas markets, we looked more specifically at who the Texas Lottery audience is to develop the media plan. Texas Lottery defines the core audience as all Texans 18 to 49 years of age. This description provides guidance for the buying demo. With so many media options to choose from, we must dig deeper to better determine the most efficient and effective media that will engage the consumer.

Using some of the same research used to develop the creative brief, we further developed the audience as it relates to Texas Lottery's overall objectives. In terms of increasing participation, one piece of the puzzle is reaching the younger end of the current audience, that being Texans 18 to 34 years old. This subset may have grown up watching their parents and relatives play the Texas Lottery, but they have only begun to play and may not yet be loyal players.

We also want to reach light players with the audience defined as those who play a Lottery game less than three times in a month. Often these players need to be educated about the ease of playing and purchase tickets on impulse rather than as part of their routine.

Understanding the interests and habits of these two groups allows us to focus our strategy and media selection. MRI research allows us to develop media quintiles for the Texas General Market. We look at Hispanic and African American audiences as well; however, the sample set is very unstable, so it is used directionally only.

General Market Indices						
Quintiles	Magazines	Newspaper	TV	Radio	Outdoor	Online
I (Heavy)	116.4	76.4	73.4	99.3	112.8	137.1
II	114.5	94.6	86.9	111.5	112.5	124.7
III	106.1	117.5	98.1	114.8	102.9	118.3
IV	95.9	103.8	121.1	104.3	93.6	63.4
V (Light)	67.2	106	120.6	69.9	78.2	56.4

Source: MRI 2011 Doublebase; Texans A18-49 and light players

While magazine readership is high for the Texas Lottery audience, the cost to insert regionally in top publications is often inefficient. National publications have minimum circulation requirements, and Texas alone often falls below these thresholds, which forces advertisers to pay for more impressions than they will actually receive.

We use quintile information directionally, but also analyze other quantitative and qualitative data, including insights about medium and heavy players, to understand where there is overlap to ensure we are not alienating loyal players.

While the media landscape has evolved quickly, syndicated research hasn't necessarily changed at the same pace. Additional syndicated data (Scarborough, Simmons, Ipsos Reid and TRU) is combined with industry reports and firsthand knowledge to develop the media strategy for both overall annual plan and individual campaign support.

State of Media Today

The media landscape is evolving daily with more opportunities to reach the Texas Lottery audience than ever before. Long gone are the days of media consumption consisting only of TV before and after work, terrestrial radio in the car, and out-of-home billboards seen while driving.

Today's advertising can be big (wallscapes) or small (coasters and napkins). Consumers are served ads at the gas pump, in the grocery aisle, in elevators, on trains, walking by interactive displays, on the computer, via instant messaging and texts, on their smartphones – the list goes on and on.

More than 75% of the population will be wired and online by the end of 2012. The digital landscape has changed the way people interact with products, going far beyond the computer and banner ads. Ads can be geo-targeted and directional, serving a message customized to drive consumers to the nearest store. The same ad can provide the opportunity to click through to receive a coupon for the purchase. Ads are far more interactive and engaging today, providing the ability to serve a video or an interactive experience without leaving the page the user chooses to visit.

Even more impactful to the media landscape is how the digital explosion has created more opportunities to reach the Texas Lottery audience in new ways. Today's audience is choosing to watch TV on new screens. 30% of adults 18-34 are watching TV programs via the Internet, and overall viewers watching TV online has tripled since 2006.

Radio listenership has evolved beyond terrestrial and satellite radio to digital as well. In 2006, 48% of online listeners were streaming a local radio station on their computer. Today 55% of online users report listening to digital music sites such as Pandora, Spotify or Slacker Radio.

Smartphones have become a source for watching videos, listening to music, searching the web, playing games, reading product reviews, finding the nearest store and more. Since 2009, usage increased 75% with 44% of the current population using a mobile device to access the Internet. While Hispanics are less likely to have home Internet access than Caucasians, they are more likely to connect via mobile device. In fact, the Hispanic community leads the trend with 59% mobile Internet users compared to 52% of African Americans and 43% of Caucasians.

With so many options in an ever-changing arena, the approach to communicating with today's consumer has to be different than in the past. Communication must be a dialog with messaging that gets the audience to lean in and be a part of the conversation.

Mobile and digital outlets provide an opportunity to connect with a consumer in a meaningful way that can contribute to the social media landscape. While you can purchase advertising on social media outlets like Facebook and Twitter (which we recommend that you do), it is even more effective when done organically and shared freely between friends and peers.

As we stated in Section 7.1.2, we believe mobile is a critical connecting point for Texas Lottery and consumers. 69% of Texas Lottery players have a smartphone, and 83% are members of Facebook (Source: Attitudes and Behaviors Study).

A Day in the Life

With all information considered, we developed a snapshot of what a typical day in the life of the Texas Lottery Audience looks like.

6-8 AM

While getting ready for the day, streams Pandora or turns to early morning programming for news and weather while checking Facebook updates on phone.

8-9 AM

Tuning in for the AM drive, listens to radio personalities/ shows and traffic updates. Stops at the gas station to fill up after seeing a billboard for cheaper gas.

9 AM-5 PM

Arriving at work, checks news, sports and entertainment updates on the local/national news sites before getting to work. Streams Pandora throughout the day.

5-6 PM

Driving home, listens to traffic updates on the radio, taking the time to note the billboards along the road home. Texas Lottery Jackpot hit!

6-11 PM

Getting home, plays video games, watches favorite TV show/streams from Hulu while checking Facebook and Gmail. Turns in for the night.

Annual Media Strategy

While the assignment is focused on Holiday tickets, we also recognize there is a fiscal year plan to determine how the annual investment will be allocated against each campaign. We consider each initiative to be unique, but consider annual commitments in the market when planning each campaign.

Market Grouping

Before diving into the Holiday media plan, we went through the process to group markets in terms of priority. This allows us to best leverage Texas Lottery's investment. Ideally, all markets would receive equal support; however, budgets do not allow this, so we need to determine where the best opportunity for growth and sales exists. Our media "Group" criteria include share of sales, sales per capita and cost per volume point of TV and radio.

Share of sales (SOS) is measured across the most recent 52 weeks available at the time of analysis. With a combination of FY12 and FY11 data, we determined the highest volume DMAs. Sales volume accounts for 50% of the weighted media Grouping Score.

25% of the Grouping Score comes from sales per capita (SPC) data. Using the same 52-week sales data and the DMAs population, we calculated the SPC for each market and indexed each market against the Texas average.

Finally, we averaged TV and radio cost per volume points (CPVP) to determine the most efficient media markets. This data accounts for the final 25% of the Market Grouping.

Balancing both sales opportunity and media efficiency allows us to invest in markets where the dollars will be most effective and contribute to reaching Texas Lottery's goals.

Measure	Description	Weight
Share of Sales	Last 52 weeks of sales determining highest volume DMAs	50%
Sales Per Capita	Sales data measured against DMA population for top sales markets	25%
Cost Per Volume Point	Measure both Radio and TV in each DMA to determine most efficient markets	25%

Additional consideration is given to the four largest Texas markets (Dallas/Fort Worth, Houston, San Antonio and Austin) as they account for over 65% of total sales. If not already in Group A, we elevated these markets one group level.

El Paso is the only market that changed since the FY12 Market Groupings were done (dropped from Group C to Group D). Revised Market Groupings are:

			Grouping Rank				
DMA	A18-49 Pop	% TX Pop	SOS (50%)	SPC (25%)	CPVP (25%)	Weighted	Group
Corpus Christi	241,258	2.0%	8	2	1	1	A
Tyler/Longview	298,250	2.5%	7	3	3	2	A
San Antonio	1,055,357	8.8%	3	8	6	3	A
Beaumont	192,828	1.6%	9	5	2	4	B
Waco/Bryan/Temple	464,902	3.9%	5	7	8	5	B
Houston	2,865,532	23.9%	1	10	14	6	A
Odessa	173,309	1.4%	10	4	4	7	B
Dallas/Fort Worth	3,338,327	27.8%	2	15	13	8	A
Austin	903,550	7.5%	4	16	11	9	B
Harlingen/McAllen	514,969	4.3%	6	14	10	10	C
Amarillo	225,836	1.9%	11	12	5	11	C
Lubbock	193,985	1.6%	13	11	7	12	C
Abilene/Sweetwater	165,321	1.4%	14	9	9	13	C
San Angelo	61,420	0.5%	18	6	15	14	D
Victoria	35,750	0.3%	19	1	19	15	D
El Paso	423,796	3.5%	12	18	16	16	D
Wichita Falls	178,285	1.5%	17	17	12	17	D
Laredo	109,057	0.9%	16	13	20	18	D
Shreveport/Texarkana	419,630	3.5%	15	20	18	19	E
Sherman/Ada	135,607	1.1%	20	19	17	20	E

Source: SRDS Lifestyle Demographics; 52-week sales as of 1/28/12; Project CPPs as of 1/4/12

Once Market Groupings were completed, we determined which DMAs will receive ethnic market designations. Based on the overall Texas landscape, we look at Hispanic and African American segments for ethnic media. While the Asian market is growing, the community makes up less than 4% of the Texas population, and measured designated media is still very limited.

Ethnic Media Analysis

Our ethnic media analysis compared each market to the U.S. Census data for Texas as a whole, overall market population, penetration in the market, and available measured media. In order for a market to receive Hispanic or African American designation, it must meet three of the following four criteria:

- **Market penetration above the Texas census level**
- **Segment population over 100,000**
- **Measured by Nielsen**
- **Measured by Arbitron**

Hispanic Segment Analysis

DMA	% HA	Est. Hispanic Pop.	Measured for TV	Measure for Radio
Abilene/Sweetwater	23%	69,363		X
Amarillo	32%	171,052		X
Austin	30%	575,427	X	X
Beaumont	11%	49,309		X
Corpus Christi	60%	342,875	X	X
Dallas/Fort Worth	28%	2,026,225	X	X
El Paso	76%	775,237	X	X
Harlingen/McAllen	89%	1,121,884	X	X
Houston	34%	2,175,520	X	X
Laredo	94%	247,886		X
Lubbock	38%	165,564		X
Odessa	48%	196,823		X
San Angelo	36%	52,681		X
San Antonio	55%	1,334,806	X	X
Sherman/Ada	7%	24,193		
Shreveport/Texarkana	6%	64,237		
Tyler/Longview	15%	110,775		X
Victoria	43%	37,972		
Waco/Bryan/Temple	21%	202,638		X
Wichita Falls	13%	53,999		X
Texas Census	38%			

African American Segment Analysis

DMA	% AA	Est. AA Pop.	Measured for TV	Measure for Radio
Abilene/Sweetwater	6%	306,105		
Amarillo	5%	533,141		
Austin	7%	1,918,090		X
Beaumont	24%	452,378		X
Corpus Christi	4%	570,412		
Dallas/Fort Worth	14%	7,283,340	X	X
El Paso	3%	989,075		
Harlingen/McAllen	1%	1,258,141		
Houston	16%	6,333,391	X	X
Laredo	0%	263,344		
Lubbock	6%	432,959		
Odessa	5%	408,451		
San Angelo	3%	144,529		
San Antonio	6%	2,446,839		X
Sherman/Ada	5%	334,164		
Shreveport/Texarkana	30%	1,006,857		X
Tyler/Longview	16%	727,345		X
Victoria	6%	88,554		
Waco/Bryan/Temple	16%	977,985		X
Wichita Falls	10%	416,979		
Texas Census	12%			

Source: SRDS Lifestyles Local Market Analyst; Nielsen Pop-Facts Demographics, 2011

To effectively plan against the three segments we've designated (GM, HSP & AA), we must understand the marketplace and how vendors are negotiating inventory.

Nielsen is the recognized industry measurement source for television. Historically, there were two separate panels used to derive TV ratings. The National Survey Index (NSI) was the source for general market and African American ratings while the Nielsen Hispanic Survey Index (NHSI) provided the base for all Hispanic ratings.

The television landscape changed dramatically in November 2011 with the elimination of the NHSI panel, creating one single sample set for all television ratings. This change allows for Hispanic rating data to be consistent with how African American ratings are reported. While both Hispanic and African American ratings are available, the majority of television stations only negotiate off the General Market ratings.

Because the market negotiates this way, television is planned against Adults 18-49. In designated Hispanic markets, both English and Spanish language stations are included in the buy. Buyers look at all available rating information to ensure buys are efficient and effectively reaching all segments of the market.

Nielsen Language Strata information provides further insight into the viewing habits of the Hispanic population in all measured Texas Hispanic markets except Laredo and Odessa. Less than half of the Hispanic population in these reported markets is Spanish-dominant in terms of media consumption.

Language Strata for Texas Markets

DMA	Only Spanish	Mostly Spanish	Both Spn & Eng	Mostly English	Only English	Spanish Dominant	NonSpanish Dominant	English Dominant
Austin	8.1%	21.8%	17.6%	39.4%	13.1%	29.9%	70.1%	52.5%
Corpus Christi	2.8%	14.2%	16.3%	55.3%	11.5%	17.0%	83.0%	66.7%
Dallas	12.5%	28.6%	23.8%	24.0%	11.1%	41.1%	58.9%	35.2%
El Paso	12.3%	24.1%	25.0%	32.4%	6.3%	36.4%	63.6%	38.7%
Harlingen	9.0%	31.9%	32.5%	24.7%	1.9%	40.8%	59.2%	26.6%
Houston	15.6%	29.5%	24.1%	21.3%	9.5%	45.1%	54.9%	30.8%
San Antonio	3.5%	17.5%	19.8%	43.1%	16.0%	21.0%	79.0%	59.1%

Source: Nielsen NHSI Estimates of Hispanic TV HHs by Language Strata, January 1, 2012 (Used beginning 9/24/11)

For radio, the recognized measurement source is Arbitron. Markets with the highest Hispanic or African American populations receive Differential Survey Treatment (DST), resulting in ethnic ratings. In designated ethic markets with DST data, we plan separate buys for Hispanic and/or African American in addition to the General Market plans.

In some cases, the market data is not supplied through traditional industry reporting methods, and therefore stations negotiate on General Market ratings. In these markets, we plan a separate Hispanic or African America buy as radio formats can be used to determine ethnic skew, unlike broadcast television programming. The markets impacted are Odessa/Midland (Hispanic), Beaumont (AA), Tyler/Longview (AA) and Waco (AA).

In markets that are planned against General Market only but have strong Spanish-language stations, buyers are encouraged to consider Spanish-language inclusion if ratings are strong and the station can efficiently deliver TRPs.

By planning in accordance with industry negotiation practices, we can better project costs and maximize savings. When planned against ethnic ratings but negotiated against General Market, units are converted to Hispanic or African American ratings after negotiations are complete. For example, Dallas/Ft. Worth saw 22% savings in TV due to converting General Market negotiated rates to African America ratings during the FY12 Holiday campaign.

In addition to determining Market Groupings for the year and understanding the industry negotiation landscape, we have considered there are annual commitments for the fiscal year and planned accordingly.

Annual Commitments

Newspapers are utilized to communicate with all designated segments, as well as the Asian community, in the form of sell ads and end of game ads (EOG). HUB ads are also placed through media but are funded outside the Advertising Budget.

In addition to print, Texas Lottery has 129 permanent bulletins across the state of Texas supporting a combination of the current online games. Powerball, Mega Millions and Texas Two Step have an annual presence with bulletins displaying current Jackpot amounts.

Market coverage varies by market from 20% to 85% across the 20 Texas Lottery DMAs.

DMA	Est. Annual Imps	Coverage
Abilene/Sweetwater	39,399,724	51%
Amarillo	50,378,328	38%
Austin	415,275,952	86%
Beaumont	83,439,720	72%
Corpus Christi	91,410,956	63%
Dallas/Ft. Worth	954,400,720	52%
El Paso	153,804,560	61%
Harlingen/McAllen	114,516,948	39%
Houston	936,855,920	58%
Laredo	42,184,688	69%
Lubbock	55,582,800	50%
Odessa/Midland	39,020,800	39%
San Angelo	14,059,136	38%
San Antonio	331,040,164	52%
Sherman	23,635,248	27%
Texarkana	32,760,000	13%
Tyler/Longview	51,140,908	27%
Victoria	14,691,404	67%
Waco/Bryan	106,051,400	43%
Wichita Falls	23,299,640	22%
Texas Total	3,572,949,016	52%

The current annual bulletin contracts will expire at the end of FY13. Before renewing all boards it is recommended that coverage goals be reset for more equal distribution across the state.

Additional support for current Jackpot levels is provided with English and Spanish traffic sponsorships placed in all Texas Lottery DMAs except Beaumont. Prior analysis of media support in relation to sales was used in determining support for FY12. These sponsorships focus on one online game for several weeks to drive traffic and encourage participation and serve as a reminder for the listener to stop by their favorite retailer to pick up a ticket.

Prior to planning FY13, note that approximately $8.2 million will need to be allocated to annual media agreements. This equates to approximately 25% of the overall FY12 Advertising budget. These commitments were considered when developing the Holiday media plan but were not included in the $5 million budget.

Holiday Media Plan

Holiday tickets are only available for a limited time and make the perfect gift, both for others and for you. Texans can count on the return of a Holiday ticket suite each year to brighten up the season.

The goal of the media plan is to inform Texans that tickets are available, remind them they are only available for a limited time, and encourage them to purchase tickets while they last. In order to do this, we will utilize a combination of media vehicles to reach consumers throughout their day, intercept them during the path to purchase, and communicate with them in an engaging way.

While tickets are only available for a limited time, they have become a constant during the holiday season, so planning levels are based on a continuity strategy rather than a new product launch. Of the $5 million advertising budget for the Holiday campaign, we allocated $3.6 million for media at the onset of planning. Based on our understanding of previously successful Holiday campaigns, we determined this to be the appropriate allocation.

We looked at the role each medium takes in the overall plan before allocating the investment further. The strategy of each, and how consumers engage with the tactics, provides guidance on the overall media mix. We approached the plan starting at the market level to allocate budget based on market nuances rather than adjusting markets to fit a predetermined spend by media type.

Broadcast

Broadcast serves as the base of the plan. TV and radio generate awareness and interest, but levels are not excessive as our audience is low and medium consumers of TV and radio, respectively. This indicates they are selective of when and where they choose to watch TV or listen to their favorite radio station. Placement in high-engagement programming puts Texas Lottery's message where our audience is choosing to tune in and connect.

We will further the dialogue with the audience through on-air and online promotions and sponsorships secured through added-value negotiations. Both paid media and added value are negotiated at the same time to drive both efficiency and effectiveness of the investment.

Following the Presidential election on November 6, consumers will be eager to see ads that are positive and focused on nonpolitical messages, and we are going to make sure Texas Lottery is there for them. The election season will impact inventory of an already busy advertising season with stations making good spots that were bumped by political advertising prior to the election, so buying as early as possible is a must.

Texas Lottery tickets will be provided to both TV and radio partners for promotional giveaways to secure added value when selling events are not available. TracyLocke and Asher Media take the allocation of Texas Lottery tickets very seriously. We ensure all tickets are used for promotional purposes to benefit the Texas Lottery. Texas Lottery Holiday merchandise will also be provided to plus-up prize packs and keep the focus on Texas Lottery.

Negotiating both TV and radio on an annual basis will secure the most efficient rates for the entire fiscal year and will lock in inventory. Broadcast buys can be adjusted throughout the year as programming changes and/or shifts are needed for product support. Vendors require no more than four weeks notice for cancellation of media, but typically work with a two-week policy. In this RFP, you've requested those buys three weeks in advance, ensuring we clear approvals before the two-week cancellation policy. In fact, our goal is providing buys four weeks in advance to help with your internal review. With an annual buy, we can be both flexible and efficient, while more effectively leveraging the investment made by Texas Lottery for added value. Typically, fourth quarter TV is held out from an annual commitment, but since the Texas Lottery fiscal year begins in media's fourth quarter, it aligns better than a traditional annual year.

For the Holiday campaign, we planned for 100% :30 TV based on creative messaging. Radio messaging is 100% either :60 or :30 based on the concept. Regardless of unit length, television and radio daypart mixes are consistent and based on the Texas Lottery audience's media consumption, engagement programing, ratings and impulse purchase timing (drive time and weekends).

Recommended daypart mixes for TV and radio are:

Television			Radio	
Daypart	Allocation		Daypart	Allocation
Early Morning	10%		AM Drive	25%
Early Fringe	5%		Midday	10%
Early News	10%		PM Drive	35%
Prime Access	10%		Evenings*	15%
Prime/Sports	40%		Weekend	15%
Late News	15%		*Narrowed to 7p-10p	
Late Fringe	10%			

For television, cable programming can be included when the cable system has over 60% market penetration and can deliver the buying audience efficiently and effectively. Currently, we are not purchasing cable as it is not necessary to achieve our TRP goals unless there is a specific creative concept tie-in that includes cable programming.

Out-of-Home (Outdoor to Retail)

Out-of-home connects with the audience and their on-the-go lifestyle. High-profile bulletins provide mass reach of the market and remind players Holiday tickets are back. Kiosks, bus shelters and transit intercept the consumer throughout their day and on the path to purchase. A combined #25 showing across all tactics will be delivered in each Texas Lottery DMA.

At retail, we continue the conversation with advertising at both C-stores and grocery stores in Group A and B markets. Ads placed at the pump and in the parking lot reinforce the message and serve as a trigger to go inside to grab tickets before they are gone. Once inside, in addition to POS placed by GTECH, paid elements complete the journey for our audience.

Deeper efficiencies can be realized with out-of-home, both traditional and at retail, if multiple campaigns can be secured at one time. The cancellation policy with out-of-home vendors does require more notice than broadcast with 30 to 60 days required in most contracts. Based on the annual plan, we can make a recommendation on what inventory should be secured together, should we be chosen as the Successful Proposer.

Digital Media

Based on research, we know the Texas Lottery audience is most engaged with online and mobile media. The younger end of the audience is more connected than any generation before them and is helping their older family and friends adopt new technology. It is critical to increase Texas Lottery's presence in the digital space to connect with the consumer in a meaningful way. Multimedia sites such as Hulu, Pandora and Spotify are part of the audience's daily life and are seen as another screen or receiver for the shows and music they seek.

In keeping with our digital strategy recommendation in Section 7.1.2, we believe a consistent digital presence is critical. Online and mobile advertising will align with relevant sites to both the Texas Lottery audience and the creative. Local TV and newspaper sites, major portals like Yahoo!, Hispanic-focused networks and mobile networks will provide mass reach while delivering an engaging message. In the future, we will further extend our reach in mobile, as we believe it can be a powerful place for the Texas Lottery brand.

While we will use YouTube to serve our Texas Lottery commercials and customized media, we do not recommend purchasing ads on the site at this time. Recent changes to their advertising model have eliminated many firewalls that would ensure our ads are not served to Texans under 18 years old or next to questionable videos. Once these controls are back in place and proven to work, we will consider placement on YouTube.

Serving ads on both mobile and online sites provides for continuity in the consumer's day. High-impact units, including page takeovers, synced units, in-unit ads, stunt interstitials and sliding billboards, allow users to interact with Texas Lottery messaging without leaving the page. Links to a microsite, Facebook or locator app continues the engagement with our audience and drive to retail.

All creative concepts are supported with local news sites in the top four markets, Orange Network (Spanish language), Univision and mobile variations. Additional sites and promotions will vary by concept.

Events

Experiential tactics engage our audience on the most personal level, bringing Texas Lottery face-to-face with them during their daily routine. It is a positive interruption that breaks through the clutter of Holiday advertising and provides a fun and memorable experience. Each creative concept has a unique execution that aligns with the messaging, connecting the Texas Lottery brand and consumers in relevant ways to make the experience that much more meaningful.

In addition, these events provide an opportunity for the Texas Lottery audience to "share" the experience with their friends. Whether inviting them to join them at the event, checking in via Foursquare or uploading pictures to their Facebook page, individuals keep the experience alive long after they walk away from the event.

THE PLAN

The flowchart serves as a topline snapshot for the media plan, but we have gone deeper to customize the media plan for each creative concept. We grounded the customization in reality to present plans that can be executed within the pricing and zoning considerations in Texas based on our experience and the current marketplace.

Media costs are always subject to change based on inventory availability and market conditions, but that is not an excuse to present ideas that cannot be reasonably accomplished. We know you will see many big ideas from other organizations, but it is important to remember that many of these cannot be executed in the state of Texas or within the current budget.

TracyLocke and Asher Media have the experience and knowledge both in Texas and with the Texas Lottery to understand exactly what is doable.

The following flowchart reflects planned costs for broadcast, but based on our experience, we anticipate 10%-15% savings after negotiations. We've included total broadcast TRPs (Adults 18-49) and GRPs (total audience) for comparison purposes. For television, GRPs are higher as television programming tends to touch all demographics, while radio is more focused and skews to specific demographics. For this reason, regardless of the strength of a station's ratings, we do not purchase any programs or formats with an audience less than 70% over the age of 18.

2012 NOVEMBER – DECEMBER MEDIA PLAN

	Q1				Q2								Estimated Broadcast Delivery					
	November				December													
Audience: A18-49	29	5	12	19	26	3	10	17	24									
Messaging	HOLIDAY									**TRPs**	**GRPs**	**Net Cost**	**Reach**	**Freq.**	**3+ Reach**
TV - Group A			100	100			100	100		400	876	$1,273,436	76%	5.3x	55%
TV - Group B			80	80			80	80		320	608	$173,947	71%	4.5x	50%
TV - Group C			70	70			70	70		280	644	$104,613	66%	4.1x	44%
TV - Group D			60	60			50	50		220	470	$88,657	63%	3.5x	37%
TV - Group E			45	45			45	45		180	398	$31,893	60%	3.0x	30%
Fox Sports Network															
										SBTL GM TV		**$1,672,546**			
RD - Group A			100	100			100	100		400	309	$286,960	55%	7.3x	35%
RD - Group B			90	90			90	90		360	267	$64,773	53%	6.8x	33%
RD - Group C			85	85			85	85		340	271	$23,669	52%	6.5x	32%
RD - Group D			80	80			80	80		320	247	$17,272	51%	6.3x	30%
RD - Group E			50	50			50	50		200	165	$3,035	45%	4.4x	23%
TX Radio Network (spots)			20	20			20	20		80 spots	80 spots	$40,800			
										SBTL GM RD		**$436,509**			
RD - HA Group A			44	44			44	44		176	158	$60,024	55%	3.2x	24%
RD - HA Group B			25	25			25	25		100	78	$5,007	40%	2.6x	13%
RD - HA Group C			15	15			15	15		60	55	$2,063	32%	1.9x	7%
RD - HA Group D			20	20			20	20		80	79	$2,973	26%	3.1x	9%
										SBTL HA RD		**$70,066**			
RD - AA Group A			55	55			55	55		220	220	$33,671	65%	3.4x	34%
RD - AA Group B			50	50			50	50		200	139	$7,021	60%	3.3x	30%
RD - AA Group E			40	40			40	40		160	104	$3,033	60%	2.7x	24%
										SBTL AA RD		**$43,726**			
Traffic Radio English*															
Traffic Radio Spanish*															
Perm Boards - Dual															
Perm Boards - Mega Millions															
Perm Boards - Powerball															
Perm Boards - TTS															
Promo OOH			All Markets (Bulletins, Street Level)									$450,000			
										SBTL OOH		$450,000			
Corporate Sunshine Fees															
At Retail (C-Store & Grocery)												$500,000			
										SBTL C-STORE		$500,000			
Digital/Mobile												$150,000			
										SBTL DIGITAL		$150,000			
Plus Up/Events												$200,000			
										SBTL EVENTS		$200,000			
Ethnic print															
Grand Total												**$3,522,846**			

*Note: All TRPs and GRPs reflect average of all markets represented

Now that we have established the foundation of the plan, we have outlined media recommendations that specifically align with creative concepts presented in Section 8.1.4 (d). We believe it is imperative to align media and creative for the greatest impact and clarity of product messaging. As such, you while find customized media solutions after each creative concept, that ties the campaign together from the specific idea to media delivery.

(c) Budget

The Budget should include all production and media costs and shall not exceed $5 million.

Understanding that the total budget for the Holiday campaign is $5 million, we allocated approximately $3.6 million to media support and the remaining $1.4 million to production. While each campaign that follows has a unique extension that can alter the final spend, we are confident that the funds we have allocated can deliver against the tactics presented.

Holiday Campaign Budget			
Medium	Audience	Specs	Budget
TV Includes: Shadow photography shoot, if needed. Additional file formatting for online and c-store use. Talent & re-use, dubs & shipping.	GM, AA & HISP	(3) :30	$1,000,000
Radio Includes talent & re-use, dubs & shipping.	GM, AA & HISP	3 x :60	$40,000
Digital	GM, AA & HISP	Digital Hardcosts (such as email management or hosting fees)	$50,000
Outdoor	GM, AA & HISP	14' x 48' Bulletins with and without extensions, kiosks & 30 sheets	$45,000
POS	GM, AA & HISP	Up to 8 elements of varying quantities for GTECH Placement. Includes Spanish language for select tactics.	$60,000
Premium Item	GM, AA & HISP	TBD	$75,000
Media	All Markets	See flow chart for detail	$3,600,000
Total			**$4,870,000**

(d) Creative

The campaign's creative strategy should present original and engaging ideas that support the advertising strategy for general and ethnic markets. The creative response should include, at a minimum, one 30-second television spot, one 60-second radio spot, one outdoor billboard, and point-of-sale pieces.

Additionally, the campaign should include a strong digital component to demonstrate strategic thinking and planning in the digital space (this may include approaches such as: Internet ads, viral marketing, microsites, social media, mobile marketing etc.)

The final element of the campaign should be a related event or promotion. This event should complement the supporting campaign while encouraging product trial and fostering brand awareness.

All creative shall be in accordance with the Texas Lottery's mission, vision and core values and advertising sensitivity stipulations as described in this RFP.

We're all familiar with the story of Ebenezer Scrooge and how three ghosts taught him the **true spirit of the holidays.** But what most people don't know is that there was a **fourth ghost** who visited Scrooge ... ***The Spirit of Scratch-Off.***

In the continuation of the famous holiday tale, Scrooge becomes a unique and genuine voice for the Texas Lottery – learning to **give even more** by including Holiday Scratch-Offs **with every gift.** And that it's perfectly okay to keep some for himself – a ghostly command he is happy to oblige as he proclaims, **"Pick up Holiday Scratch-Offs for you and yours."**

SCROOGE / 30-SECOND TV SPOT

DEN – NIGHT
Snow falling outside, Scrooge grabs a freshly wrapped gift.

Smile plastered across his face, he turns to stack it...

SCROOGE: (singing) Deck the halls with boughs of ... holy shilling!

PAN OVER to a ghostly figure floating atop the pile of gifts. He's "Scratch-Off" silver from head to toe.

GHOST: Greetings, Ebenezer.

SCROOGE: No. No. No. Marley said three. You make four.

GHOST: I ... am the Spirit of Scratch-Off.

Closing his eyes, covering his ears...

SCROOGE: (singing) Fa la la la la, la la la la.

Scrooge turns back slowly, only to find the spirit much closer... holding a set of Holiday Scratch-Offs right in his face.

GHOST: I come to give you these.

SCROOGE: Holiday Scratch-Offs from the Texas Lottery?

GHOST: You have learned to give already. Give these too... and gift better.

...sliding one under a bow.

GHOST: Plus you can keep some for yourself.

Smirking, with just a hint of greed...

SCROOGE: I can?

GHOST: Oh, yeah.

Cut to ART CARD with animated family of Holiday Scratch-Offs and URL.

ANNCR: Holiday Scratch-Offs... for you and yours. Only from the Texas Lottery.

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

SCROOGE / 30-SECOND TV SPOT: HISPANIC

Open on Scrooge happily wrapping the last of a stack of gifts – turning to stack one more …

SCROOGE: Y un sweater para Bob Cratchit … (And a sweater for Bob Cratchit …)

Cut to a ghostly figure floating toward him.

The spirit is dressed in a Tríbalero outfit and pointy boots, decorated in flashing lights. A huge contrast to Scrooge's Edwardian nightgown and slippers.

SCROOGE: … ¡santo billete, otra vez no! (holy schilling, not again!)

GHOST: Hola, Scrooge. (Hello, Scrooge.)

Scrooge jumps behind his stack of gifts, looking on in perplexed fear.

SCROOGE: Y tú quién eres, espíritu? (And who are you, spirit?)

GHOST: ¡Soy el Raspadito! (I am the Spirit of Scratch-Offs!)

An awkward beat transfers between them as the spirit lights blink on.

GHOST: ¡He venido a darte … esto! (I've come to give you … these!)

Scrooge is hit with a blast of light as the spirit holds a set of Holiday Scratch-Offs right in his face.

SCROOGE: Raspaditos Festivos del Texas Lottery? (Holiday Scratch-Offs from the Texas Lottery?)

Cut to spirit adding the Scratch-Offs to Cratchit's gift.

GHOST: Ya que aprendiste a dar, da estos también y mejora tus regalos. Hasta te puedes quedar unos cuantos. (Now that you've learned to gift, give these too ... and gift better. You can even keep some for yourself.)

SCROOGE: En serio? (I can?)

Smirking, with just a hint of greed. The spirit nods emphatically.

Scrooge and Spirit dancing Tribal.

Cut to ART CARD with animated family of Holiday Scratch-Offs.

ANNCR: Raspaditos Festivos del Texas Lottery. ¡Ve por ellos antes de que se acaben! (Holiday Scratch-offs from the Texas Lottery. Get them now, before they're gone!)

LEGAL: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

SCROOGE / RADIO 60-SECOND SPOT: "HOLIDAY SPIRIT"

SCROOGE: Dearest Cratchit, hoping you find this gift most pleasing. Yours truly, Ebenezer. What a joyous time of ...

Scratching noise.

SCROOGE: Who goes there?

More scratching.

SCROOGE: Make thyself known, posthaste!

In a ghostly voice ...

GHOST: It is I ... the Spirit of Scratch-Off.

SCROOGE: Not again.

GHOST: What? Marley didn't tell you I was coming?

SCROOGE: But I've learned my lesson. Just look at this pile of presents.

GHOST: That's why I come to give you these.

SCROOGE: Holiday Scratch-Offs from the Texas Lottery?

GHOST: Learning to give these gifts was the scary part. Learning to give these gifts with Holiday Scratch-Offs is well ... frightfully easy. Plus, you can keep some for yourself.

SCROOGE: I can?

GHOST: Sure.

SCROOGE: Holiday Scratch-Offs for them ... and me.

... a hint of greed.

GHOST: For you and Bob ... "Scratchit?"

... laughing at his own joke.

SCROOGE: They should've sent you first. This would've been a lot easier.

ANNCR: Get Holiday Scratch-Offs ... for you and yours. Only from the Texas Lottery.

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

SEE ATTACHED DVD FOR RADIO EXECUTION.

SCROOGE / RADIO 60-SECOND SPOT: "ESPÍRITU DE LA TEMPORADA" HISPANIC

Scrooge speaks in an English Accent

SCROOGE: Querido amigo, espero y disfruteis este obsequio. Sinceramente, Scrooge. Pero qué momento tan más feliz cuando ...

Scratching noise.

SCROOGE: ¿Quién anda ahí?

More scratching.

SCROOGE: ¡Dejaos ver de inmediato!

In a ghostly voice, then as boisterous Tribelero.

GHOST: Soy yo ... El Espíritu del Raspadito!

SCROOGE: Ay, otra vez no. Mira, he aprendido mi lección. Tan sólo observa la cantidad de obsequios.

GHOST: ¡Claro! Por eso he venido a darte esto.

SCROOGE: Raspaditos Festivos del Texas Lottery?

GHOST: Aprender a dar estos regalos fue algo difícil pero aprender a dar estos regalos con raspaditos festivos ... facilísimo. Además, puedes quedarte con algunos.

SCROOGE: ¿De verdad?

GHOST: Claro.

SCROOGE: Raspaditos Festivos para ellos ... y para mi.

... a hint of greed.

GHOST: ¡No cambias!

... they laugh.

SCROOGE: Os hubieran mandado antes. Esto hubiese sido mucho más sencillo.

ANNCR: Ve por Raspaditos Festivos ... para ti y los tuyos. Sólo de Texas Lottery.

LEGAL: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

SCROOGE / TV BILLBOARD

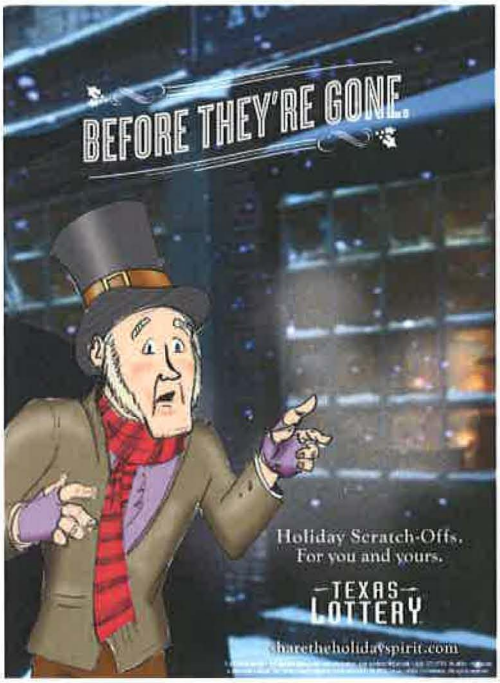
Local network TV partnerships will deliver added value in the form of in-program screen features during appropriate holiday programming.

SCROOGE / OUTDOOR

SCROOGE / LENTICULAR KIOSK

OOH Lenticular

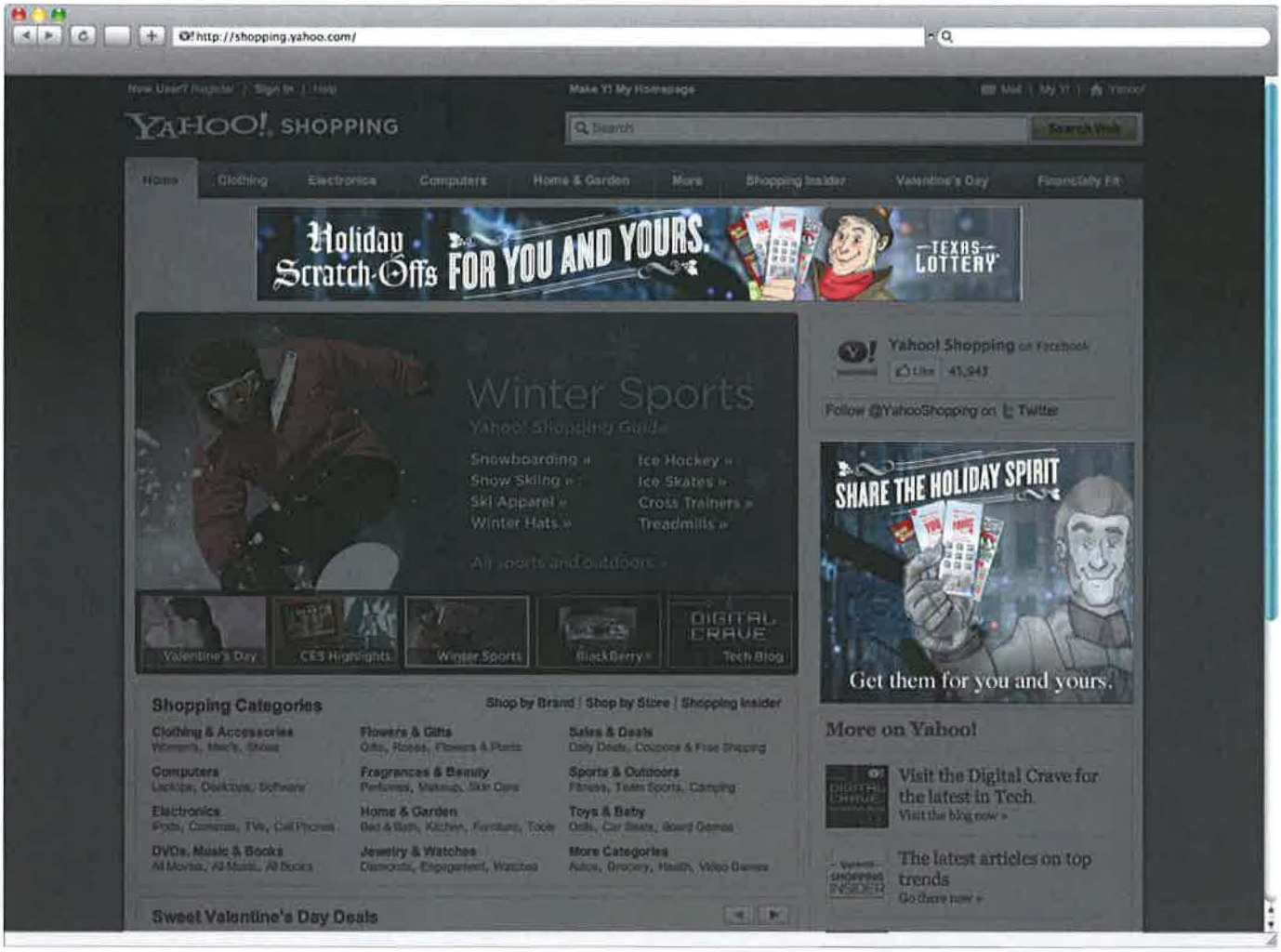
1st view



2nd view

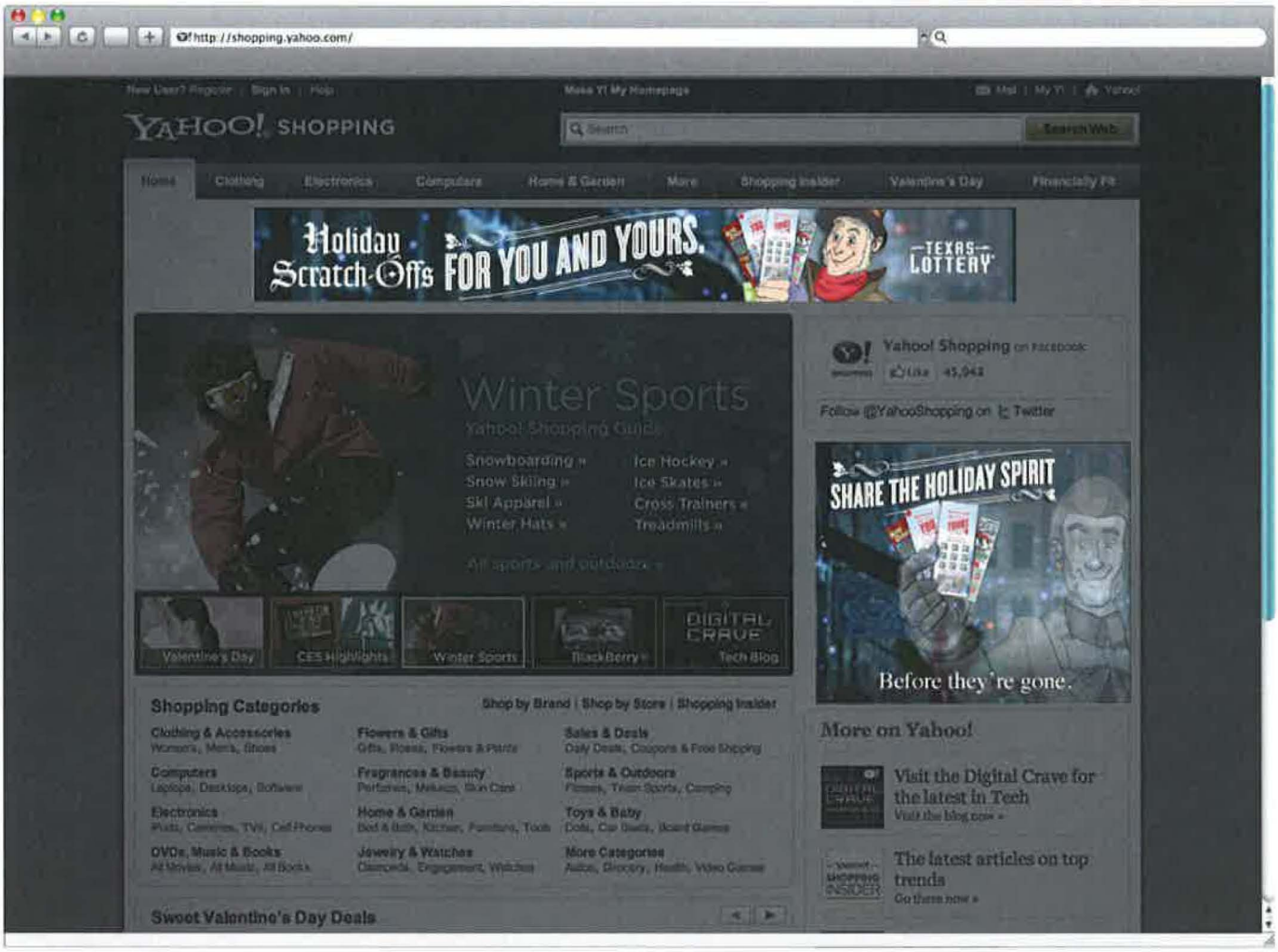
Lenticular kiosks will show the Spirit of Scratch-Off appear, and disappear, attracting passers-by and reminding them to pick up Holiday Scratch-Offs – before they are all gone.

SCROOGE / DIGITAL PAGE TAKEOVER

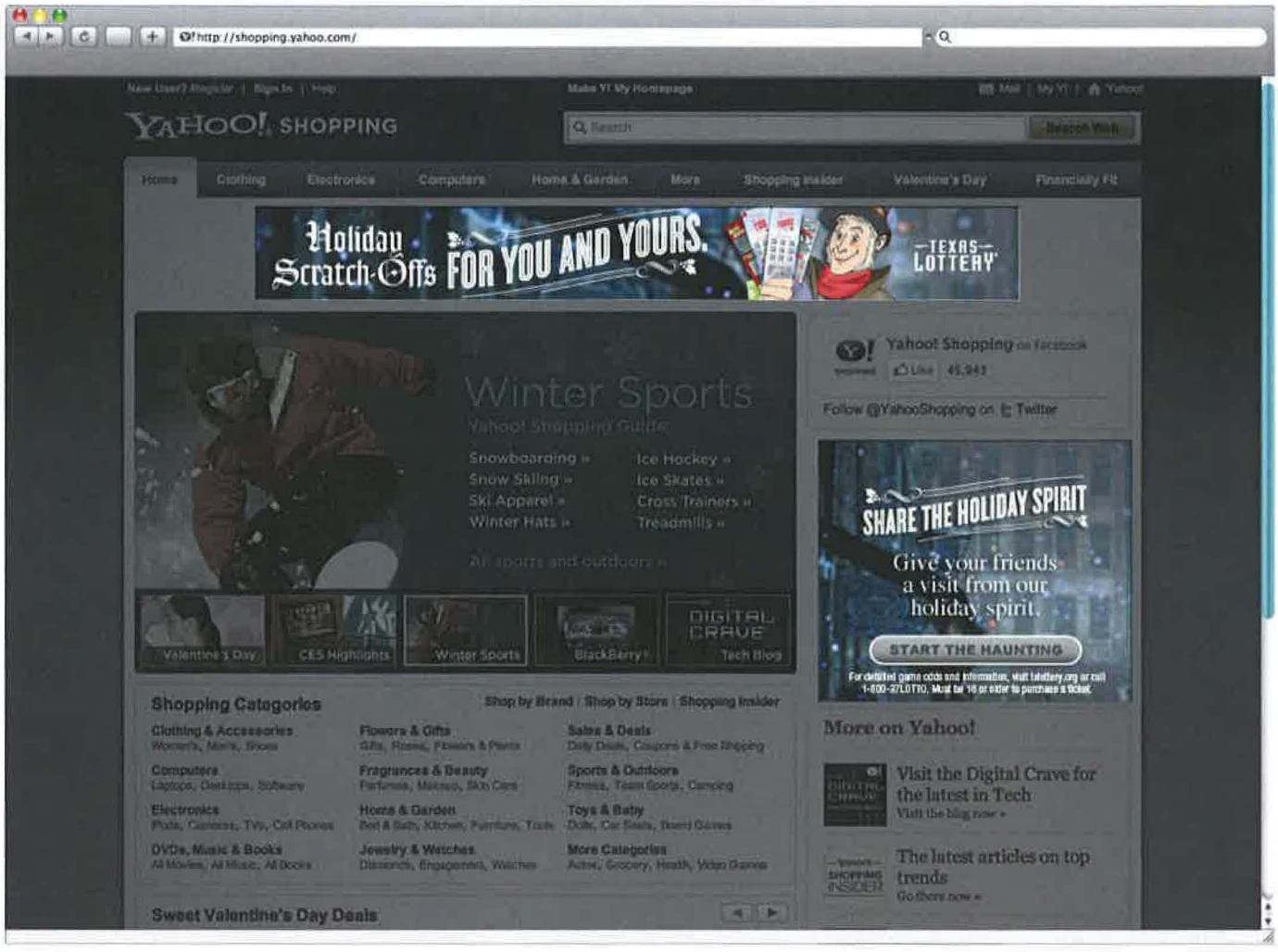


Standard display and rich media ad placements extend the campaign and invite viewers to share Holiday Scratch-Offs, as well as get some for themselves.

SCROOGE / DIGITAL PAGE TAKEOVER

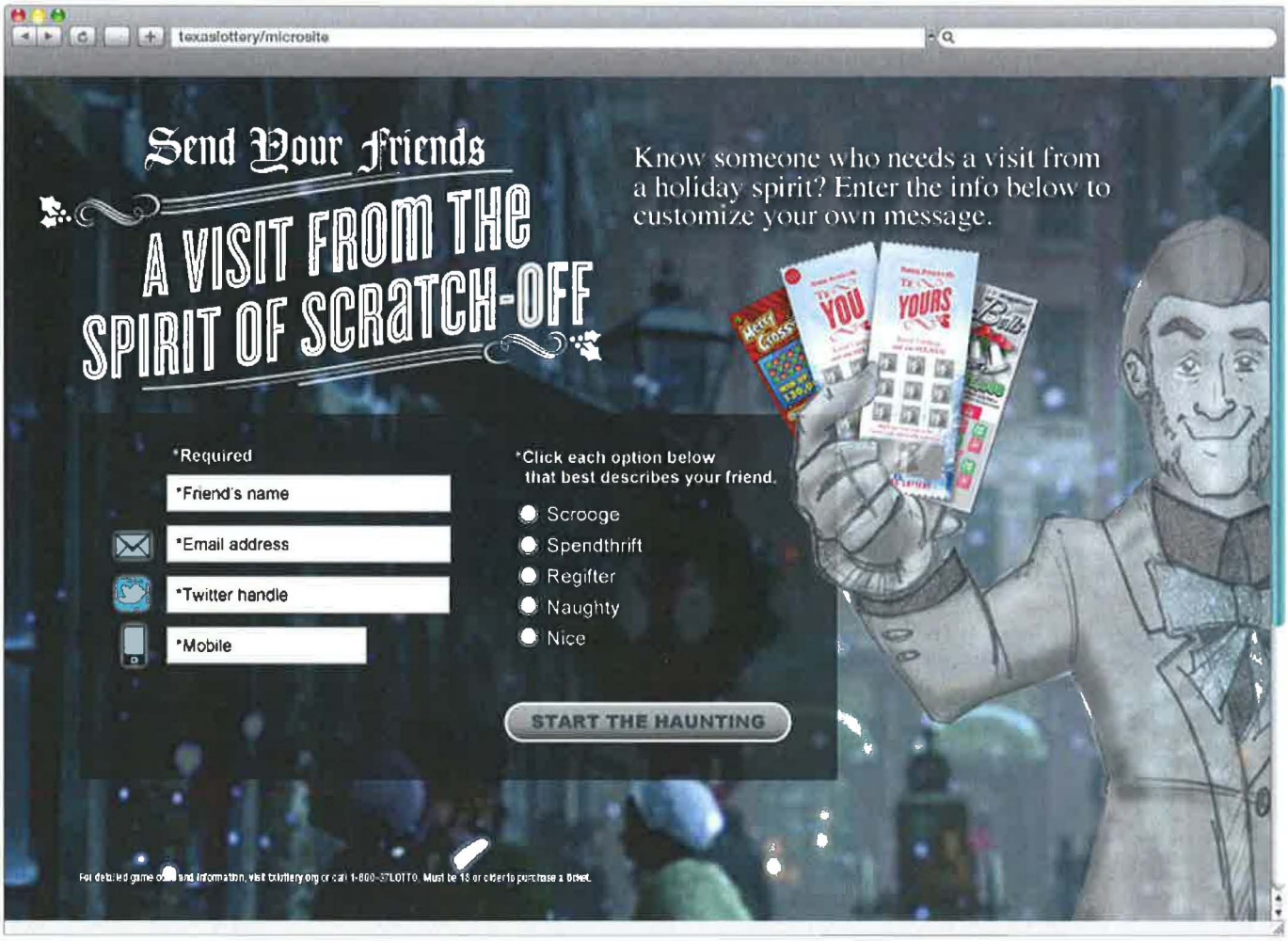


SCROOGE / DIGITAL PAGE TAKEOVER



As the Spirit of Scratch-Off fades away, viewers are directed to a microsite to "haunt" their friends with an immersive, sharable experience.

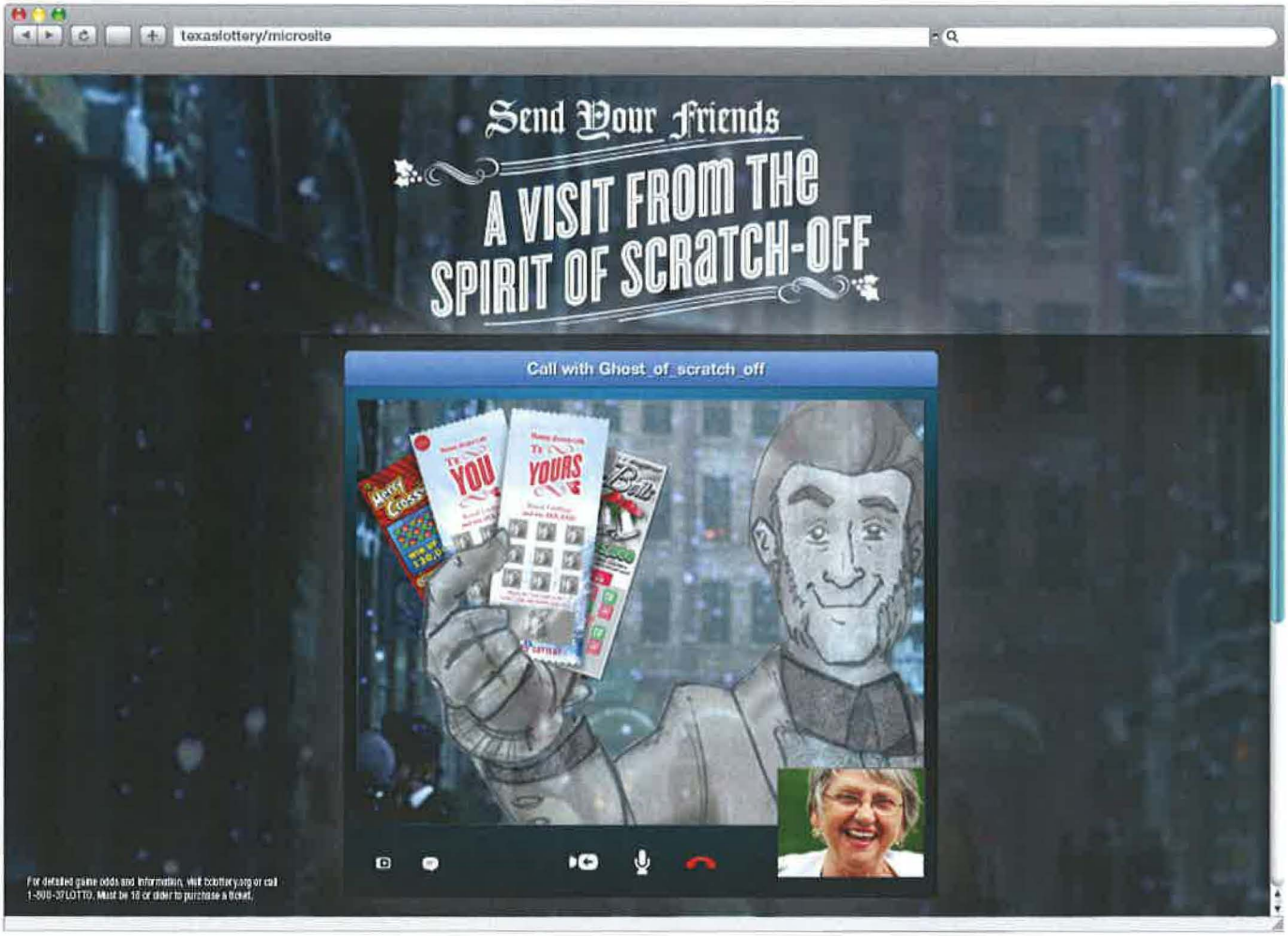
SCROOGE / MICROSITE LANDING PAGE



This microsite allows consumers to send their friends a virtual visit from the Spirit of Scratch-Off. The experience is fully customizable so each visit is personalized to the recepient.

The sender even has the option to enter multiple e-vitals (Twitter handle, mobile, email) so the spirit can haunt them anywhere, anytime.

SCROOGE / MICROSITE VIDEO PAGE



After viewing the custom video, customers have the option to create their own experience and "share" it with a friend.

SCROOGE / STOREFRONT TAKEOVER

Players will be transported as their local c-store will be decorated with period-appropriate clings and signs. P.O.P. not only delivers our sharing message, they also create a more festive holiday environment for retailers.

SCROOGE / PUMPTOPPER

SCROOGE / PLAYSTATION

SCROOGE / C-STORE STANDEE & BANNER

The Spirit of Scratch-Off, a translucent standee, and Scrooge greet customers and remind them that the holidays are a time to "share" and "receive."

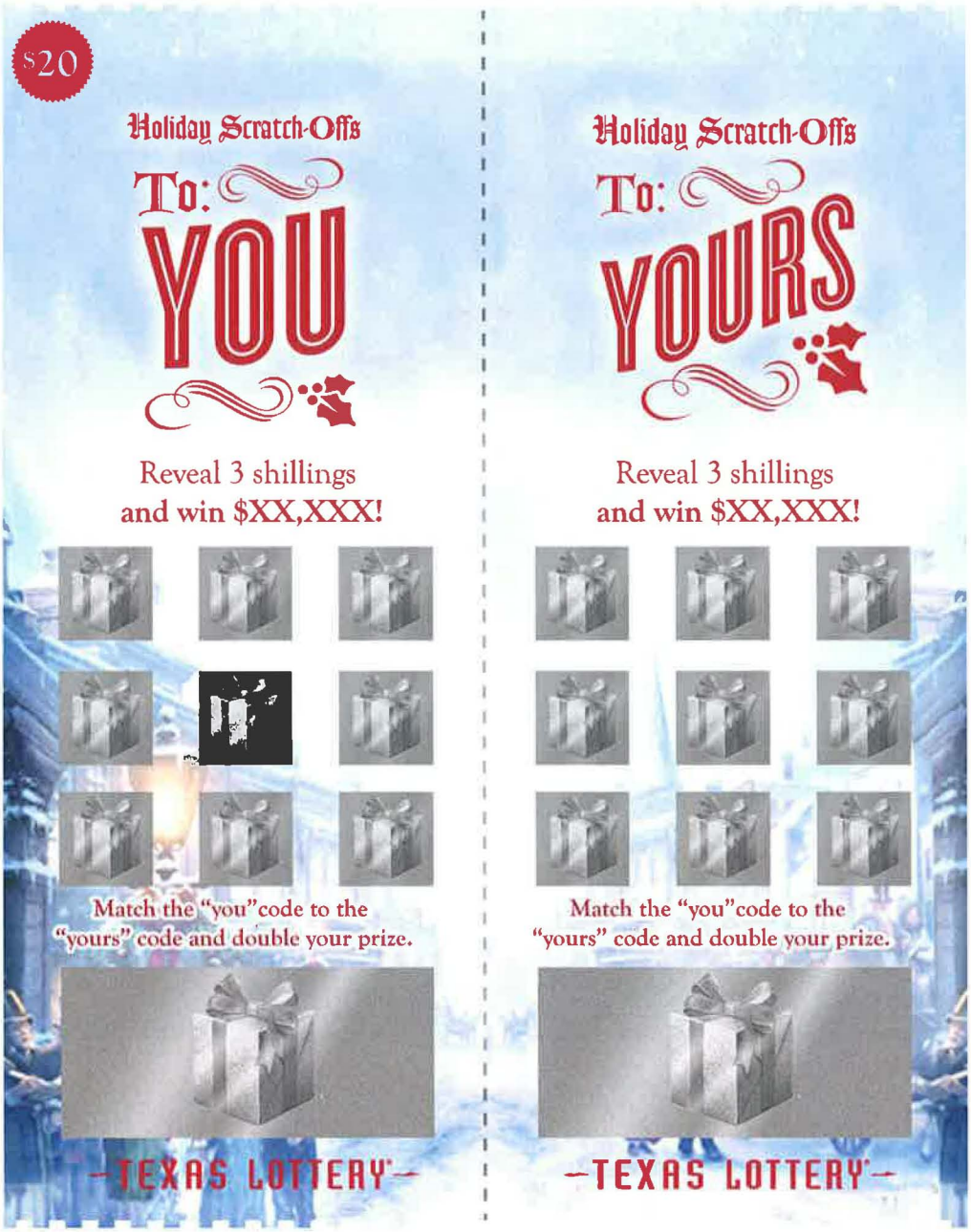
SCROOGE / GIVEAWAY

Limited edition holiday scratchers wish players a happy holiday and invite them to share the holiday spirit.

SCROOGE / MOBILE THEATRE

In the top four markets, we will bring the concept to life through a traveling performance troupe. This mobile billboard/street team will travel to high-traffic locations and serve as a stage and a selling opportunity. Locations will be selected focusing on adults 18+. The street team will perform, interact with crowds and deliver promotional Texas Lottery tickets and merchandise.

SCROOGE / TICKET



This one-of-a-kind Holiday Scratch-Off is actually two tickets in one. Just like Scrooge, players will learn that it's okay to give AND receive. The ticket perfs down the middle and is labeled for easy sharing.

WHY THIS IS AN EFFECTIVE CAMPAIGN:

By using a universally recognized character like Scrooge to illustrate the idea of sharing, we can simply and seasonally create awareness for Holiday Scratch-Offs. The introduction of the "Spirit of Scratch-Offs" gives the Texas Lottery a lighthearted, ownable character that drives purchase, encourages incremental sales and acts as a visible reminder that: "It's better to give. And get."

Our quantitative concept testing revealed the following strengths of this idea:

- Communicates sharing
  - 86% of players we surveyed felt this idea communicated that Holiday Scratch-Offs are great for sharing or gifting
- Very enjoyable
  - Almost 60% of players responded that they would enjoy seeing this campaign each time they saw it on TV
- Gets people talking
  - 55% of players said they are *Very likely* or *Likely* to talk to a friend about this idea

Hours in the kitchen. Overcrowded malls. Lugging ornaments down from the attic. Vacuuming pine needles up two or three times a day. Boy, the **holidays can sound more like a recipe for stress** than a time to celebrate.

This holiday, **put a little cheer back into the season** with Scratch-Off tickets from the Texas Lottery. It's **instant excitement**, plus a reminder of what the holidays are supposed to be about: fun. Whenever things get a little stressful, take a break and treat yourself to the **Instant Cheer of Holiday Scratch-Offs.**

And get back into the **spirit of the season.**

INSTANT CHEER / 30-SECOND TV SPOT: "LIGHTS"

Open on a man as he sits down at his dining room table. He's surrounded by boxes overflowing with holiday decorations.

The man opens a box and pulls out a huge wad of holiday lights, and his face immediately falls.

MUSIC: Instrumental opening of "Silent Night"

CHORUS: These tangled lights

Are such a sight

He sighs and begins to untangle the mess of lights.

CHORUS: It will be

Quite a fight

The man's wife walks into the shot, toward the table. She has just come home from the store and is holding bags filled with groceries.

CHORUS: Swore you'd pack them right last year

The man sets down the ball of lights. He did not make any progress.

CHORUS: You didn't, so pick up some instant cheer

His wife reaches into one of the grocery bags and sets a Scratch-Off card on the table next to him as she walks by.

Close-up of ticket sitting on the table, next to the tangled lights. The man's hand comes into frame as he picks it up and reaches for a coin in his pocket.

Camera angle switches to POV of the ticket, looking up at him as he starts happily scratching the card on the table.

MUSIC: Instrumental continues under

Cut to art card with Holiday Scratch-Offs and "Instant Cheer" tag.

VO: When the holidays get hectic, treat yourself to the Instant Cheer of Holiday Scratch-Offs from the Texas Lottery and get back in the spirit of the season!

Legal: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

INSTANT CHEER / 30-SECOND TV SPOT: "TREE"

MUSIC: *Instrumental opening of "Walking in a Winter Wonderland"*

Open on a wide shot of a hatchback pulling into a convenience store. There is a Christmas tree haphazardly swaying on the roof of the car.

CHORUS: Got a pine

From the tree lot

When the car comes to a stop, the tree slides off the roof of the car.

CHORUS: Driving home

With some pit stops

Close-up of the man getting out of the car. He struggles to hoist tree, which is too heavy for him.

CHORUS: A window was cracked

Close-up of a cracked window as the tree makes its way back to the car roof.

CHORUS: The roof got all scratched

As the man begins retying the tree, we see that the roof and his arms are getting scratched up. The tree rolls off the other side of the roof.

CHORUS: Time to take a break with instant cheer

We pan to the man's wife getting into the passenger's seat with coffee from the c-store.

She reaches out of the driver's window and hands the man a Holiday Scratch-Off. He grabs the ticket with a smile and quickly pulls a coin out of his pocket.

Camera angle switches to POV of the ticket, looking up at him as he starts happily scratching his card against the car.

MUSIC: *Instrumental continues under*

Cut to art card with Holiday Scratch-Offs and "Instant Cheer" tag

VO: When the holidays get hectic, treat yourself to the Instant Cheer of Holiday Scratch-Offs from the Texas Lottery and get back in the spirit of the season!

Legal: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

INSTANT CHEER / 30-SECOND TV SPOT: "ESTACIONMIENTO" HISPANIC

MUSIC: *Instrumental opening of "Cascabel"*

Open on three Hispanic women of mixed generations (20, 30, 50) in an SUV. We see shopping bags, poinsettias and a silver star-shaped pinãta in the backseat. One woman stuck in the back seat fights the piñata tassels out of her face. They look frustrated.

CHORUS: Manejando hacia el mall

A comprar los regalos

(Driving to the mall

To buy a few last gifts)

We pan out from the car and see that they are in a very long line for an extremely crowded mall parking lot.

CHORUS: Luego vi el estacionamiento

... lleno de carros

(And then I saw the parking lot

... before the parking lot)

Camera continues panning across the winding lines.

CHORUS: Ay el mall

Ay el mall

(Oh, shopping malls

Shopping malls)

Cut to an overhead shot of two cars nearly colliding as they race to get one parking spot.

CHORUS: No te quiero visitar

Como me caería bien ponerme a festejar – hey!

('Round this time of year

Just the kinda place where you could use some instant cheer – hey!)

The women finally find a spot. As they're leaving the car, cut to a medium shot of woman grabbing her purse from the middle console with a suite of Holiday Scratch-Offs tucked inside.

Cut to woman in her 30s handing out Scratch-Off cards. The trio happily scratches them.

MUSIC: *Instrumental continues under*

VO: ¡A mal tiempo, buena cara, regálate un Raspadito de Texas Lottery y no pierdas el espírutu de la temporada!

Cut to art card with Holiday Scratch-Offs and "Instant Cheer" tag.

Legal: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

INSTANT CHEER / VIDEO ON DEMAND SPONSORSHIP

Utilizing the Video on Demand (VOD) systems, Texas Lottery will sponsor the Holiday Movies section. When a consumer selects a movie, they will be informed that the "Instant Cheer" they are about to receive is brought to them by the Texas Lottery. Details will be worked out to ensure all selections are Texas Lottery audience and content appropriate.

INSTANT CHEER /
RADIO 30-SECOND SPOT: "O EVERGREEN"

MUSIC: Parodies "O Christmas Tree"

Female singer.

SONG: O evergreen, o evergreen
Thy needles always falling
But before I sweep
I'm gonna get some instant cheer
With Scratch-Offs from the lottery
The holidays are brighter

SFX: Music continues under

VO: When the holidays get hectic, treat yourself to the Instant Cheer of Holiday Scratch-Offs from the Texas Lottery and get back in the spirit of the season!

SONG: The needles still adorn the floor

A hint of luck fills the air

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

SEE ATTACHED DVD FOR RADIO EXECUTION.

INSTANT CHEER / RADIO 30-SECOND SPOT: "ÁRBOLVERDE" HISPANIC

MUSIC: Parodies "O Christmas Tree"

Female singer.

SONG: Arbol verde, arbol verde
Tus hojas caen siempre
Las tendré que levantar
Pero no sin antes festejar
Con Raspaditos del Texas Lottery
Mejora los días festivos

SFX: Music continues under

VO: A mal tiempo buena cara. Cuando las festividades se vuelven una pesadilla, festeja con uno de los Raspaditos del Texas Lottery y sigue con el espíritu de la temporada!

SONG: Las hojas siguen en el suelo

La suerte te acompaña en tu duelo

LEGAL: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

INSTANT CHEER / RADIO 30-SECOND SPOT: "SO LITTLE TIME"

MUSIC: Parodies "Joy to the World"

Chorus of singers.

SONG: So many chores,
So little time!
Which fork goes on the left?
This table looks like such a fright,
These napkins just won't fold quite right,
The gifts are still in bags,
Cat hid all the tags,
So sit back, and scratch off, with instant cheer.

SFX: Music continues under

VO: When the holidays get hectic, treat yourself to the Instant Cheer of Holiday Scratch-Offs from the Texas Lottery and get back in the spirit of the season!

SONG: With family, and friends, the luck's all here!

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

INSTANT CHEER / RADIO 30-SECOND SPOT: "MUY POCO TIEMPO" HISPANIC

MUSIC: Parodies "Let it Snow"

Chorus of singers.

SONG: El arbol no quiere pararse
Y las luces no funcionan
El perro se comio mis esferas
Que dólor, que dólor, qué horror!

SFX: Music continues under

VO: A mal tiempo buena cara. ¡Cuando las festividades se vuelven una pesadilla, festeja con uno de los Raspaditos Festivos del Texas Lottery y sigue con el espíritu de la temporada!

SONG: Con la familia y los amigos, la suerte está aquí!

LEGAL: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

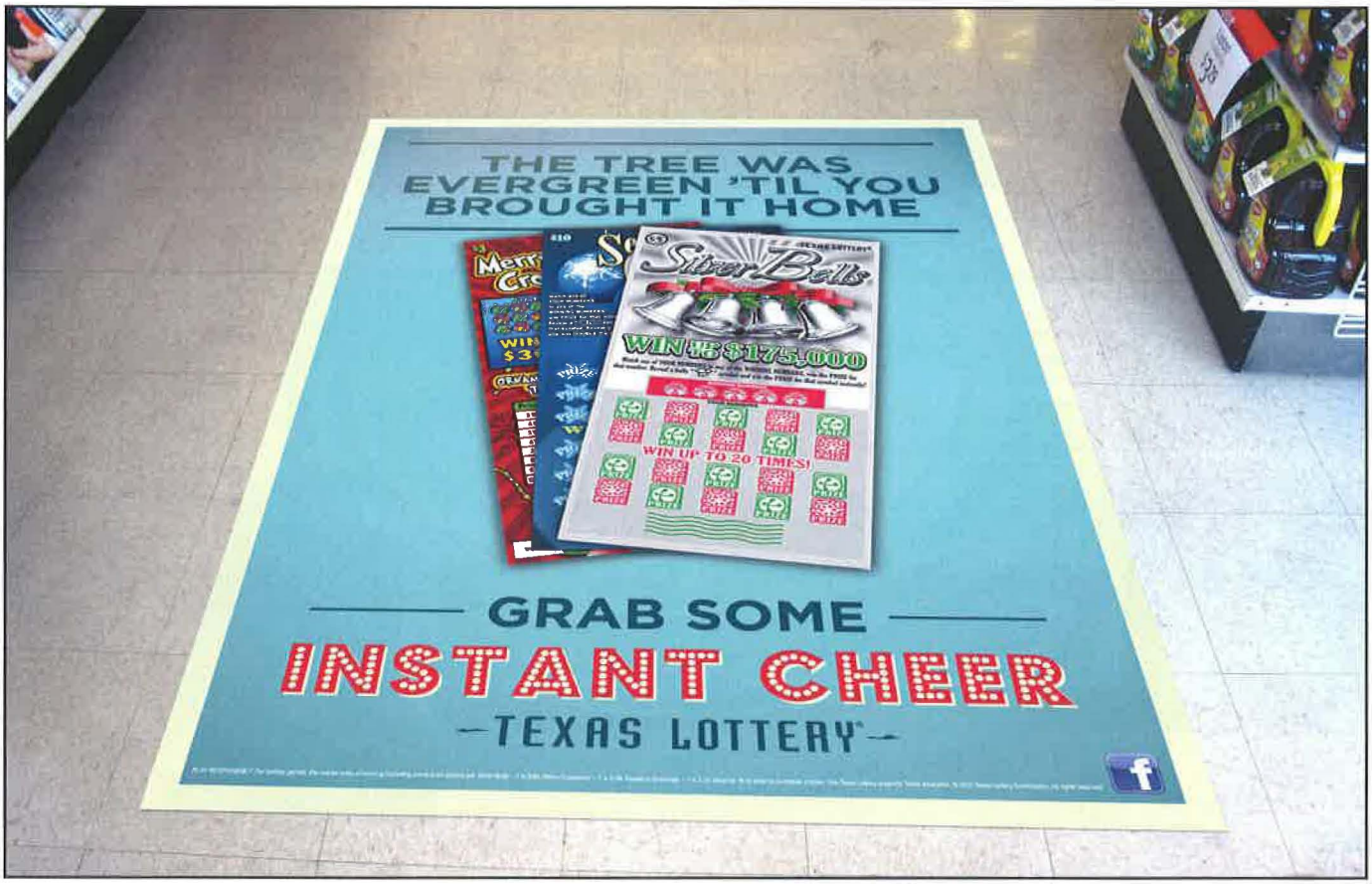
WHEN THERE'S A PARKING LOT BEFORE THE PARKING LOT.
IT'S TIME FOR INSTANT CHEER
TEXAS LOTTERY
Silver Bells
WIN UP TO $175,000
WIN UP TO 20 TIMES!

INSTANT CHEER / KIOSK

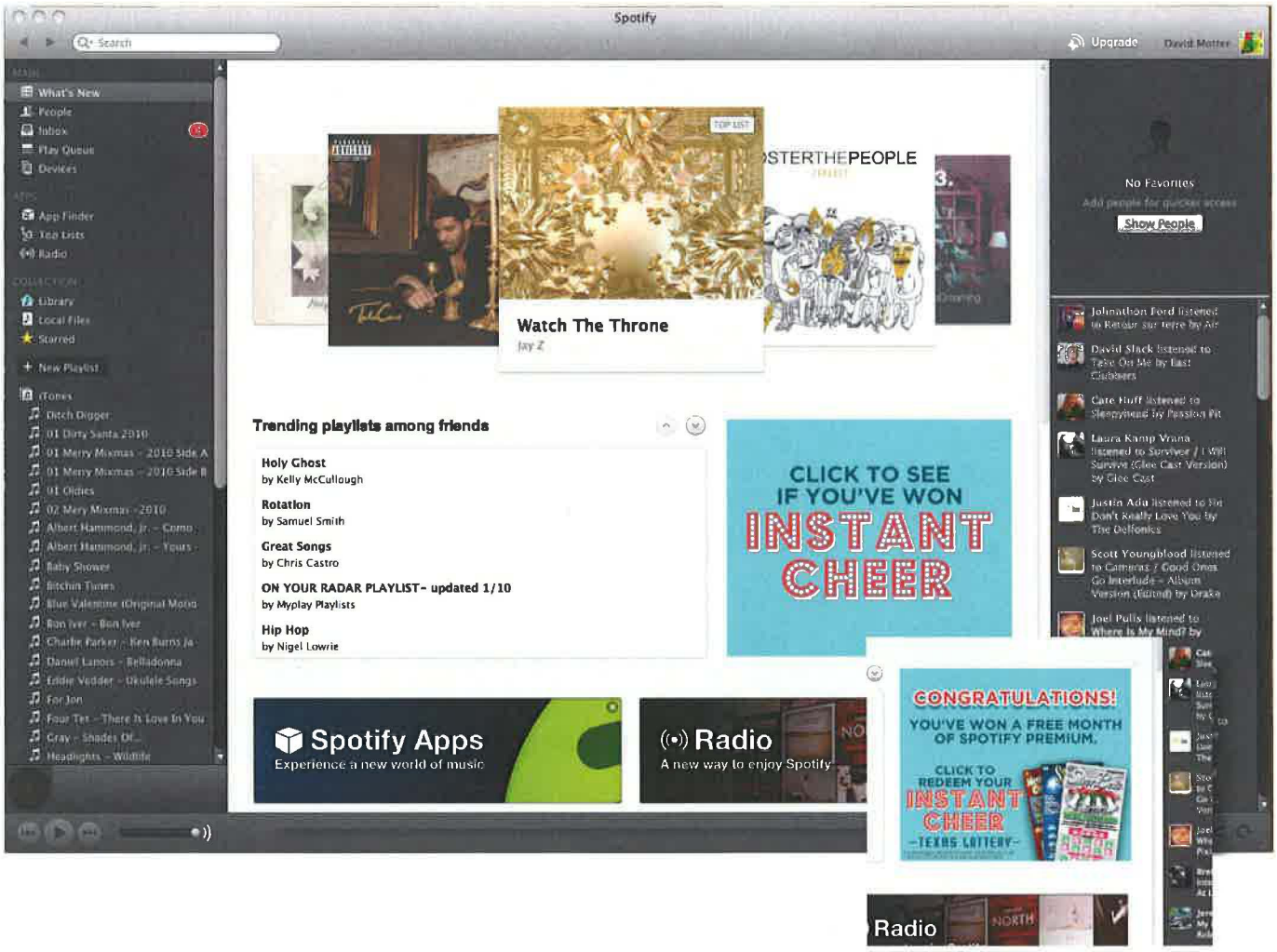
INSTANT CHEER / PUMPTOPPER

INSTANT CHEER / PLAYSTATION

INSTANT CHEER / FLOOR CLING

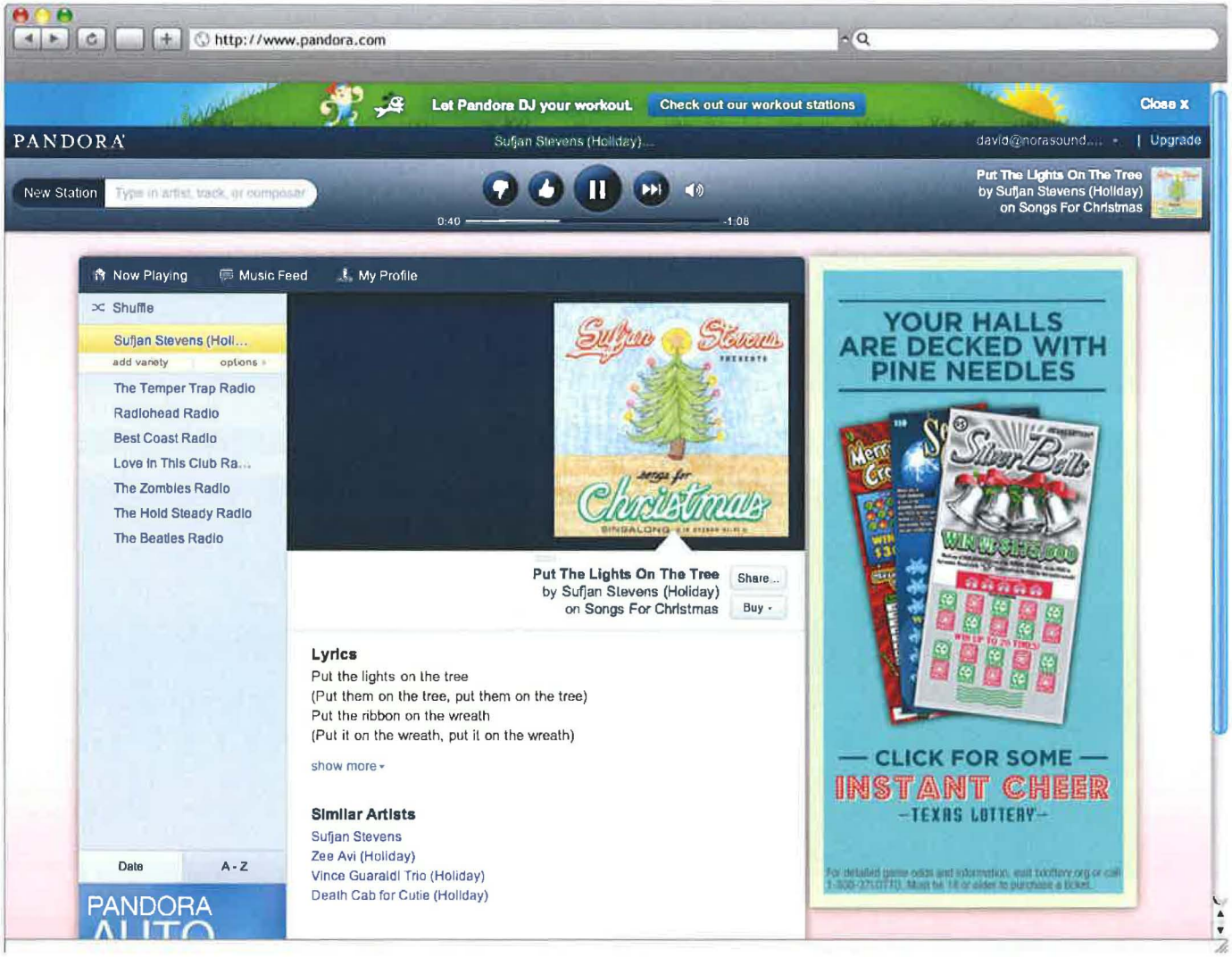


INSTANT CHEER / SPOTIFY DISPLAY AD



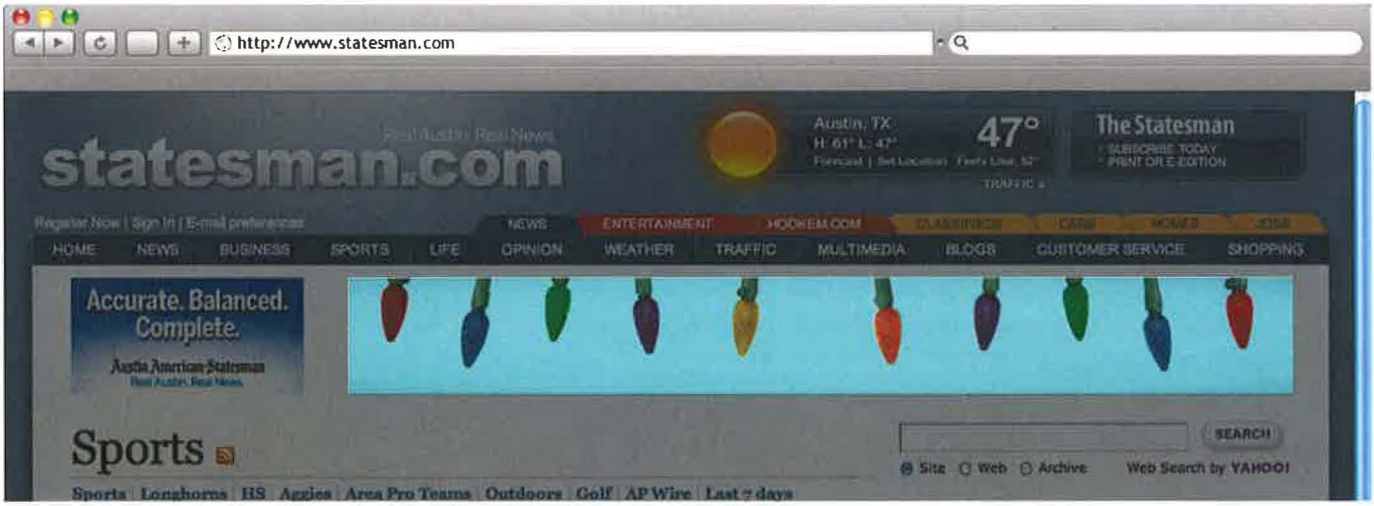
Partner with Spotify and popular mobile app companies to provide a free month of listening or app upgrade. Randomly selected winners will be prompted to "share" their winning to spread the word that Texas Lottery is providing Instant Cheer during the holiday season.

INSTANT CHEER / DIGITAL BANNER



In addition to Spotify, ads will be placed on Pandora and Hulu focused on holiday and humor, a well-suited, brand-bolstering placement. Parameters will be established to ensure that the humor is Texas Lottery appropriate. Page takeovers, interstitial and synched ads will be placed on sites where our audience goes to get a quick humor fix, such as Funny or Die, Break.com and The Onion.

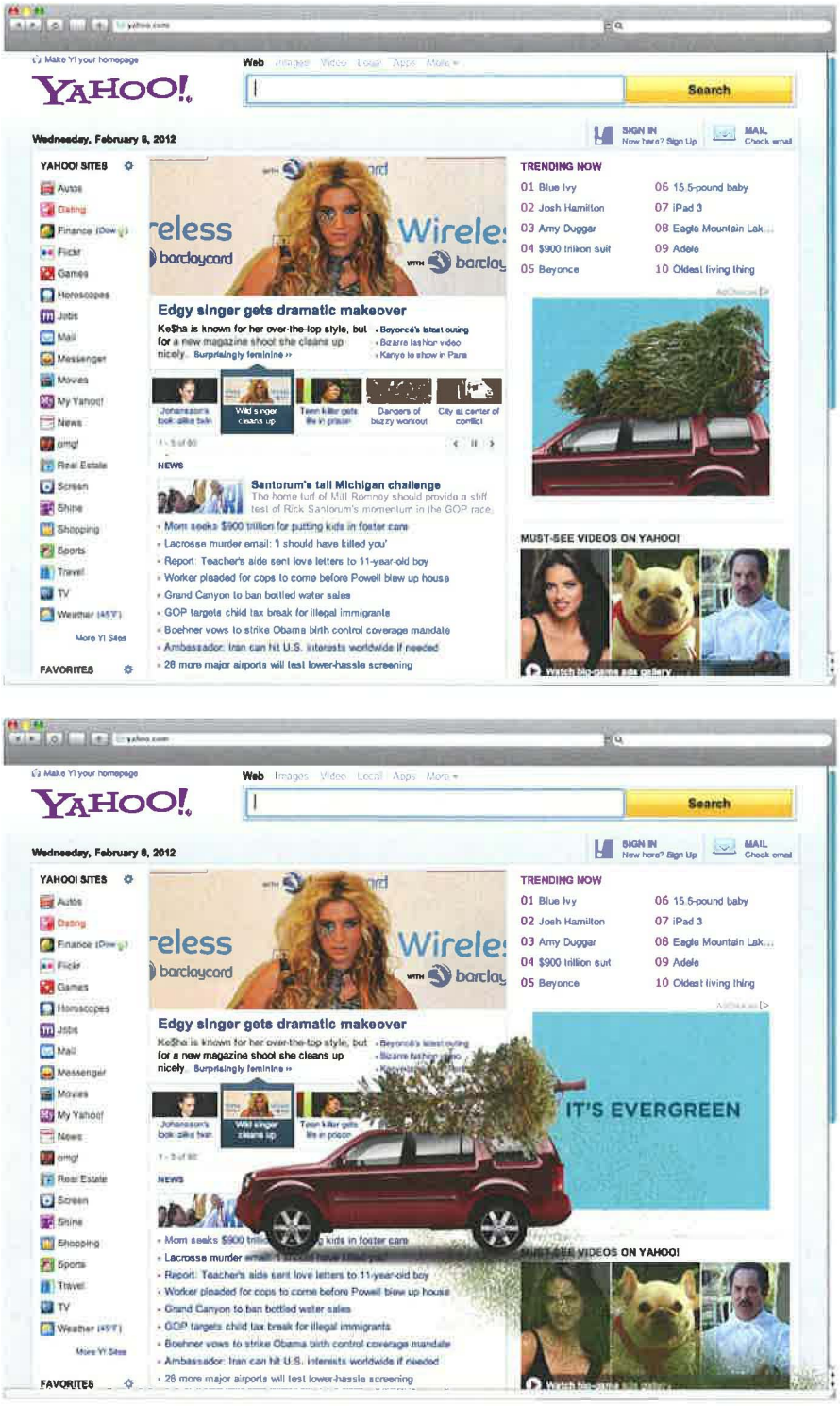
INSTANT CHEER / DIGITAL BANNER



INSTANT CHEER / DIGITAL BANNER

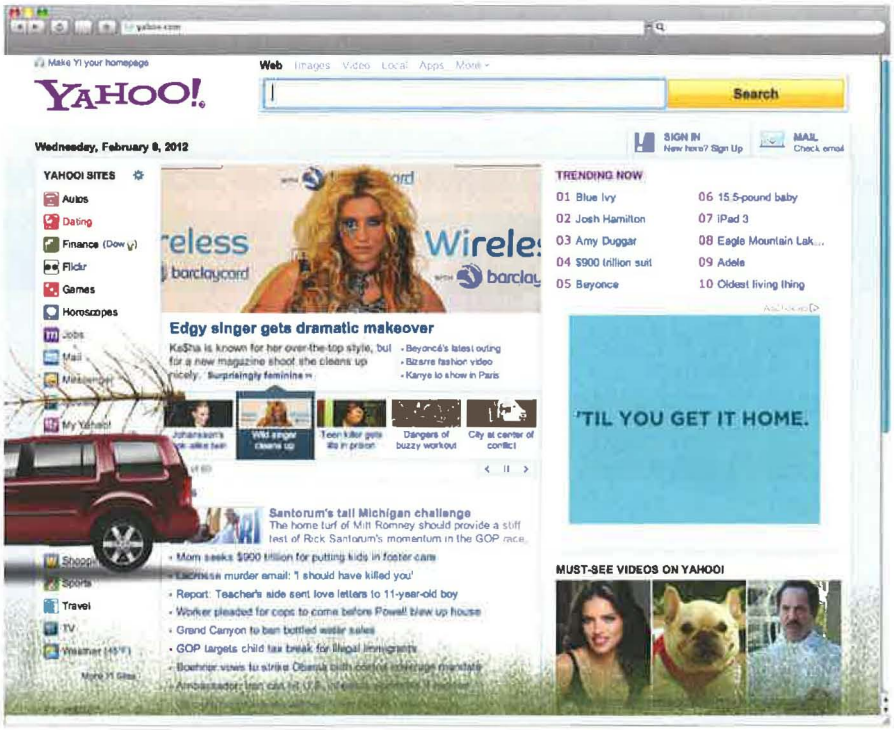
To achieve highest Texas consumer relevance, beyond our content-relevant site buys like Spotify, we'll focus our digital media buy on local community websites to engage Texans during their daily routine. These banner ad placements – from rich to standard – will ultimately drive consumers to our Facebook page.

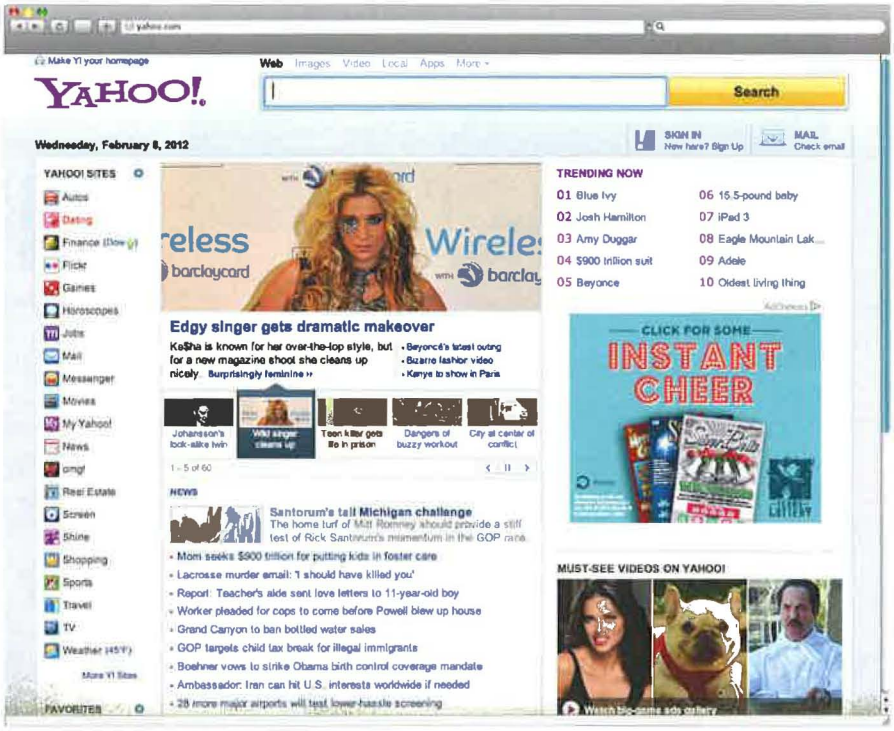
INSTANT CHEER / DIGITAL PAGE TAKEOVER



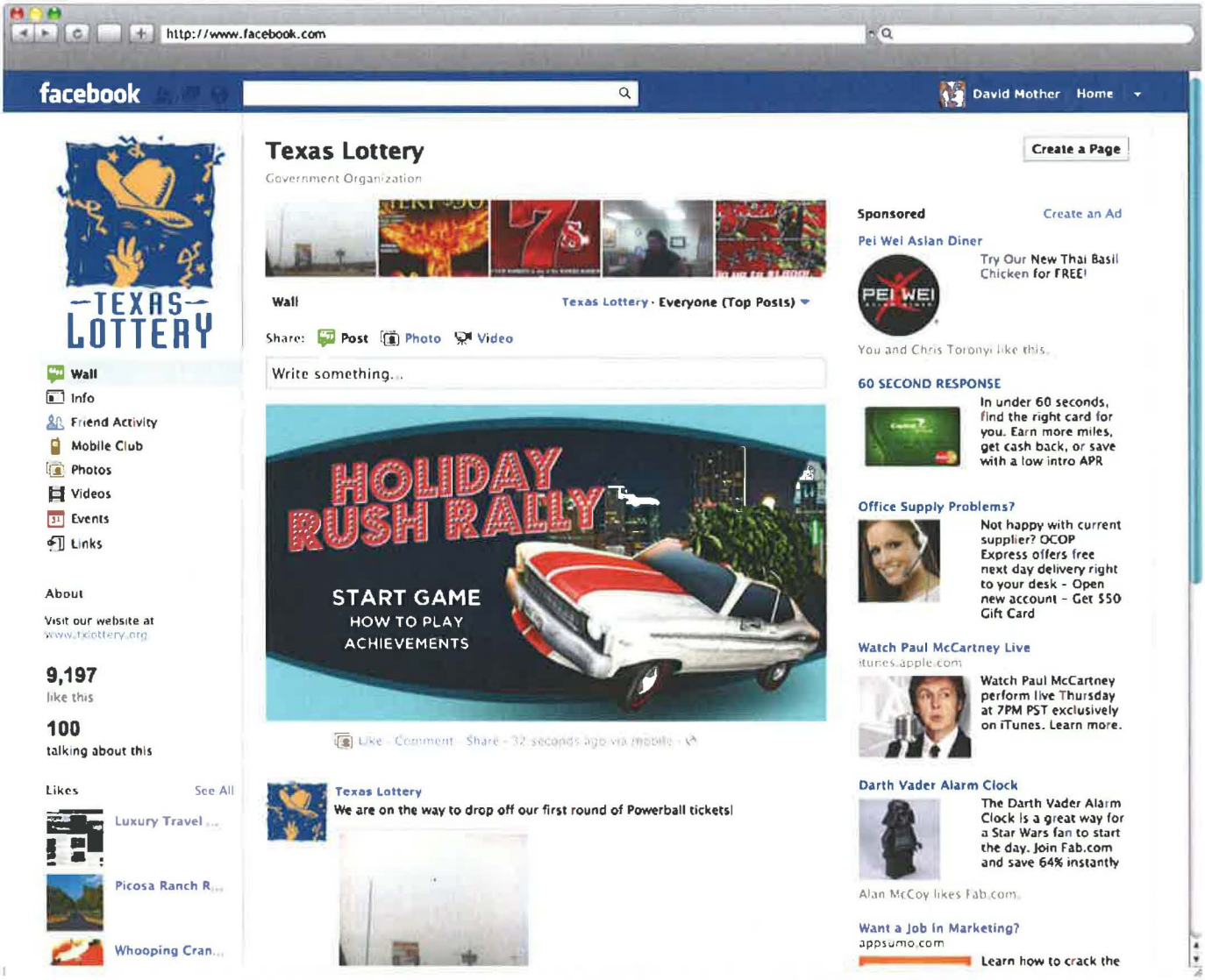
Digital page takeover will feature holiday "truths" in a humorous way, like a tree on a car that loses all its needles before it drives across the page. As the needles litter the page, the viewer will be driven to our Facebook page to experience "Instant Cheer."

INSTANT CHEER / DIGITAL PAGE TAKEOVER





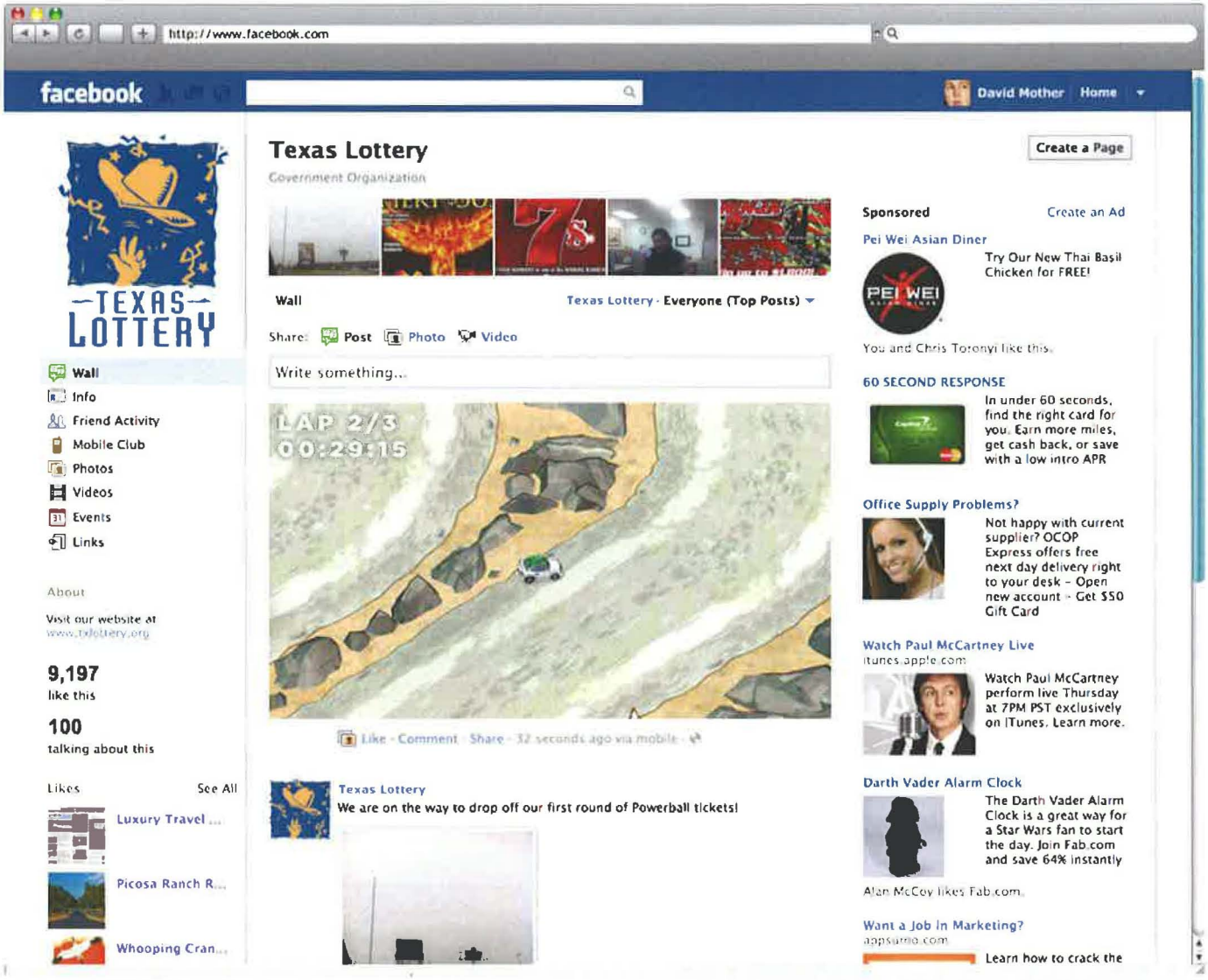
INSTANT CHEER / FACEBOOK TAB – GAME/HOME



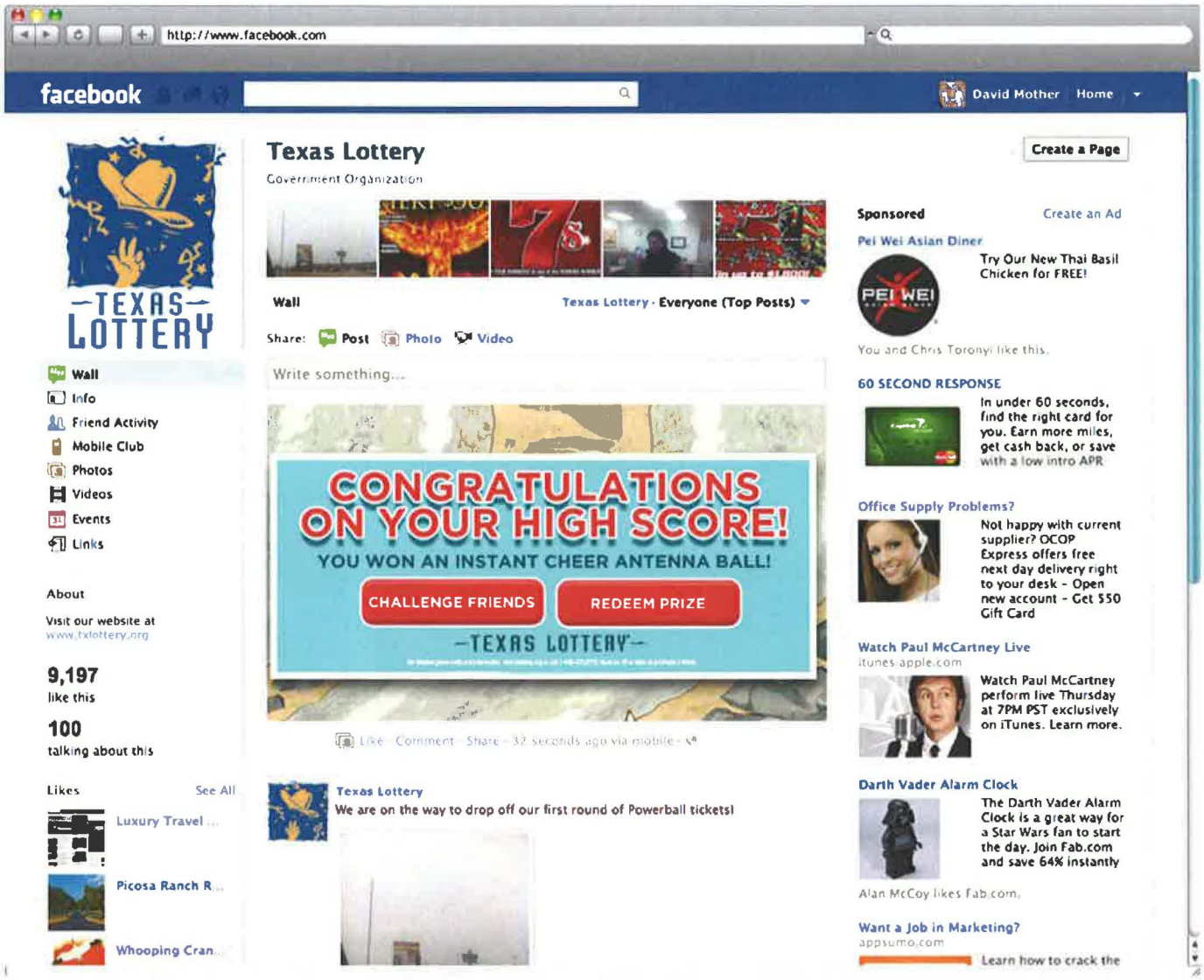
Oftentimes, the most successful online games are the simplest and most engaging. All digital advertising will drive consumers to build engagement on the Texas Lottery's Facebook page.

To customize the Facebook page for the holidays, we will develop a simple custom game: drive a car through a neighborhood, city or country track and attempt to keep the tree on top. Winners win Texas Lottery merchandise and share the game with friends.

INSTANT CHEER / FACEBOOK TAB – GAME/PLAY

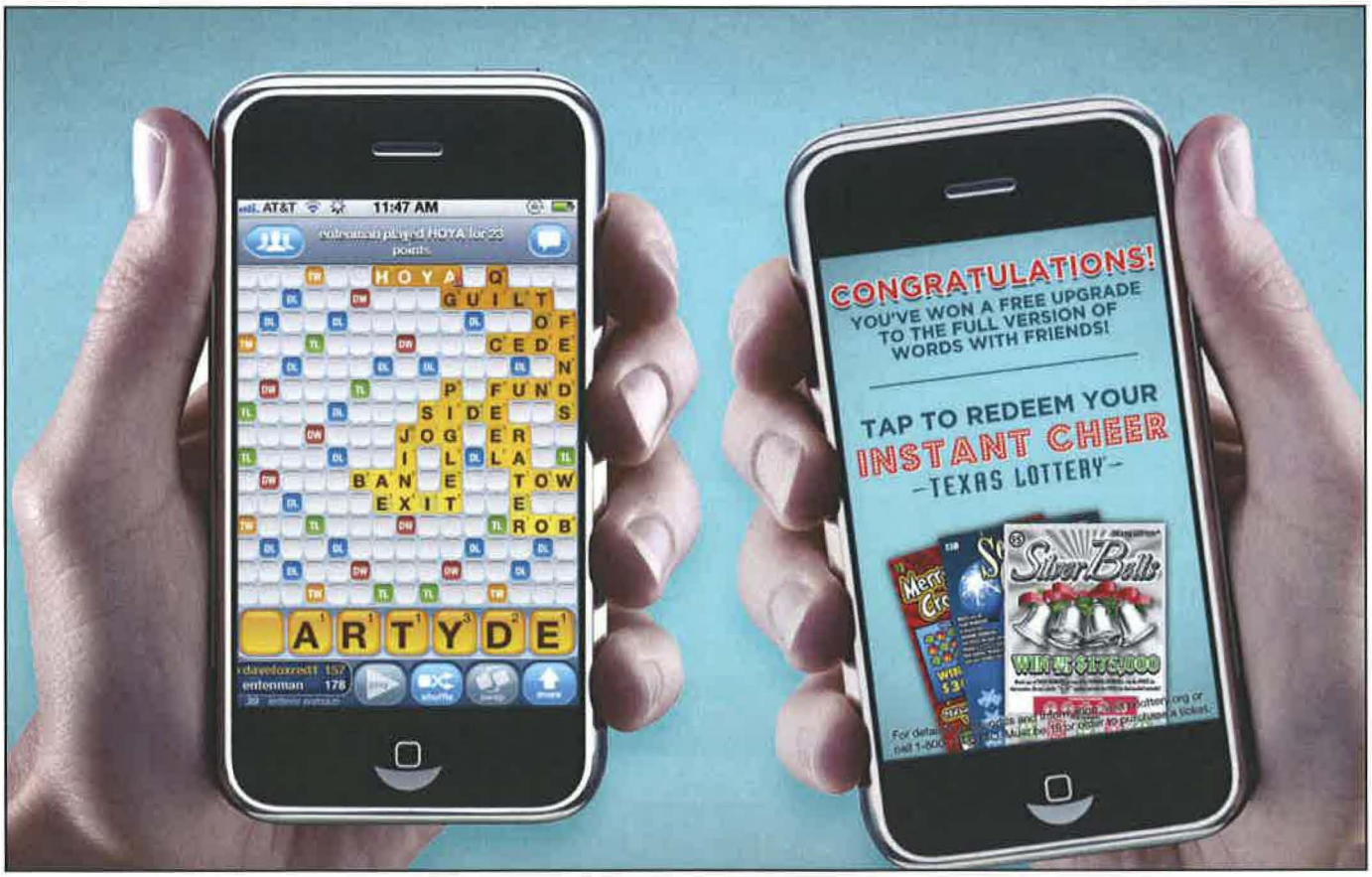


INSTANT CHEER / FACEBOOK TAB – GAME/WIN



Players will be randomly selected to win "Instant Cheer" merchandise and invited to challenge their friends, post their scores or play again.

INSTANT CHEER / MOBILE IAD GAME UPGRADE



With iAds, players who log on to "free" versions of mobile games such as "Words with Friends" could receive an instant upgrade (or "Instant Cheer") to a full version of the game.

INSTANT CHEER / STOREFRONT TAKEOVER

Texas Lottery players will receive Instant Cheer when their favorite local c-store is transformed into a holiday wonderland. Working with GTECH, we will identify stores that will be wrapped or painted with "snow" and holiday décor, such as lights on the roof.

INSTANT CHEER / PROMOTIONAL COFFEE SLEEVE AND FLAVORING

Sometimes it's the little things that bring cheer. Offer promotional items, from coffee sleeves to flavored sugar packets, at our Store Takeover locations.

INSTANT CHEER /
POP-UP EVENT WITH INSTANT CHEER TEAM

Nothing says Instant Cheer like a snow day in Texas. As adults in Texas, we cross our fingers for at least one during the workweek every winter. Texas Lottery is going to give each of the top four markets a snow day to remember, creating an event complete with artificial snow. "Instant Cheer" Leaders will be on hand to provide hot cocoa to add a little extra excitement at each event.

Our "Instant Cheer" Leaders will also hit the streets for random acts of cheer throughout Texas, making stops at Black Friday waiting lines, tree lots, c-stores and grocery stores with hot cocoa on a cold day, promotional Lottery tickets or maybe a song to brighten the day of unsuspecting people.

WHY THIS IS AN EFFECTIVE CAMPAIGN:

The Instant Cheer campaign establishes the Holiday Scratch-Off ticket as the hero of those hectic holiday moments every consumer can associate with. This idea also communicates the limited nature to Holiday Scratch-Offs, helping drive consumers to retail to purchase games before they're gone.
Our quantitative concept testing responses confirm the effectiveness of this idea:

- Drives purchase intent
  - 62% of respondents said this idea makes them *More likely* or *Somewhat likely* to play Holiday Scratch-Offs
- Strong likeability
  - 82% of respondents said they *Love*, *Like a lot* or *Somewhat like* this idea
- Upbeat and positive message
  - 38% of respondents said this idea communicates that Holiday Scratch-Offs make holidays happier

In Texas, we don't just want to make a big deal about it, we want to make it into a full-blown holiday! Scratch-Offs aren't just part of the holiday season, they are **their own season.** So, in December, while the world celebrates something else, Texans will celebrate another holiday: **Happy Scratch-Offs!**

It all starts at a time of year when it's absolutely freezing out – like 50 degrees. When families break out their cardigan Scratch-Offs sweaters. And when everyone dusts off their copies of *'Twas the Night Before Scratch-Offs*. In Texas, it's simply **the most wonderful time of the year.**

Here's to a **Happy Scratch-Offs, Texas!**

HAPPY SCRATCH-OFFS, TEXAS! / 30-SECOND TV SPOT

Open on the exterior of a house. It's nighttime. We hear a party going on inside.

Cut to the inside of the house. A couple walks through the door holding Scratch-Off tickets.

COUPLE: Happy Scratch-Offs, everyone!

ALL: Happy Scratch-Offs!

Cut to the couple kissing under a few hanging Scratch-Offs (mistletoe).

Cut to a group of people standing around a Scratch-Offs tree. They are all wearing Scratch-Offs/holiday clothing. The men have ugly, Scratch-Offs sweaters on.

MAN: Don't you just love the Holiday Scratch-Offs season?

WOMAN: Not as much as I LOVE your Holiday Scratch-Offs sweater.

MAN: It's freezing.

MAN 2: It's 50.

MAN: Well, it's a dry cold.

Cut to Amy and Sarah coming up to Joe, who's standing off to the side of the party. Joe is not dressed festive at all.

AMY: And this is Joe.

SARAH: I'm Sarah. Happy Scratch-Offs.

AMY: Ahh, he's Oklahoman.

JOE: Doesn't mean I don't get into the Scratch-Offs spirit.

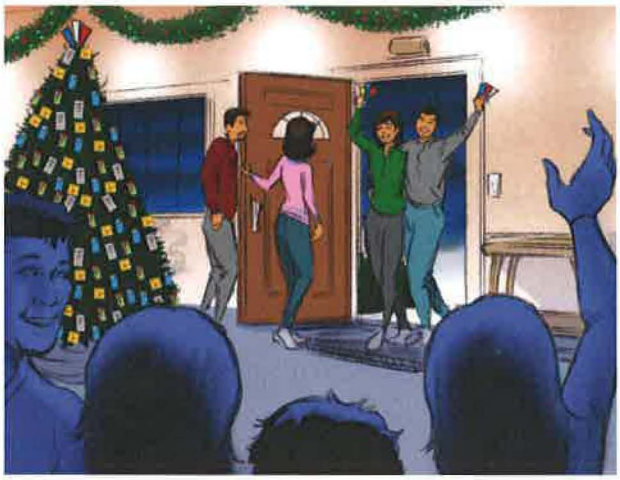
Cut to Logo and Tag.

AVO: 'Tis the season for Scratch-Offs.

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

HAPPY SCRATCH-OFFS, TEXAS! / 30-SECOND TV SPOT: HISPANIC

Open on the exterior of a house. It's nighttime and luminarias dot the perimeter. We hear a party going on inside.



Cut to the inside of the house. A Hispanic couple holding Scratch-Off tickets walk through the door and are welcomed with effusive hugs.

COUPLE: ¡Felices Raspaditos a todos! (Happy Scratch-Offs, everyone!)

ALL: ¡Felices Raspaditos! (Happy Scratch-Offs!)

Cut to couple kissing near some poinsettias (an arrangement of Scratch-Offs) and candles.

Cut to a group of people standing next to a Scratch-Off tree talking. They are all wearing Scratch-Off/ holiday clothing and sipping ponche. The men have ugly Scratch-Off holiday sweaters on.

MAN: ¿No te encanta la temporada de Raspaditos? (Don't you just love the Scratch-Offs season?)

WOMAN: No tanto como tu sweater de Raspaditos. (Not as much as I LOVE your Scratch-Offs sweater.)

MAN: El aire está helado. (It's freezing.)

MAN 2: Estamos a 60. (It's 60.)

MAN: Esta haciendo aire frío. (Well, it's a dry cold.)

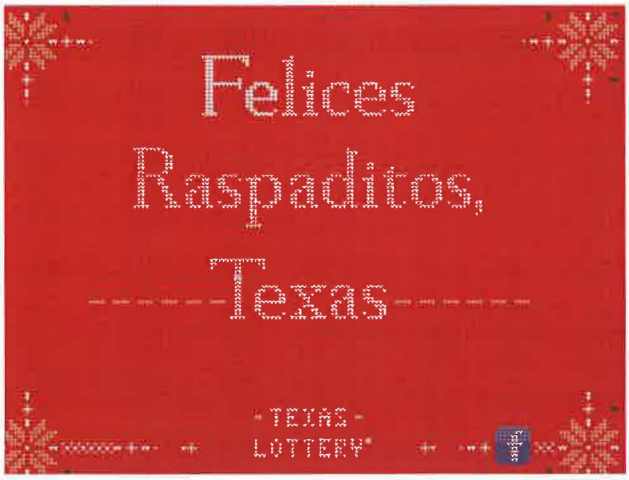
Cut to Amy and Sara walking up to Jose, who's standing off to the side of the party. Jose is not dressed festive at all.

AMY: Y éste es mi primo Jose. (And this is my cousin Jose.)

SARA: Yo soy Sara. Felices Raspaditos. (I'm Sara. Happy Scratch-Offs.)

AMY: Es de Nueva York. (He's from New York.)

JOE: ¡Eso no significa que no me fascinen los Felices Raspaditos! (That doesn't mean I don't love a Happy Scratch-Offs!)



Cut to Logo and Tag.

AVO: Regresaron los Raspaditos Festivos. ¡Felices Raspaditos, Texas! (Holiday Scratch-Offs are back. Happy Scratch-Offs, Texas!)

LEGAL: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Loteria de Texas beneficia la educación de Texas.

HAPPY SCRATCH-OFFS, TEXAS! / RADIO 60-SECOND SPOT: "A WHOLE OTHER HOLIDAY"

MUSIC: Original score, holiday spirit, unique, quirky, compelling, hummable.

SINGERS: It's a whole other holiday – Happy Scratch-Offs, Texas (music stops)

SALLY: Why are you shaking that Scratch-Off ticket?

JIM: See what's inside.

SALLY: Hear anything?

JIM: No, but cash is very quiet.

SINGERS: Happy Scratch-Offs, Texas

SARAH: What are you having for Scratch-Offs Eve dinner?

NANCY: Smoked brisket and beans. We're pretty traditional.

SINGERS: Happy Scratch-Offs, Texas

JOHN: Whatcha going to do with that string of Scratch-Off tickets?

DAVID: Hang 'em on the front of the house.

JOHN: (beat) Why are you scratching that one?

DAVID: Making sure they work.

SINGERS: Happy Scratch-Offs, Texas

ANNCR: 'Tis the season, Texas. Happy Scratch-Offs from the Texas Lottery.

SINGERS: Happy Scratch-Offs, Texas

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

SEE ATTACHED DVD FOR RADIO EXECUTION.

HAPPY SCRATCH-OFFS, TEXAS! / RADIO 60-SECOND SPOT: "UN DÍA FESTIVO COMPLETAMENTE DIFERENTE" HISPANIC

MUSIC: Original score, Tejano, holiday spirit, unique, quirky, hummable.

SINGERS: Es todo un nuevo día festivo – Felices Raspaditos, Texas

SALLY: Por qué estas sacudiendo ese Raspadito?

JIM: Ve lo que hay adentro.

SALLY: ¿No oigo nada?

JIM: No, pero el dinero casi no hace ruido.

ALL: (Laughter)

SINGERS: Felices Raspaditos, Texas

SARAH: ¿Qué van a cenar la Noche de Raspaditos?

NANCY: Tamales y champurrado. Somos muy tradicionales.

SINGERS: Felices Raspaditos, Texas

JOHN: ¿Qué van a hacer con ese hilo de Raspaditos?

DAVID: Colgarlos enfrente de la casa.

JOHN: (beat) ¿Y por qué estas raspando ese?

DAVID: Asegurandome de que funcionen.

ALL: (Laughter)

SINGERS: Felices Raspaditos, Texas

ANNCR: 'Ya llegó la temporada, Texas. Felices Raspaditos de Texas Lottery.

SINGERS: Felices Raspaditos, Texas

LEGAL: Para detalles de las probabilidades de ganar y más información, visite' txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

HAPPY SCRATCH-OFFS, TEXAS! / RADIO 60-SECOND SPOT: "A HOLIDAY JUST FOR US"

MUSIC: Original score, holiday spirit, unique, quirky, compelling, with lyrics.

SINGERS: It's a holiday just for us – Happy Scratch-Offs, Texas (music stops)

HUSBAND: What happened to our Scratch-Offs tree?

WIFE: (in next room) What do you mean?

HUSBAND: The bottom tickets are scratched off.

WIFE: I told you to keep the cat away.

SINGERS: Happy Scratch-Offs, Texas

MARILYN: You know the best thing about getting Scratch-Offs?

DON: What's that?

MARILYN: Returning them to the store.

DON: Ooooh, yeah.

SINGERS: Happy Scratch-Offs, Texas

SARAH: This year we're giving out Scratch-Offs to the less fortunate.

REBECCA: Arkansans?

SARAH: They can't help where they live.

SINGERS: Happy Scratch-Offs, Texas

ANNCR: 'Tis the season, Texas. Happy Scratch-Offs from the Texas Lottery.

SINGERS: Happy Scratch-Offs, Texas

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

HAPPY SCRATCH-OFFS, TEXAS! / RADIO 60-SECOND SPOT: "UN DÍA FESTIVO NADA MÁS PARA NOSOTROS" HISPANIC

MUSIC: Original score, Tejano, holiday spirit, unique, quirky, compelling, with lyrics.

SINGERS: Un día festivo nada más para nosotros – felices Raspaditos, Texas.

HUSBAND: Qué le pasó a nuestro árbol de Raspaditos?

WIFE: Cómo que qué le pasó?

HUSBAND: Rasparon todos los boletos!

WIFE: Te dije que tuvieras cuidado con el gato.

SINGERS: Felices Raspaditos, Texas.

MARILYN: Sabes cuál es la mejor parte de recibir Raspaditos?

DON: Cuál?

MARILYN: Que te toque canjearlos en la tienda.

DON: sss uuuy, sí

SINGERS: Felices Raspaditos, Texas.

SARAH: Este año les vamos a dar Raspaditos a los menos afortunados.

REBECCA: Los Gallegos?

SARAH: Espero que sepan como raspar.

SINGERS: Felices Raspaditos, Texas.

ANNCR: Ya llegó la temporada, Texas. Felices Raspaditos de parte de Texas Lottery.

SINGERS: Felices Raspaditos,Texas.

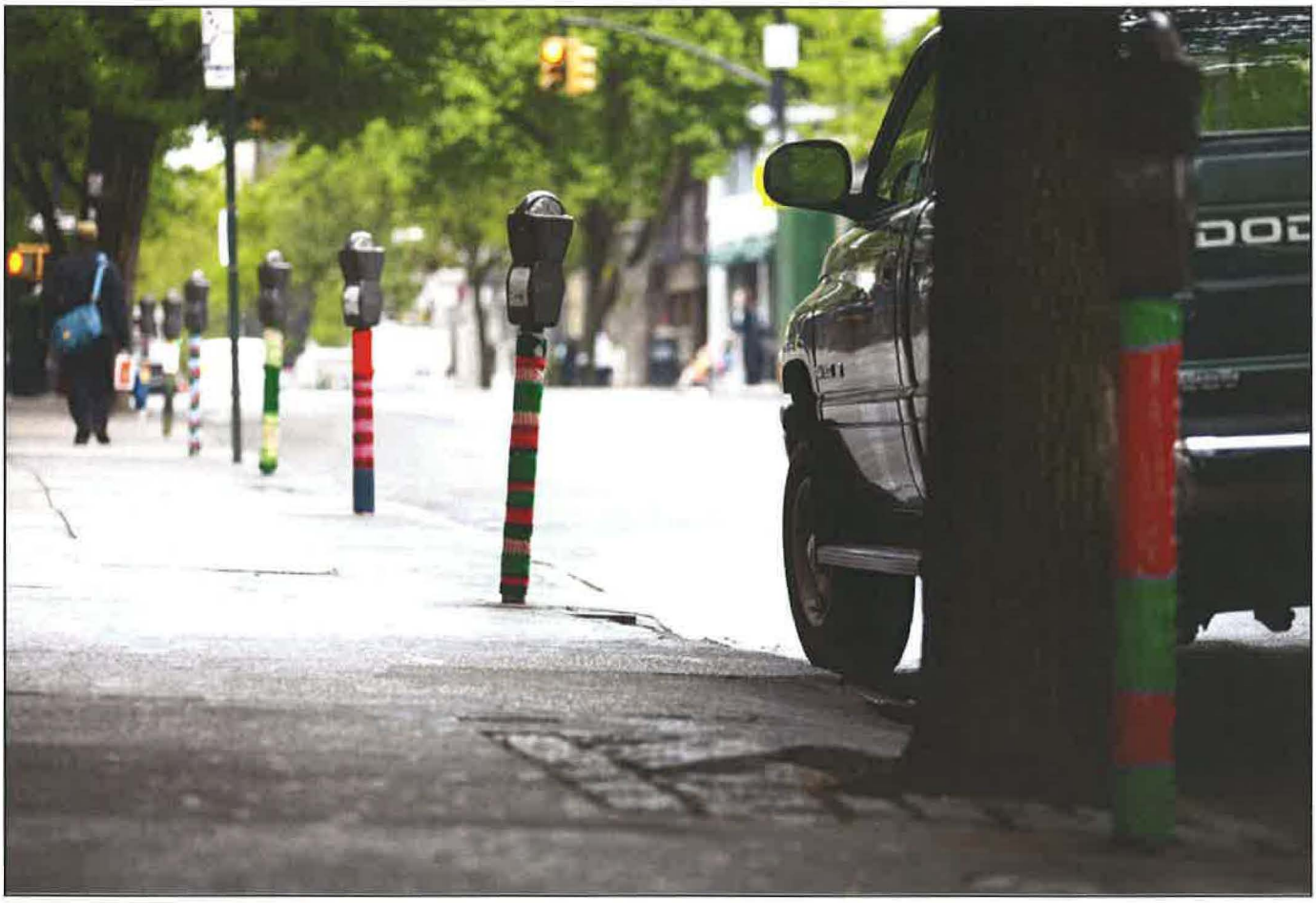
LEGAL: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

HAPPY SCRATCH-OFFS, TEXAS! / OUTDOOR

HAPPY SCRATCH-OFFS, TEXAS! / OUTDOOR

HAPPY SCRATCH-OFFS, TEXAS! / KIOSK

HAPPY SCRATCH-OFFS, TEXAS! / YARN BOMBING

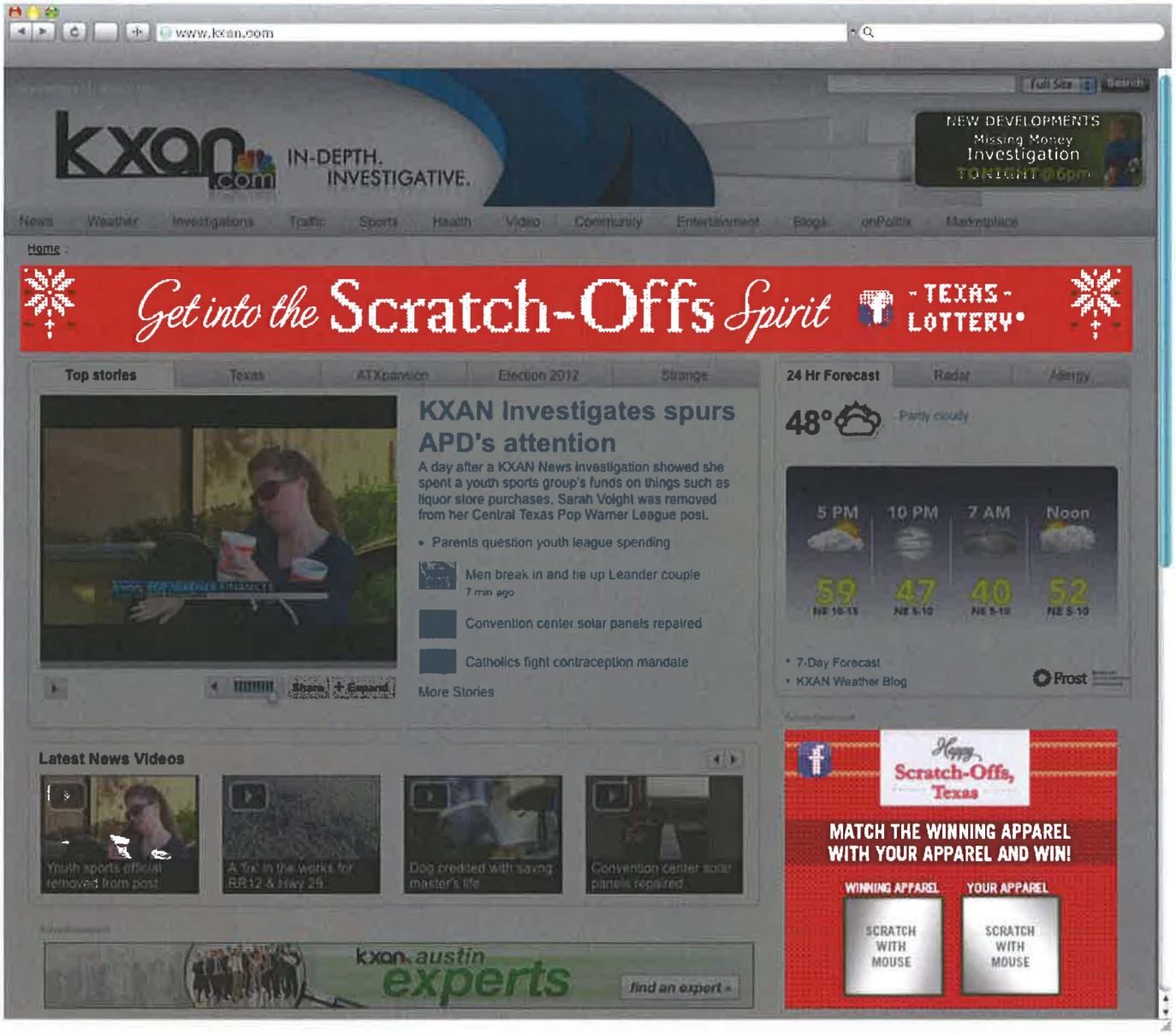


These days, yarn bombing, a type of street art that employs colorful displays of knitted cloth, is all the rage. In connection with the campaign design, the Texas Lottery will make locations across the state a bit cozier. Working with your media relations team, we will activate our media program to get attention for this guerilla style awareness tactic.

HAPPY SCRATCH-OFFS, TEXAS! / YARN BOMBING

If yarn bombing Texas landmarks isn't enough, we will also yarn bomb a vehicle. These vehicles can travel through Texas, including stops at events (sponsorships, CAD events, etc.) where consumers are encouraged to snap a pic and post it to Facebook.

HAPPY SCRATCH-OFFS, TEXAS! / DIGITAL PAGE TAKEOVER

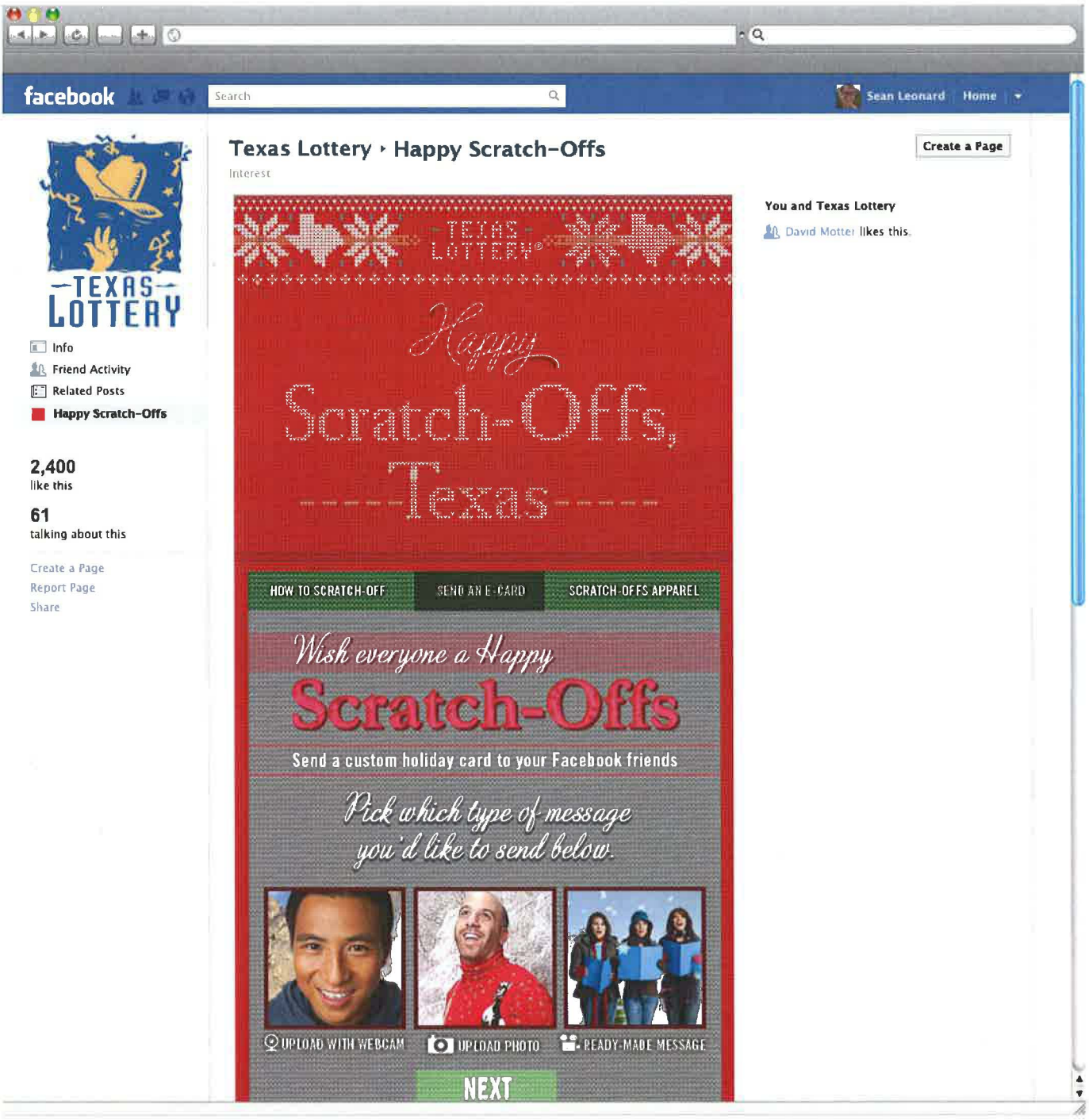


The digital campaigns will focus on Texas-based sites to ensure delivery to our customers with as little waste as possible. In our ad units, we will embed a play-to-win merchandise game that encourages interaction and gives the Texas Lottery additional branding in the marketplace. All digital ads in this campaign will ultimately drive to our Facebook page for additional interactivity.

HAPPY SCRATCH-OFFS, TEXAS! / DIGITAL PAGE TAKEOVER

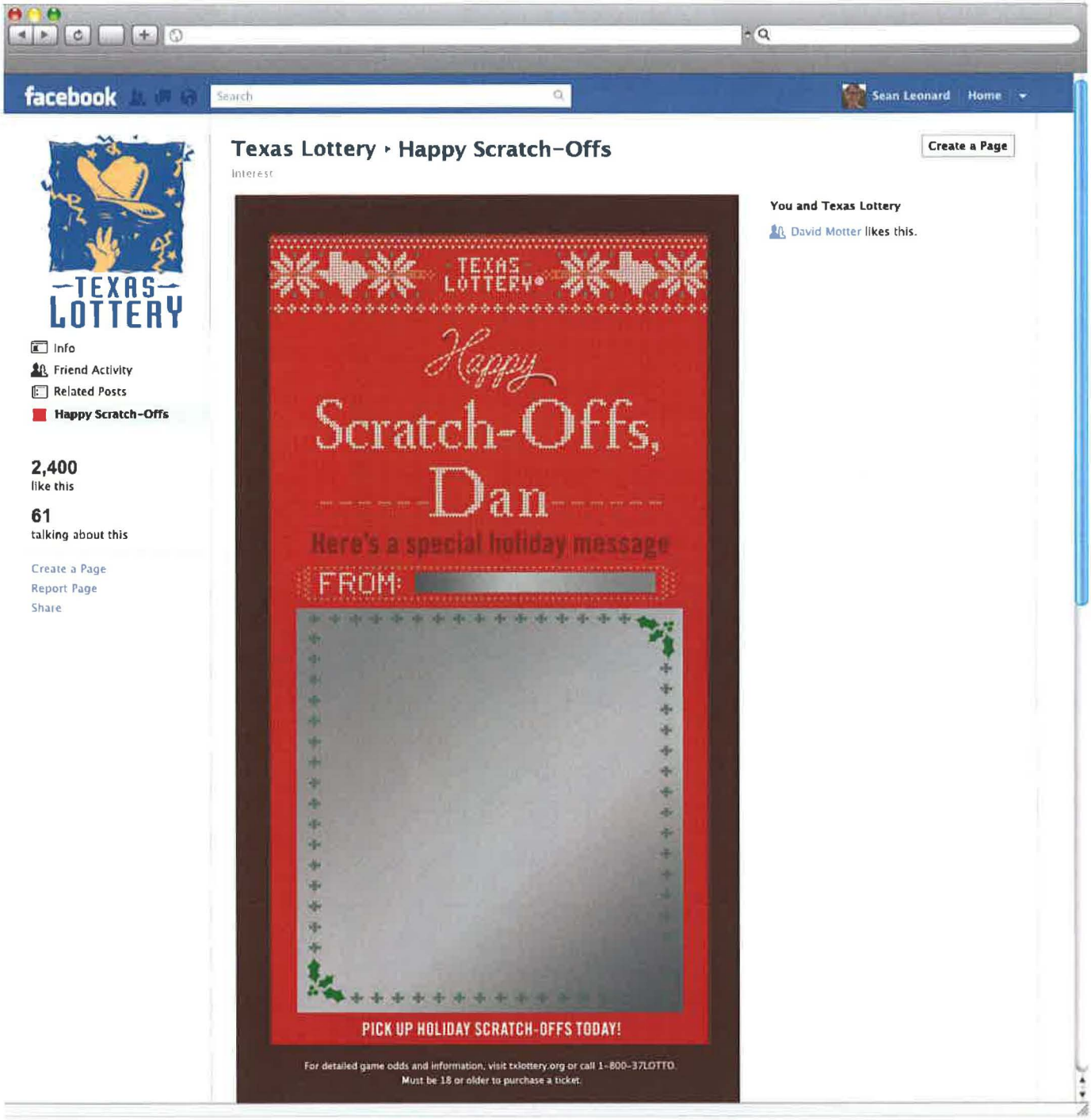
HAPPY SCRATCH-OFFS, TEXAS! / DIGITAL PAGE TAKEOVER

HAPPY SCRATCH-OFFS, TEXAS! / FACEBOOK TAB – E-CARD



Nothing says "The holiday are here" like receiving holiday cards, and Happy Scratch-Offs is no different. Utilizing the Texas Lottery's Facebook page, we're going to encourage people to create and send an interactive holiday card made completely from Scratch-Offs.

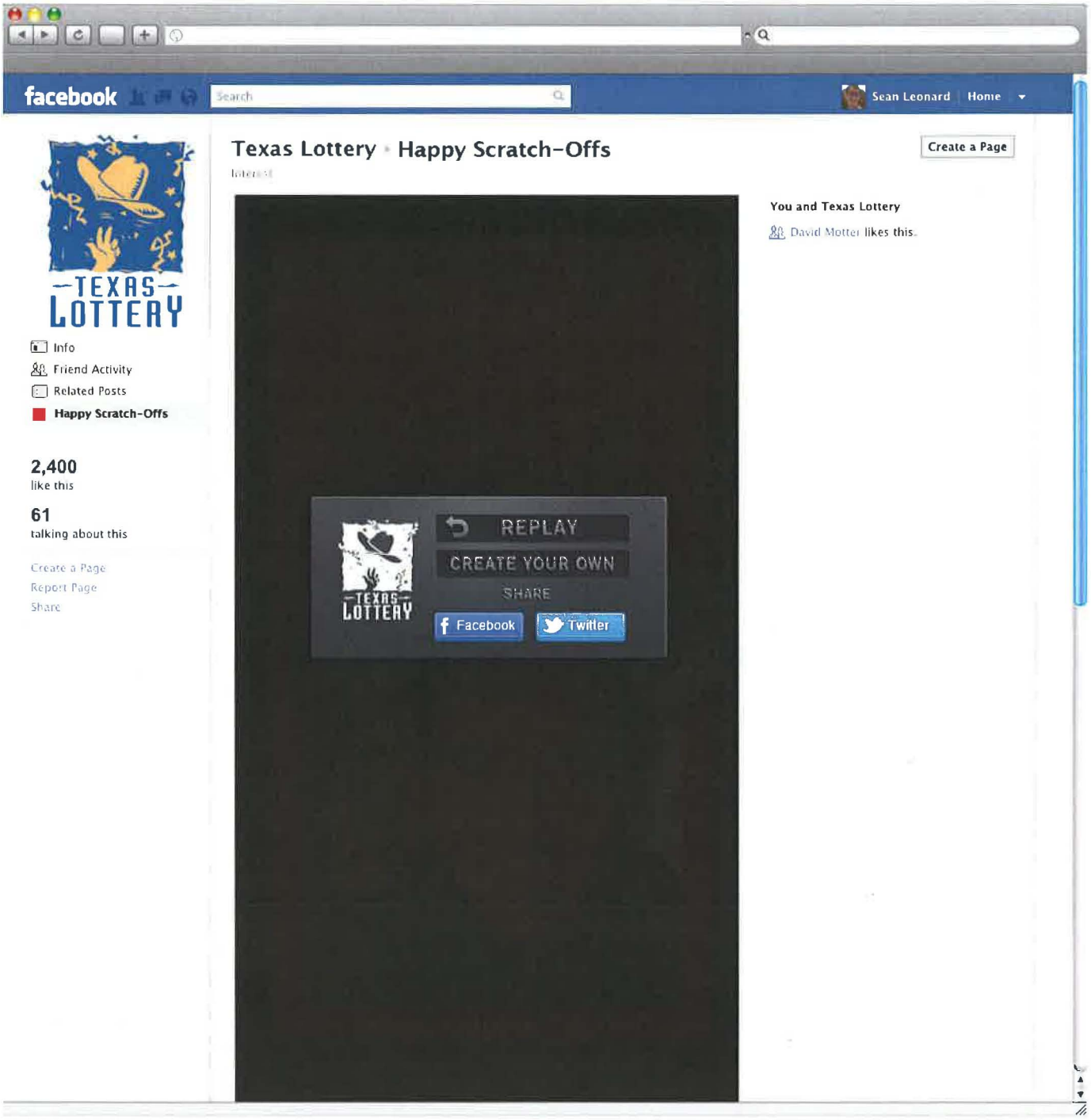
HAPPY SCRATCH-OFFS, TEXAS! / FACEBOOK TAB – E-CARD



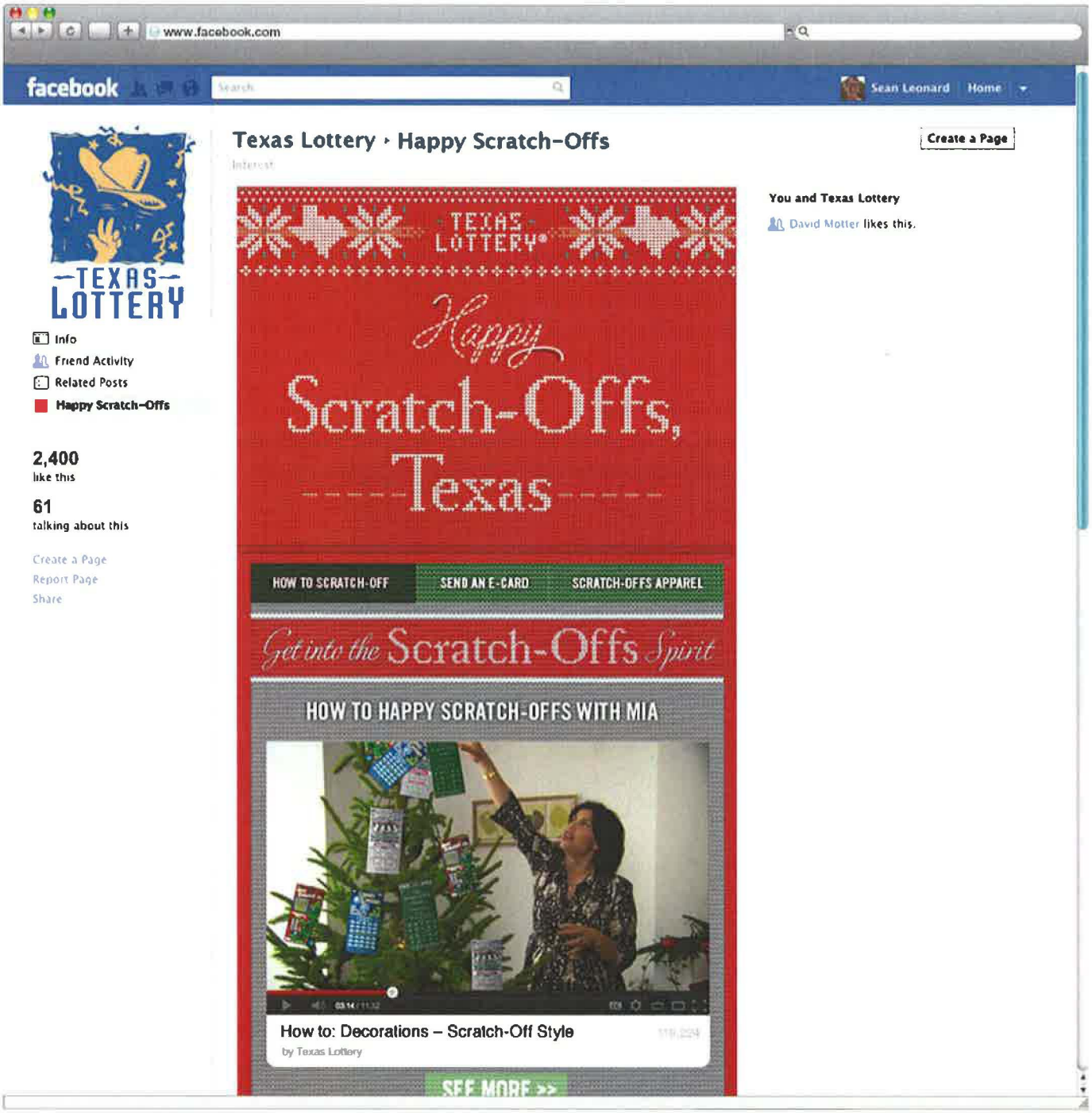
Users will pick a custom music track of Happy Scratch-Offs holiday songs and customize their card by uploading photos, using a webcam or using a premade message created by us. But here's the kicker: Just like a Holiday Scratch-Off, you don't know what's underneath until you scratch. Recipients will receive a Holiday Scratch-Off card and will have to scratch it using their mouse to reveal the message and the sender.

HAPPY SCRATCH-OFFS, TEXAS! / FACEBOOK TAB – E-CARD

HAPPY SCRATCH-OFFS, TEXAS! / FACEBOOK TAB – E-CARD

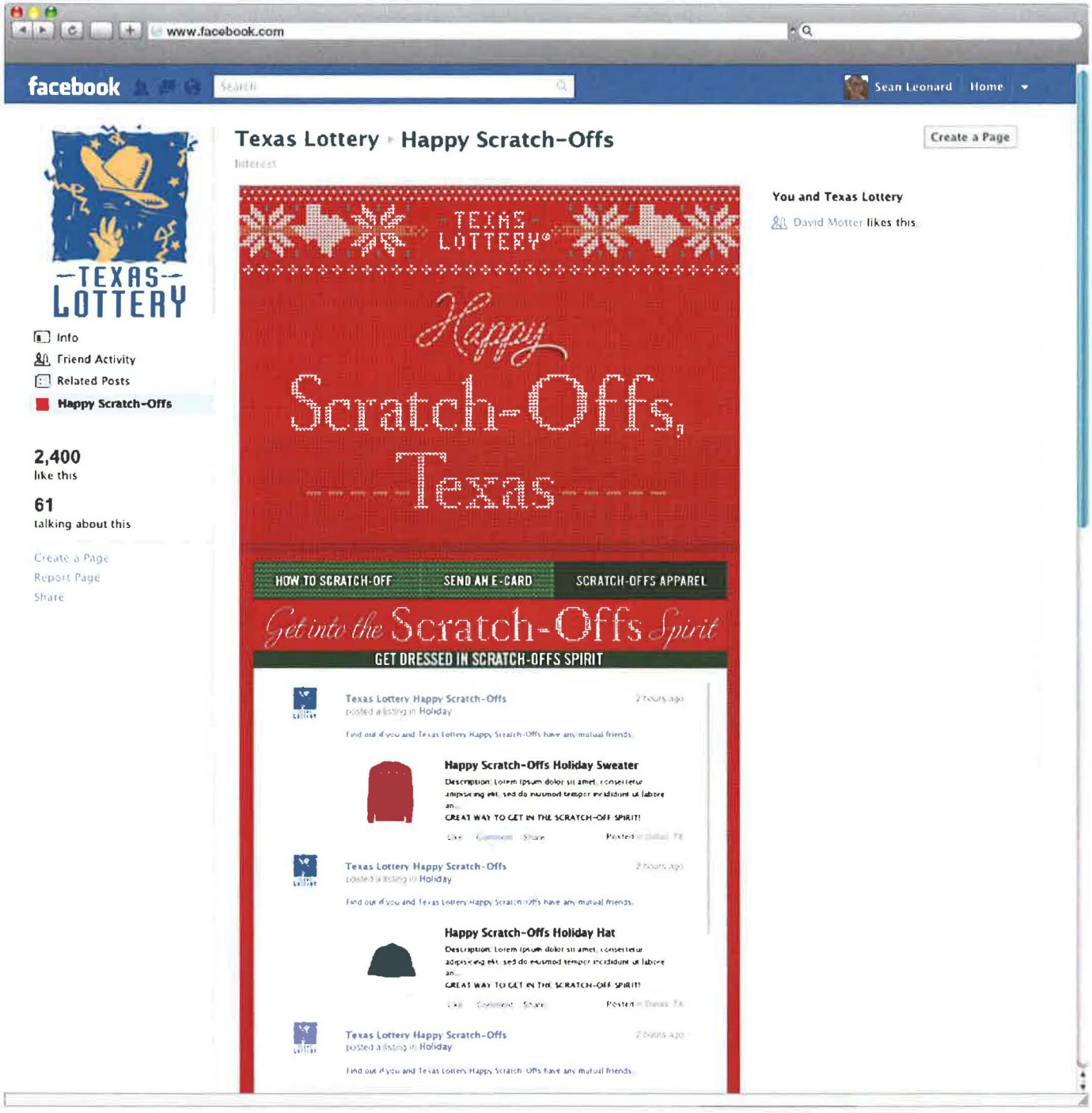


HAPPY SCRATCH-OFFS, TEXAS! / FACEBOOK TAB – DECORATING VIDEOS



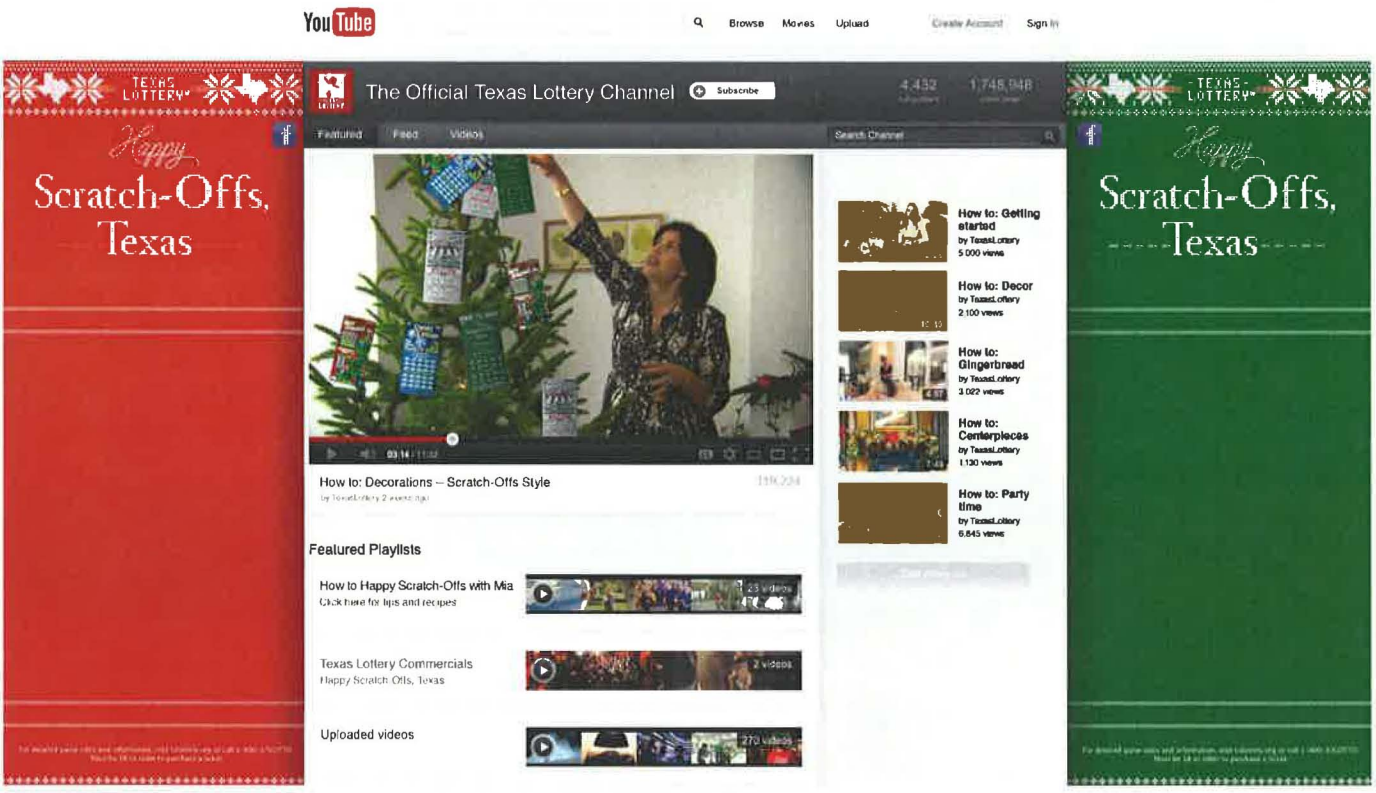
We will develop a holiday promotional Facebook tab to house simple "Happy Scratch-Offs" decorating segments. Our host will teach viewers how to make unique decorations with Texas Lottery Holiday Scratch-Off tickets: a bow, ornament, wreath or simple gift.

HAPPY SCRATCH-OFFS, TEXAS! / FACEBOOK TAB – MERCHANDISE



In addition, consumers will be able to purchase or win knitted Happy Scratch-Offs merchandise.

HAPPY SCRATCH-OFFS, TEXAS! / YOUTUBE CHANNEL



On the Happy Scratch-Offs YouTube channel, people can get Happy Scratch-Offs holiday tips and recipes. Each tip/recipe will be made using Holiday Scratch-Off tickets and thus drive traffic to the c-stores. For example, people can see a video about "How To Make Mistletoe" or for other craft ideas.

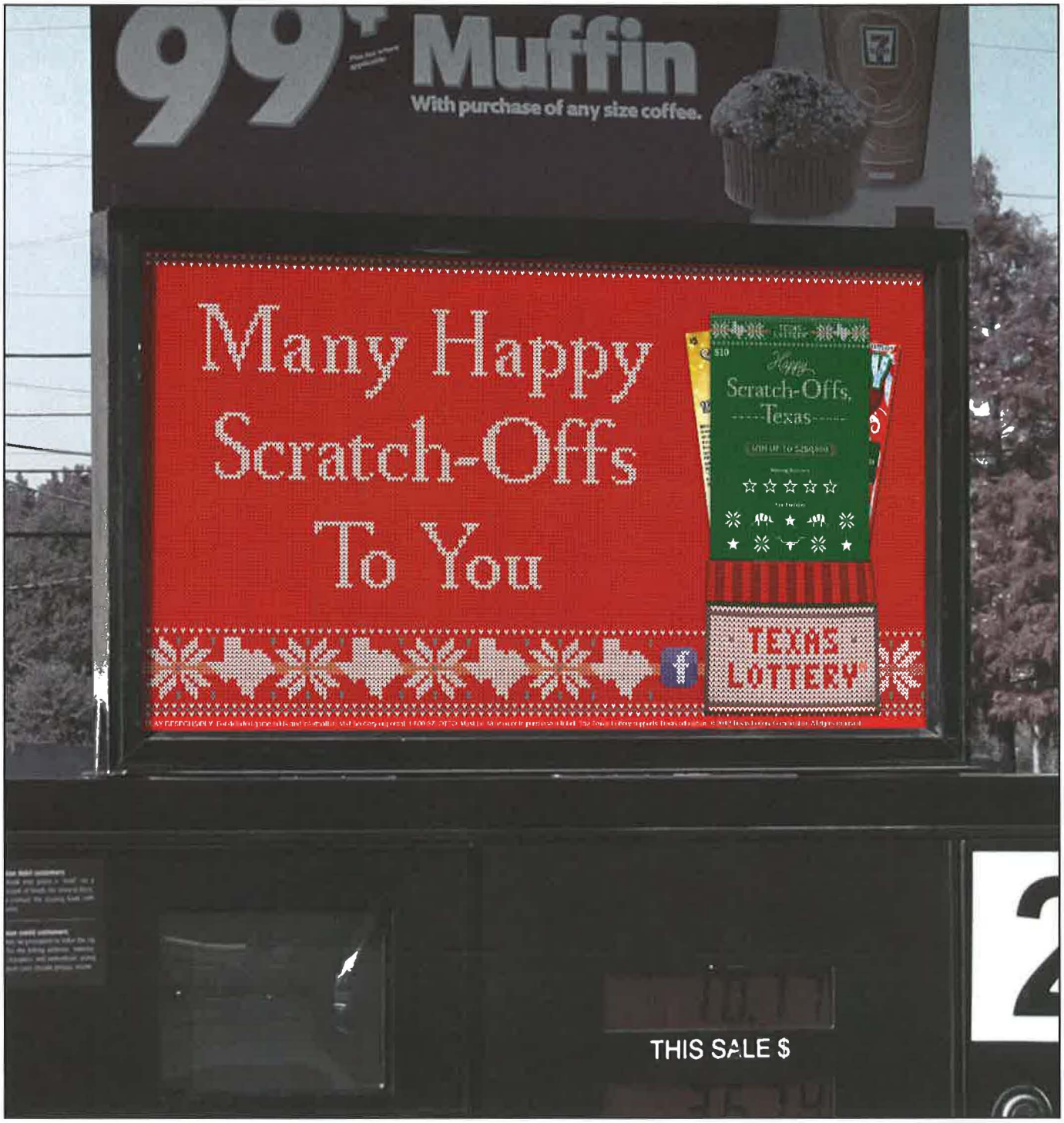
HAPPY SCRATCH-OFFS, TEXAS! / STOREFRONT TAKEOVER

Bringing our high-impact devices specifically to retail, we will identify one location in our top three markets to yarn bomb the store. Beyond just the yarn, we can create impact with traditional window installations.

HAPPY SCRATCH-OFFS, TEXAS! / MULTIMEDIA WINDOW TREATMENT

An interactive storefront display that's activated when a person walks in front of it. Once activated, it reveals a fun, festive Happy Scratch-Offs scene with lights, snow, carolers, sleighs, snowmen, etc. The song played is the same song from the radio, "Happy Scratch-Offs, Texas." The longer a person stands in front of it, the longer the experience goes.

HAPPY SCRATCH-OFFS, TEXAS! / PUMPTOPPER



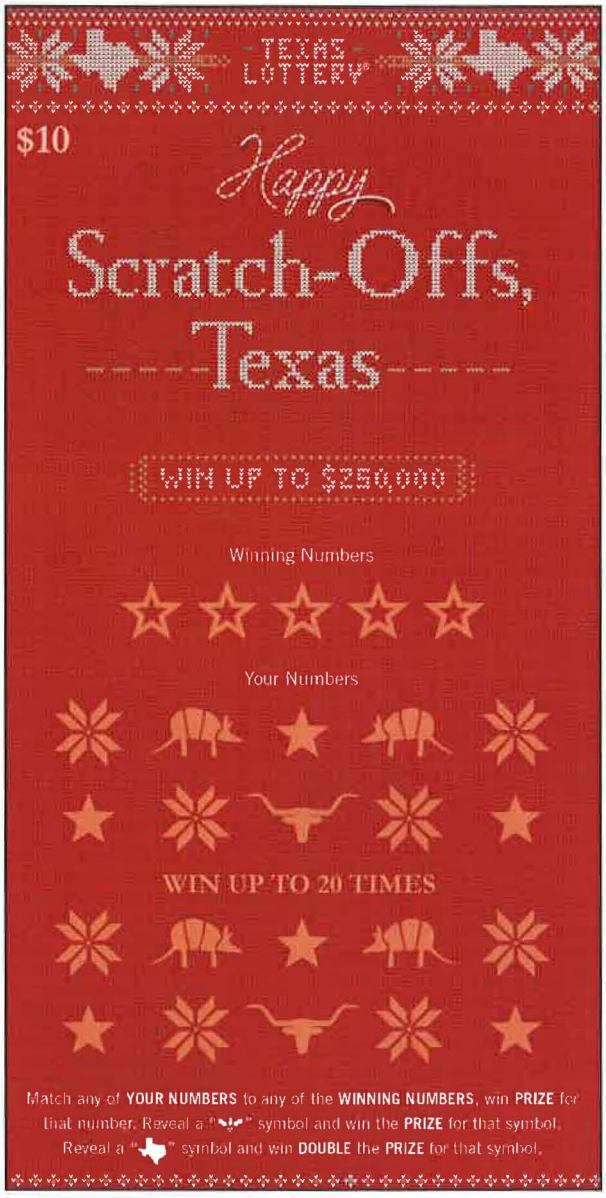
HAPPY SCRATCH-OFFS, TEXAS! / PLAYSTATION

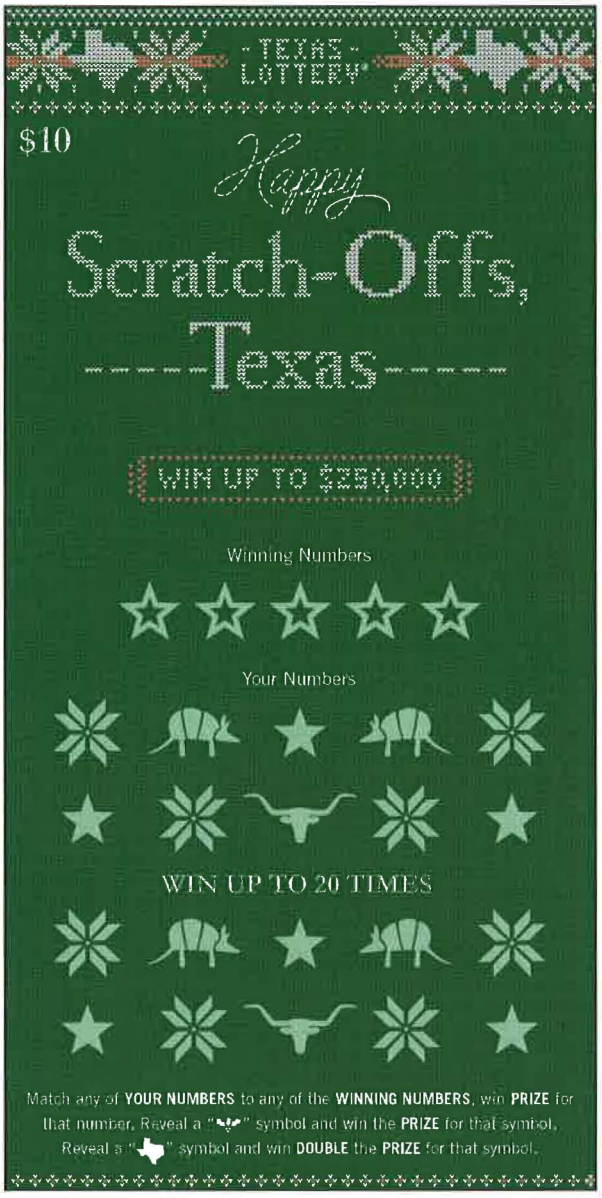
HAPPY SCRATCH-OFFS, TEXAS! / FLOOR CLING

HAPPY SCRATCH-OFFS, TEXAS! / POP-UP STORE & WRAPPING STATION

Selling trailers will show up at promotional events at retail locations and malls during the holiday season. For example: Buy $10 in Lottery tickets, and the Texas Lottery will wrap two gifts for you. The more you spend, the more we wrap. The host of our online decorating segments will be on-site, when possible, to show attendees "Happy Scratch-Offs" decorating how-to's. TracyLocke has begun conversations with experiential vendors to secure selling events space at various retail destinations. We are confident we can structure a program to accomplish this.

HAPPY SCRATCH-OFFS, TEXAS! / TICKET





Happy Scratch-Offs! A series of special-edition tickets that play off of the needlepoint/ knitting look established in the other elements of the campaign. Each design will include a unique symbol of Texas (e.g., oil derrick, longhorn, armadillo, etc.).

HAPPY SCRATCH-OFFS, TEXAS! / PREMIUM

Actual Holiday Scratch-Offs apparel, such as sweaters, hats, gloves, ice scrapers and scarves, will be available for purchase online, or given as prizes through Facebook or at events.

WHY THIS IS AN EFFECTIVE CAMPAIGN:

Happy Scratch-Offs, Texas puts a uniquely Texas spin on the holidays. Communicating the excitement of the once-a-year season creates a sense of urgency to play Holiday Scratch-Offs. Players see that any holiday moment can be more enjoyable with Holiday Scratch-Offs, but they better get in on the action soon before the season is over.

- Communicates limited time
  - Close association with the holiday season drives players to retail
- Memorable
  - Six in 10 players said this idea was *Very memorable* or *Somewhat memorable*
- Reinforces the Texas Lottery personality
  - The top three characteristics respondents associated with this idea are: Happy (41%), Friendly (39%) and Fun (38%)
- Uniquely Texas
  - Uses humorous, yet relatable, Texas metaphors

WHO KNOWS SHARING BETTER THAN A

Turducken

Filled with optimism, wonderment and the seemingly impossible, the holidays are like no other time of year. So this holiday, the Texas Lottery is encouraging Texans to **share like never before.** And they're getting the word out in a way that's as **unique** as the season itself.

Meet **Turducken.** Equal parts turkey, duck and chicken – at face value, he's a friendly physical manifestation of an **extraordinary holiday experience.** Or a tasty meal. But underneath, he's proof that things are **better** when they're **shared together.** And who knows more about sharing than a Turducken?

TURDUCKEN / 30-SECOND TV SPOT: "BUCKS"

OPEN on a MAN (30) in a convenience store, looking down into the counter at the selection of Holiday Scratch-Offs. A friendly voice off-screen interrupts his train of thought.

DUCK (OS): They'll love that one.

CUT to show the CLERK (35) behind the counter as the Man looks up to acknowledge the advice. Clerk has a blank expression.

TURKEY: (indecisive) Or the other one.

CUT WIDE as the next line is delivered, revealing that the voice is that of a live Turducken, standing next to the Man at the counter, complete with a head from each animal. He boasts one chicken claw, one webbed foot and a giant feathered turkey butt. Soft, intermittent gobbles, quacks and clucks are audible.

CHICKEN: (certainty) Or any Holiday Scratch-Off.

Turducken fans out his right wing (turkey side) to showcase the entire suite of Holiday Scratch-Offs. Man glances at the Clerk as he nods in approval as if to say, "He's got a point, there."

MAN: What makes you three so sure?

TURKEY: Take it from a Tur...

DUCK: ...duck...

CHICKEN: ...en–

DUCK: . . .sharing's half the excitement.

MAN: And the other half?

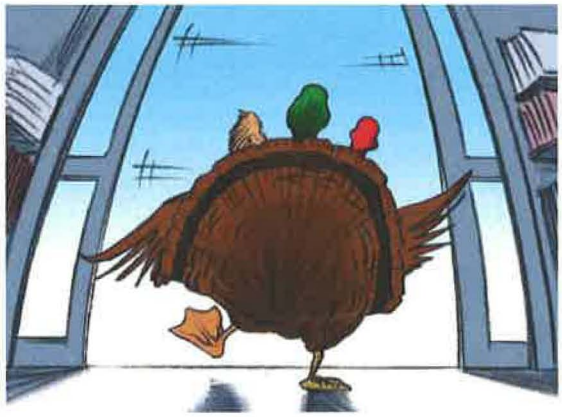
CHICKEN: The chance to win buck-buck-buck-buck-bucks! (beat)

Both Turkey and Duck heads turn slowly to stare at Chicken. Cut to Art Card as the Turkey continues.

ART CARD: Ticket art

TURKEY: I was going to say, "Sharing one with yourself."

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO.
Must be 18 or older to purchase a ticket.
The Texas Lottery supports Texas education.



Cut back to Turducken waddling out the automatically sliding doors. There's a noticeable audible difference between the click of the chicken claw and slap of the webbed foot.

CHICKEN: Yeah. . .the way we do.

DUCK: Guys, I think he put one and one and one together.

TURDUCKEN / 30-SECOND TV SPOT: "ABUELA" HISPANIC

OPEN on ABUELA sitting in her recliner. The family holiday party buzzes around her.

MIJA: ¡Felices fiestas, Abuelita! (Happy holidays, Grandma!)

CUT to MIJA, a gushing twenty-something. She approaches Abuelita with warm saludos and a gift—pink fuzzy slippers and Scratch-Offs.

ABUELA: ¡Ay! ¡Raspaditos Festivos de Texas! (Oh! Texas Lottery Holiday Scratch-Offs!)

Abuela accepts the gift, clutching eagerly to the Scratch-Offs.

MIJA: Las pantuflas fueron mi idea pero los Raspaditos fueron idea de Turducken. (The slippers were my idea. But the Scratch-Offs came from Turducken.)

ABUELA: (bewildered) ¿Tur-du-que?

Camera pans to Turducken, a squatty, feathered bird with a head of a turkey, duck and chicken. He wears a sweater with the word "Lottery."

MIJA: Turducken es un platillo tradicional de estas fechas. El es un tercio pollo, un tercio pato y un tercio pavo. ¡Él dice que los regalos son mejores cuando se combinan! ¡Solo miralo! (Turducken is a traditional holiday meal. He's one-third turkey, one-third chicken and one-third duck. No one knows better than he does that things are better when you pair them together! I mean, just look at him!)

ABUELA: Parece capirotada. (He looks like a capirotada.)

Turducken shoots Abuela a wink and a nod.

MIJA: (To Turducken) Es broma... (She's kidding...)

CUT to ART CARD of Holiday Scratch-Offs.

ANNCR: Raspaditos Festivos del Texas Lottery. ¡Ve por ellos antes de que se acaben! (Holiday Scratch-Offs from the Texas Lottery. Get them now, before they're gone!)

CUT to Abuela in kitchen with Turducken. She's looking through a recipe book.

ABUELA: ¿Te gusta el molè o ranchero? (Do you like molè or ranchero?)

ART CARD: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

TURDUCKEN / RADIO 60-SECOND SPOT: "WORTH SHARING"

ANNCR: The Texas Lottery cordially reminds you this holiday season that things are best when they're shared. For example, on its own, a common turkey...

TURKEY: Gobble.

ANNCR: ...duck...

DUCK: Quack.

ANNCR: ...or chicken...

CHICKEN: Buck.

ANNCR: ...really isn't much to write home about in your holiday greeting card. But put them all together...

ALL: Gobble! Quack! Buck!

ANNCR: ...and you've got a live Turducken! Now that's worth sharing!

ALL: Yeah!

ANNCR: And thanks to Holiday Scratch-Offs from the Texas Lottery, any gift you give can be just as remarkable – even if the gift is for yourself. Simply add one, two...

ALL: ...or three...

ANNCR: ...to any gift, and you could transform an ordinary holiday into a hoot-and-holler-day! So for gifts they'll gobble up...

TURKEY: GOBBLE!

ANNCR: ...and just won't put down...

DUCK: QUACK!

ANNCR: ...give a chance for big bucks...

CHICKEN: BUCK!

ANNCR: ...and the most fun around.

ALL: YEAH!

ANNCR: Give Holiday Scratch-Offs from the Texas Lottery. Finally...something worth sharing.

LEGAL: For detailed game odds and information, visit txlottery.org or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

SEE ATTACHED DVD FOR RADIO EXECUTION.

TURDUCKEN / RADIO 60-SECOND SPOT: "TURDUCKEN, HERMANAS" HISPANIC

SFX: Interview Ambience

Julia: Nos gusta dar regalar buñuelos a nuestra familia y amigos durante los días festivos.

Lupe: Julia los fríe y yo los envuelvo. Lo hemos hecho desde pequeñas.

Julia: Este año, en lugar de moños, les pusimos Raspaditos Festivos del Texas Lottery.

Turkey: ¡Nosotros ayudamos!

Lupe and Julia: Y Turducken siempre nos ayuda.

SFX: Pots and pans clang on the floor, Chicken clucks wildy

[Ambience changes to indicate we are in another time and space]

Julia: ¡Sácate de Aquí!

Lupe: Turucken, ayudenos a hacer moños mejor.

SFX: Interview Ambience

Turkey: Ahí fue cuando se nos ocurrió.

Duck: En lugar de moños ...

Chicken: ¿Podemos usar Raspaditos Festivos?

SFX: Worldized Ambience

Lupe: ¿Raspaditos Festivos de Texas?

Duck: No nada más son divertidos para jugar ...

Chicken: Es divertido darlos. ¡Ba-Kaw!

Tur/Du/Chi: ¡Y compartirlos!

SFX: Interview Ambience

Lupe: ¡Que buena idea!

Turkey: Aprende de nosotros, un platillo tradicional de estas fechas. Un tercio pollo, un tercio pato y un tercio pavo, un Turducken que piensa que las cosas son mejor cuando las combinan!

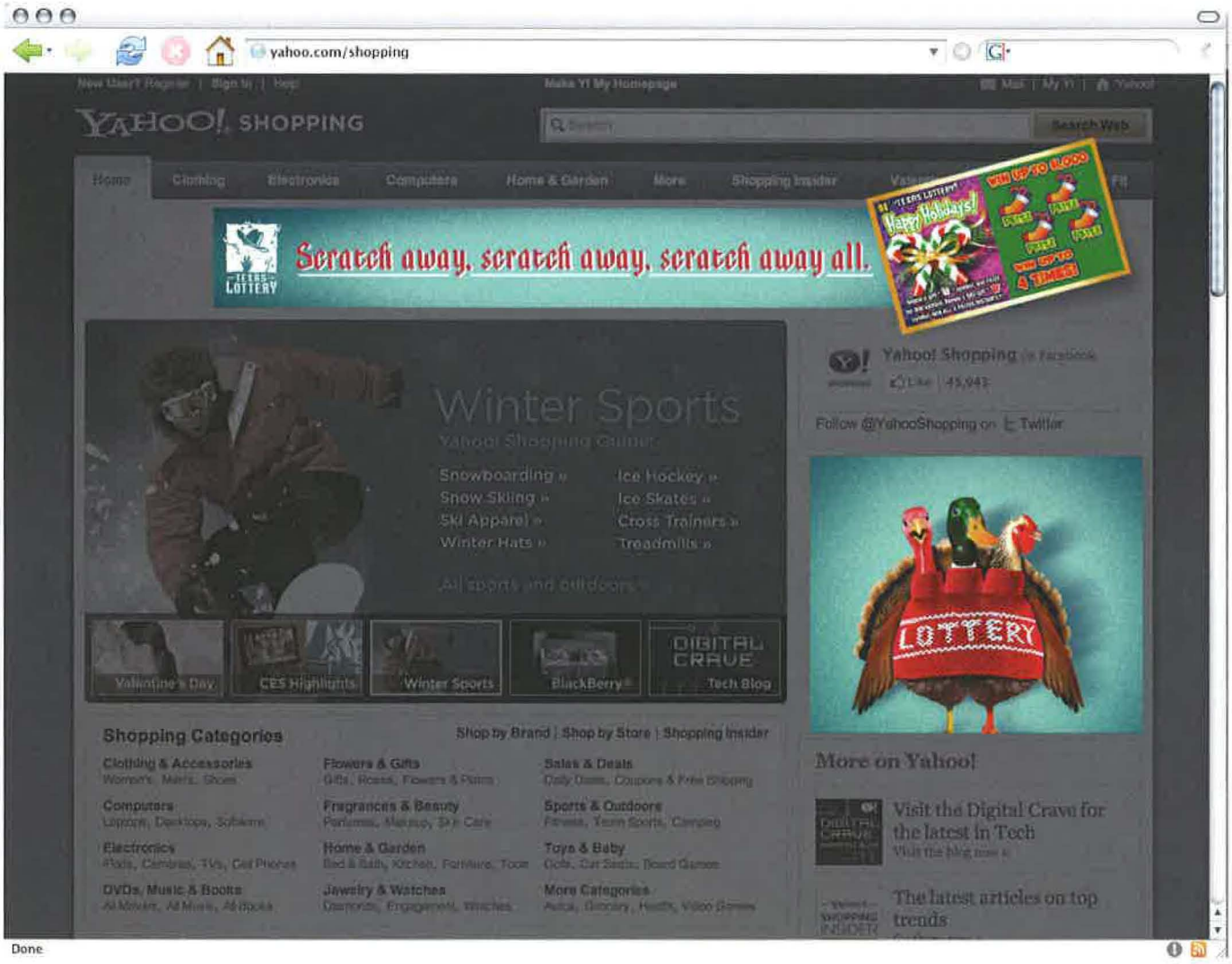
Anncr: Raspaditos Festivos del Texas Lottery. Un excelente regalo para la familia, amigos y hasta para tí mismo. Regalalos solos o combinalos con otros regalos. ¡Ve por ellos antes de que se acaben!

Legal: Para detalles de las probabilidades de ganar y más información, visite txlottery.org o llame al 1-800-37LOTTO. Debe ser mayor de 18 años para comprar un boleto. La Lotería de Texas beneficia la educación de Texas.

TURDUCKEN / BILLBOARD

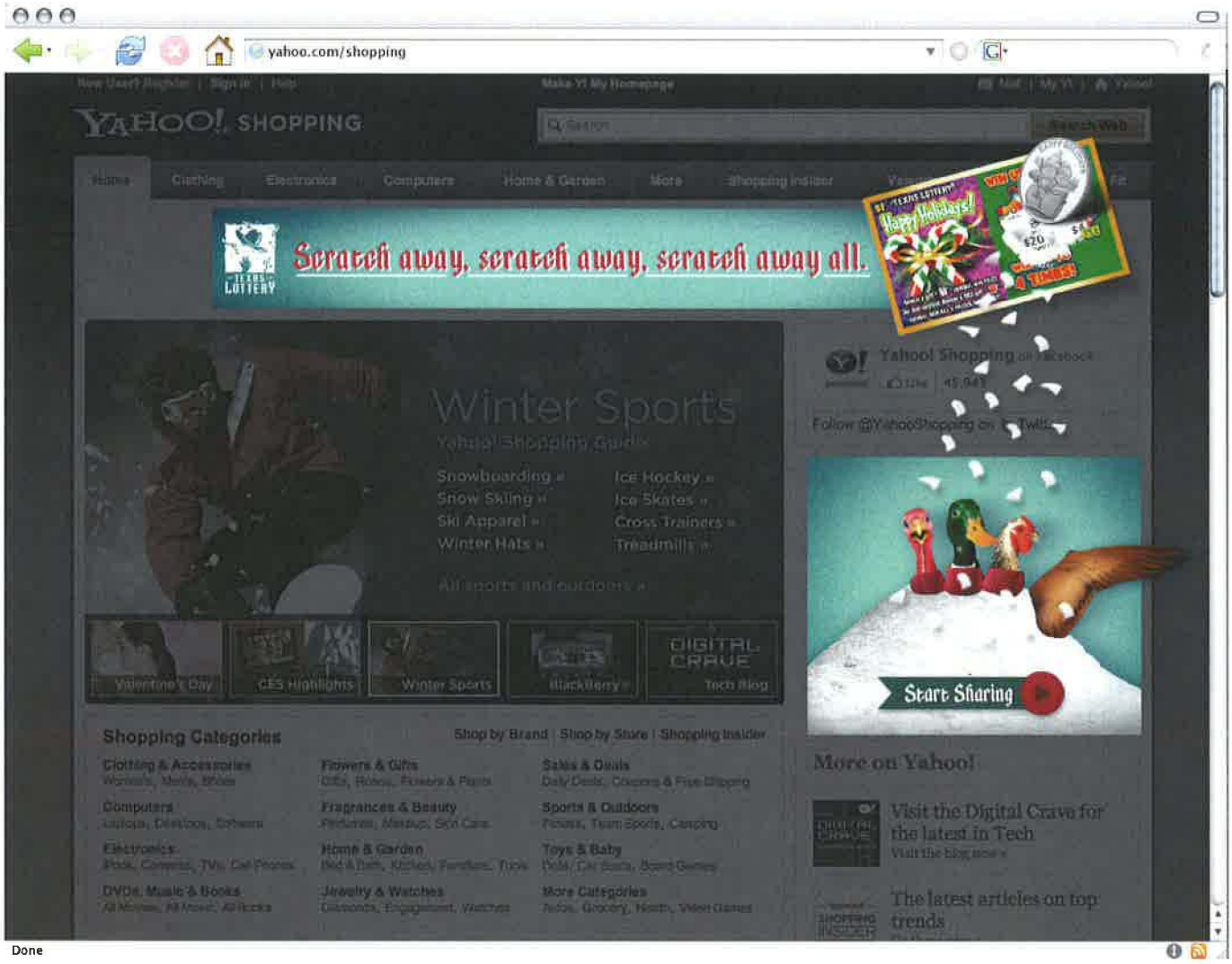
Outdoor will bring the Turducken to life with high-impact 3D billboards in key markets.

TURDUCKEN / DIGITAL



Rich media banner ads will be placed on contextually relevant sites. Ads will deliver the sharing message of the Turducken and cover him in "snow" from a scratched ticket.

TURDUCKEN / DIGITAL



Ads drive users to a microsite where they can create a custom holiday carol e-card.

TURDUCKEN / MICROSITE

The Texas Lottery will spread some unique holiday cheer with the Turducken caroling e-card, which allows users to select three classic carols that the Turducken will mash-up into a brand-new, self-harmonized holiday hit.

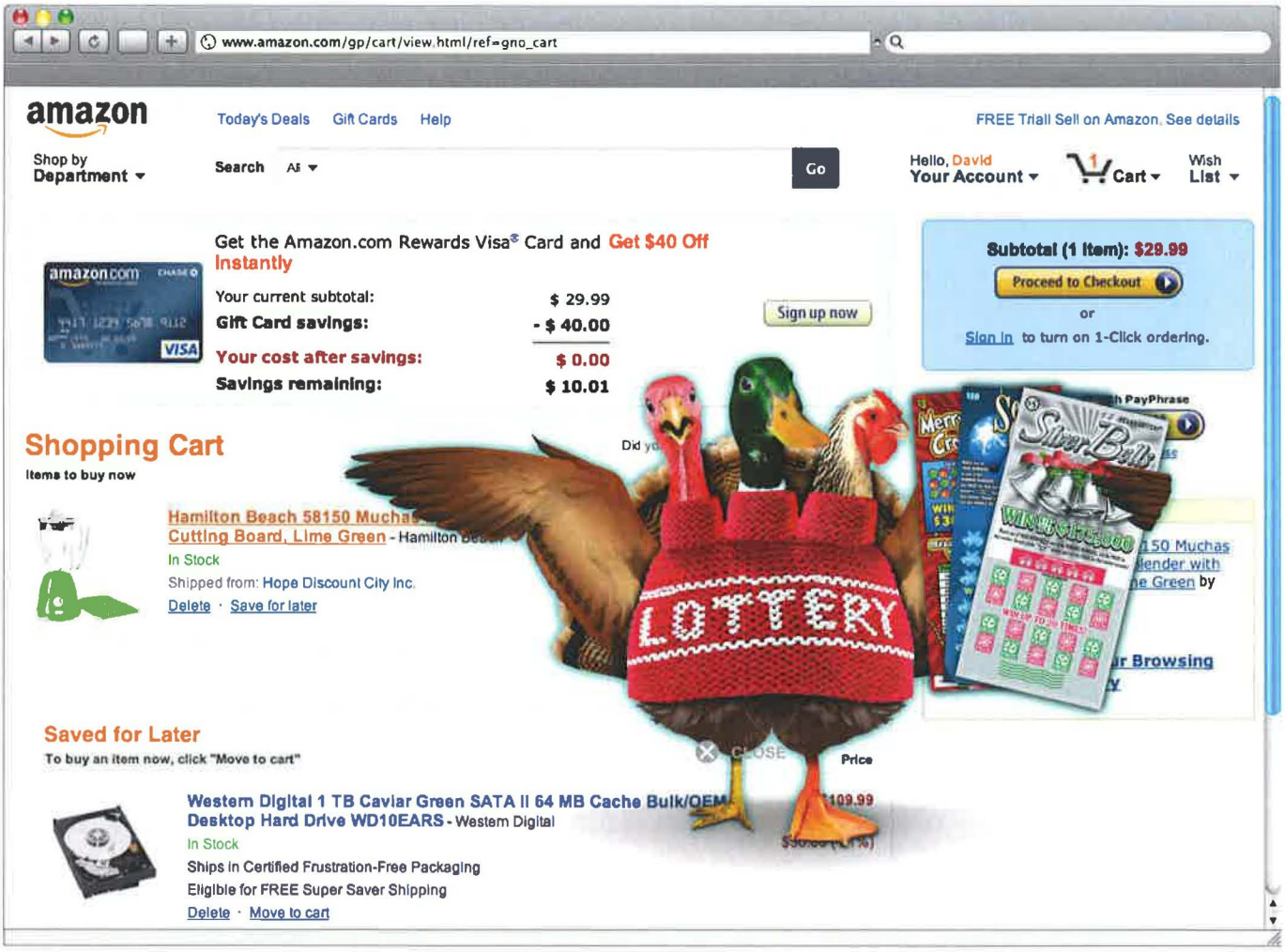
TURDUCKEN / MICROSITE

This unique, custom carol is "shared" with friends in the form of an entertaining viral video. Viewers can forward to friends or create their own carol.

TURDUCKEN / MOBILE

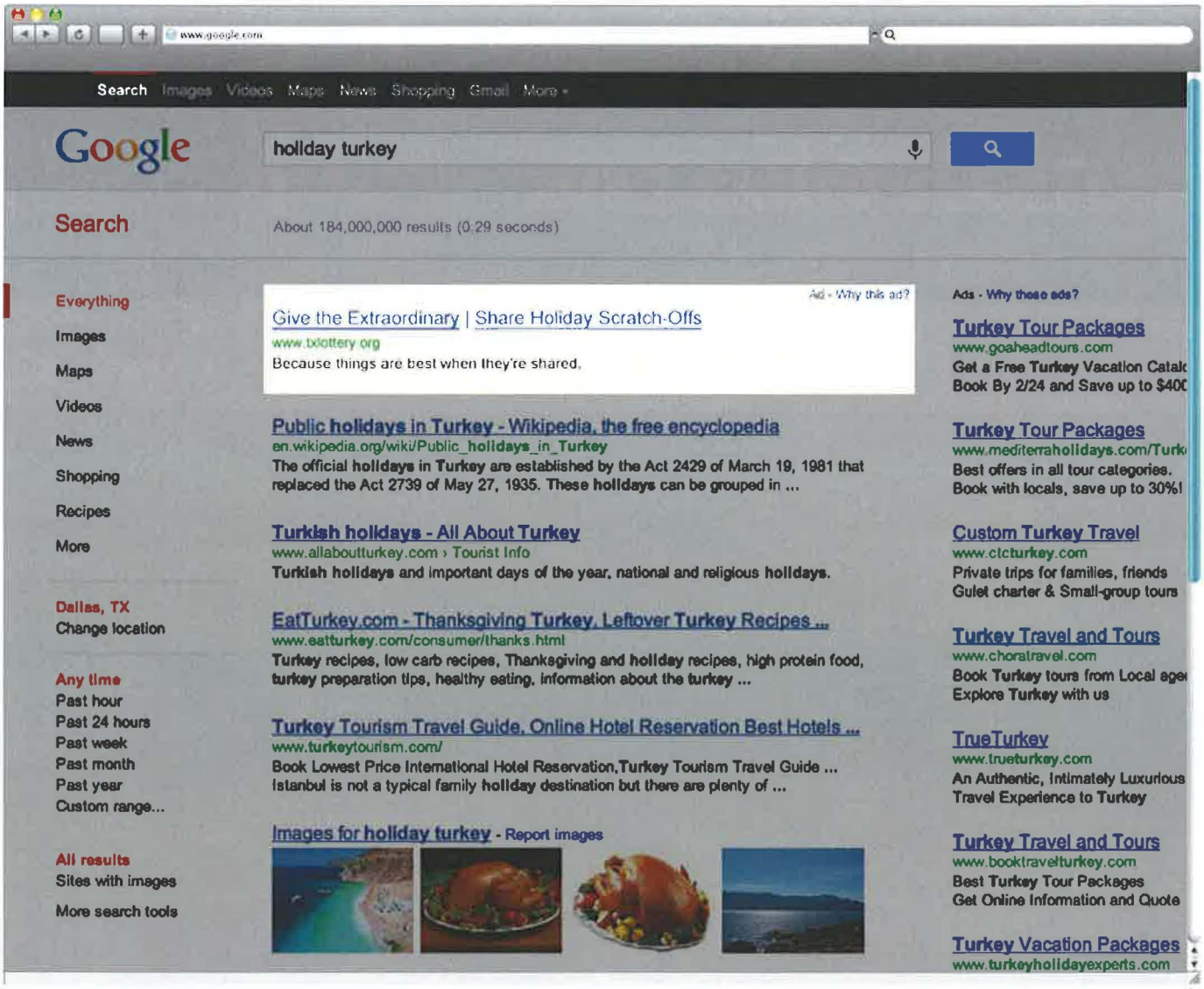
E-card carol will be optimized to work on mobile devices.

TURDUCKEN / DIGITAL PAGE TAKEOVER



Takeover ads appear on e-commerce sites like amazon.com as shoppers are shopping online, reminding them to share Holiday Scratch-Offs with all their gifts.

TURDUCKEN / DIGITAL SEARCH



Paid search and digital ads will appear when our audience is researching the gifts they want to buy and planning their holiday meals.

To further bring the Turducken to life, we will partner with Zynga to allow FarmVille players to raise a Turducken on their farm.

TURDUCKEN / STOREFRONT BANNER

TURDUCKEN / PUMPTOPPER

TURDUCKEN / PLAYSTATION

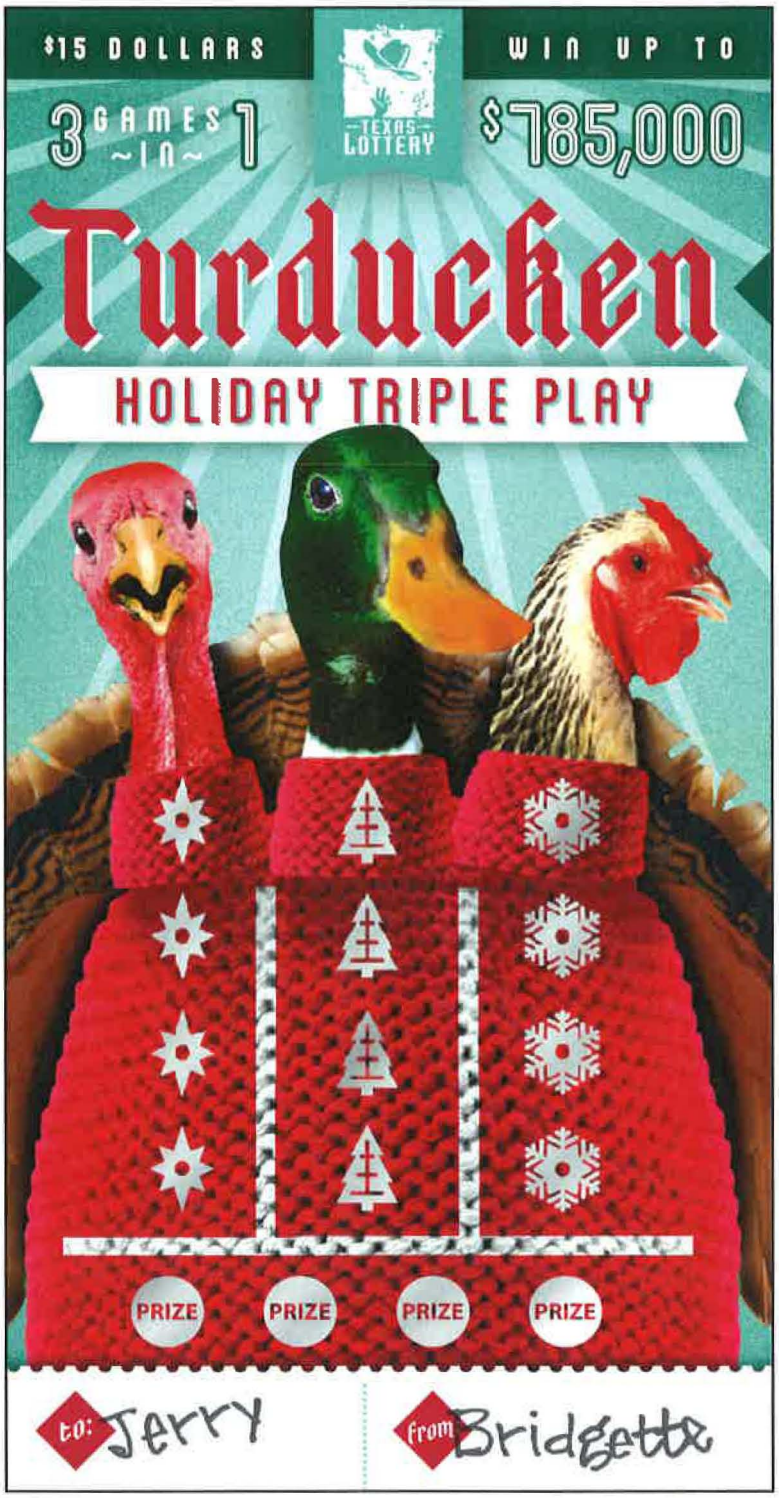
TURDUCKEN / FLOOR CLING

The half chicken/half duck "tracks" of our most extraordinary spokes-animal will guide shoppers to where they can buy Holiday Scratch-Offs along with any other last-minute holiday items.

TURDUCKEN / CEILING BANNER

A motorized flying Turducken in convenience stores will break through traditional clutter to remind people of how easy it is to give the extraordinary – right at the point of sale.

TURDUCKEN / TICKET



To make the holidays even more extraordinary, we will introduce the "TURDUCKEN HOLIDAY TRIPLE PLAY," a 3-in-1 limited edition Scratch-Off featuring the holiday's latest star, the Turducken. It even has a To:/From: area to get players in the spirit of sharing.

TURDUCKEN / EVENT

Because everything is better when you share, the Texas Lottery will partner with Turkey Trots in the big four markets in an extraordinary way. We will create a race within the race – a three-person 10K relay aptly titled, "The Turducken Trot." This event will provide adults an opportunity to participate if they do not want to run the full race and will increase Texas Lottery brand awareness with signage at the start and finish of the race. Even the Turducken himself might make an appearance.

While we cannot sell lottery tickets at the event, we will work with GTECH to set up a Customer Appreciation Day at a nearby retailer and drive traffic to the CAD event through giveaways, including promotional tickets.

TURDUCKEN / GIVEAWAY

The Turducken can show up on premium items, like this oven mitt, as a friendly reminder to share like never before this holiday.

WHY THIS IS AN EFFECTIVE CAMPAIGN:

According to both our research and historical Texas Lottery campaigns, the Turducken concept is potentially the most unique and differentiated concept of all. Its ability to get people talking is exactly what's needed to break through the holiday retail clutter. A visible ***and*** literal symbol of sharing, the Turducken uses humor to remind consumers what the season is really all about – in an unforgettable way. Whether consumers are familiar with this distinctive holiday meal or not, our research shows that players connect with this concept and understand it communicates sharing.

- Communicates sharing
  - Among the four campaigns, strongest connection that Holiday Scratch-Offs are great for sharing (40%)
- Strong pass-along value
  - 55% of respondents said they would be *Very likely* or *Likely* to talk about this idea to a friend
- Differentiates the Holiday Scratch-Offs in the cluttered holiday space
  - 87% of respondents said it was *Very different* or *Somewhat different* from other commercials they have seen
- Likeable
  - 66% of respondents said they liked the concept
- Broad-appeal humor
  - Humorous Turducken character appeals to 18- to 34-year-old players while not alienating older players

(e) Evaluation of Campaign Effectiveness

Methods to evaluate campaign effectiveness shall be included. Such methods for monitoring, tracking and measuring the campaign's success should point to the effectiveness and efficiency in meeting the communication goals.

Currently, the Texas Lottery actively tracks sales, including specific game sales and sales by market. We acknowledge sales are an important metric to measure campaign effectiveness; however, sales alone don't represent all there is to learn.

We recommend implementing two tools to track the effectiveness of communications.

1) Advertising Tracker

For the 2012 Holiday Scratch-Offs campaign and all future campaigns, we would like the TracyLocke analytics team to work with the Texas Lottery to track and report more robust advertising metrics, including campaign recall, awareness, likeability, relevance, fit with the Texas Lottery brand, engagement and purchase intent. Currently, the Texas Lottery's quarterly Ipsos Reid tracker reports one question about advertising:

> **"Thinking back over the past month or so, can you recall seeing or hearing any Texas Lottery advertising in the English/Spanish language?"**

Some simple adaptations to this current study could add extremely valuable and useful information to our creative development. Understanding how and where our communications are connecting with Texans is critical to ensuring we continue to create work that delivers on the Texas Lottery brand goals and marketing objectives.

Building additional questions into the advertising section of the Ipsos Reid questionnaire is one possible method of gathering consumer reactions to our communications; however, we will work with you to determine the most appropriate way to obtain this information.

2) Proprietary Sonar Dashboard

Tracking multiple advertising metrics may seem to be more complicated than usable, but we propose incorporating the data

into a Texas Lottery Sonar Dashboard. A "Dashboard" of this kind provides a simple, user-friendly tool that allows authorized users to view current data (in some instances, real-time).

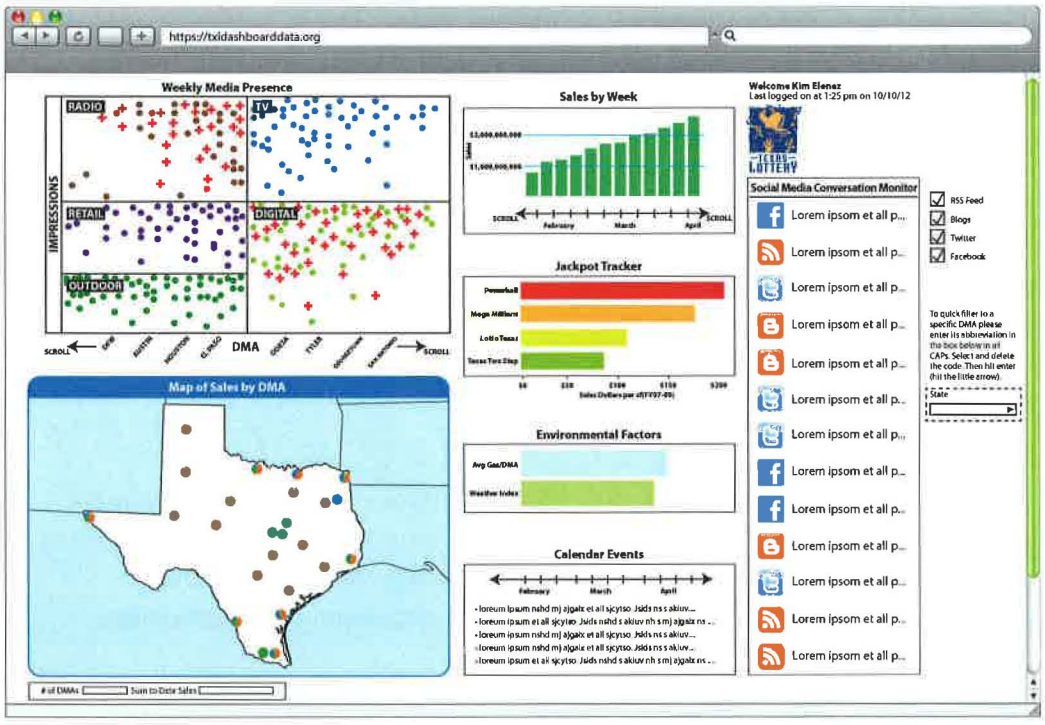
Under password protection, the navigation and capabilities of this tool allow authorized users to customize reports on various metrics of interest – from sales, media delivery, social media conversations, environmental factors that could effect sales, events calendars and more. All able to adjust on the fly to understand full pictures of what is happening in the marketplace.

The portal would incorporate all past Ipsos Reid tracking data and segmentation learning to make them work harder for you.

This Dashboard tool is a portal that all authorized staff can access and easily filter large amounts of data to the points needed for any specific project or request. Suddenly, data becomes simple and usable in ways you may never have imagined, all to identify new opportunities to communicate brand and product information.

This is the level of measuring campaign effectiveness we would like to achieve with the Texas Lottery. After all, at TracyLocke, we believe in creative with consequence. We do not shy away from results; instead, we embrace them to learn and create strong campaigns.

Below is a simplified example of what the Texas Lottery Sonar Dashboard could initially look like. We would work with you to determine what data is incorporated.



Using customized filters, we can compile data (at a click of the mouse) to get marketplace learning. For example: sort sales in DFW with digital campaign details and social media conversations to see if there are any correlations, or sort Houston and view the current media impact with immediate information.

(f) Campaign Guidelines

All discussion and examples related to the creative assignment should be included in the Proposal. Proposers invited for an oral presentation may use props and/or electronic media (i.e., PowerPoint, video, audio, Internet) as aids.

The Texas Lottery has identified the following resources for use by Proposers in preparing the creative response. Proposers are encouraged to conduct additional quantitative and qualitative research. Resources:

- FY11 Media Plan (General and Ethnic Market), Attachment I
- FY10 Sales/Revenue by Game, Attachment J
- Demographic Study, available at http://www.txlottery.org/info/reports.cfm
- National Association of State and Provincial Lotteries (NASPL), www.naspl.org
- La Fleur's, www.lafleurs.com

8.2 CLIENT CASE EXAMPLES

As stated in Section 1.7, we have marked the following pages "Confidential" as the results contained herein, and/or the process and creative solutions developed that achieved these results, are proprietary and confidential. This information shall not be disclosed, duplicated, used or displayed in whole or in part for any other purpose other than to evaluate this proposal.

8.2.1 All Proposers shall provide examples of related client work from the past three years. The examples shall provide clear evidence of the thought process used to develop creative solutions to assignments similar to potential Texas Lottery projects. Proposers should clearly identify whether a client case example provided in their response is representative of the agency overall or the experience of a specific staff member. Examples should also include digital project and event case studies.

8.2.2 The Proposer shall fully describe how the client case examples address and demonstrate the Proposer's competency and understanding of the following issues: Overall Advertising Strategy, Creative Strategy, Media Plan, Cost Effectiveness, Creative Execution and Evaluation of Campaign Effectiveness.

8.2.3 If CD's or DVD's are submitted with the Proposal as part of client case examples, such examples shall be submitted on a single CD (audio) or DVD (video) and be clearly labeled as "Audio/Video Exhibits."

In our preparation of the case studies, we sought to share creative solutions that most closely express our experience and capabilities to service the Texas Lottery, as required in this RFP. We have selected both long-format (primary) and short-format (secondary) case studies to articulate the relevance to this contract.

Full Case Studies

The three primary case studies we included provide clear and direct evidence of our ability to develop creative solutions for assignments similar to Texas Lottery projects because they are all Texas Lottery case studies. In addition, they are very recent examples, which further demonstrates our ability to execute effective campaigns on your behalf.

In each case, our success drove product awareness and sales, and grew the existing player base while driving additional purchases from current players. We've also shared instances where we provided unique media solutions, adding significant dollar value back to the Texas Lottery.

Mini Case Studies

However, because we want to share with you another side of TracyLocke, one that you may not be as familiar with, we have selected seven secondary cases that showcase the breadth and depth of our capabilities for analogous clients – from relevant social media platforms to mobilizing events and building another Texas brand.

Each of these 10 ideas originated from within the walls of TracyLocke. In many cases, they are even the same team members who currently, and will continue to, service the Texas Lottery account. We've noted those team members where applicable.

Sanders\Wingo Case Studies

We've also included two short-format case studies from our ethnic marketing partner Sanders\Wingo that we believe are especially relevant to the Texas Lottery. These cases demonstrate how Sanders\Wingo can develop authentic, culturally relevant creative under one campaign idea and their deep heritage in El Paso and connecting to Hispanic consumers.

In all case studies, whether for TracyLocke or Sanders\Wingo, the campaigns outlined were created by and are representative of the respective agencies overall.

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PIA §552.110

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