

**Exhibit F (1) Statement detailing the annualized Incentive Compensation Threshold lower boundary figure of \$72,287,393**

	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	12 months to 31st July 2015
<b>Arkansas Lottery - monthly P&amp;L to July 2015 (\$)</b>													
Instant ticket sales	26,087,922	24,766,827	28,579,882	25,087,118	28,982,078	27,977,486	32,054,268	31,558,217	28,452,903	29,406,376	28,306,198	25,820,808	333,082,083
Online ticket sales	5,415,882	5,896,644	6,336,003	5,478,050	5,481,417	7,413,589	9,673,639	6,757,182	5,371,723	6,230,110	5,467,377	5,820,477	74,342,031
<b>Total sales</b>	<b>31,503,804</b>	<b>30,663,470</b>	<b>34,915,885</b>	<b>30,565,208</b>	<b>34,463,495</b>	<b>35,391,075</b>	<b>41,727,907</b>	<b>37,315,399</b>	<b>33,824,626</b>	<b>35,636,486</b>	<b>33,773,575</b>	<b>31,623,285</b>	<b>409,424,113</b>
Retail application, fidelity & service fees	58,085	45,761	43,138	51,239	43,517	41,985	41,934	50,897	41,610	51,608	41,524	41,232	550,540
Other revenue	11,913	1,982	717	831	720	560	473	1,188	735	843	451	1,134	20,606
<b>Total Operating Revenues</b>	<b>31,574,412</b>	<b>30,710,493</b>	<b>35,959,739</b>	<b>30,617,278</b>	<b>34,907,732</b>	<b>35,433,620</b>	<b>41,770,314</b>	<b>37,367,453</b>	<b>33,866,971</b>	<b>35,689,936</b>	<b>33,815,560</b>	<b>31,665,651</b>	<b>409,375,259</b>
Instant game prizes	18,831,104	18,110,763	19,007,056	18,326,667	20,501,988	20,588,388	23,514,434	22,498,500	20,785,866	21,558,442	20,183,536	18,842,430	242,755,202
Online game prizes	2,831,721	3,133,069	2,834,569	3,135,619	2,903,948	4,073,090	4,073,090	3,040,807	2,894,388	3,533,901	2,809,079	3,055,199	39,066,738
Retailer commissions	1,778,855	1,734,484	1,845,605	1,709,794	1,944,875	1,979,800	2,366,078	2,136,417	1,841,116	2,063,837	2,024,106	1,812,793	23,337,558
Gaming contract costs	1,685,935	1,569,871	1,692,417	1,549,039	1,663,294	1,882,894	1,968,917	1,633,450	1,648,670	1,854,548	1,637,004	1,419,943	20,505,582
Compensation and benefits	425,984	482,868	489,104	428,140	489,876	586,886	438,335	467,057	468,769	424,574	569,441	378,633	5,560,748
Marketing, advertising and promotions	169,216	688,709	427,819	597,954	533,191	461,014	346,290	419,664	441,602	416,364	575,799	221,681	6,201,284
General and administrative expenses	44,418	122,762	146,389	112,017	89,828	98,738	90,994	85,691	94,233	81,902	99,819	94,952	1,160,753
<b>a Services provided by ADHE</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>62,500</b>	<b>430,800</b>
<b>b Services provided by Legislative Audit Agency</b>	<b>11,500</b>	<b>13,980</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>	<b>19,493</b>	<b>19,493</b>	<b>19,493</b>	<b>11,200</b>	<b>4,152</b>	<b>14,288</b>	<b>11,914</b>	<b>154,349</b>
<b>c Legal &amp; professional services</b>	<b>-</b>	<b>143</b>	<b>277</b>	<b>50</b>	<b>4,981</b>	<b>-400</b>	<b>2,370</b>	<b>4,152</b>	<b>4,152</b>	<b>624</b>	<b>307</b>	<b>-</b>	<b>12,414</b>
<b>d Depreciation</b>	<b>16,870</b>	<b>15,507</b>	<b>13,610</b>	<b>13,428</b>	<b>12,651</b>	<b>11,421</b>	<b>11,421</b>	<b>11,421</b>	<b>11,200</b>	<b>10,617</b>	<b>14,288</b>	<b>11,914</b>	<b>154,349</b>
<b>Total Operating Expenses</b>	<b>25,857,682</b>	<b>25,814,658</b>	<b>26,340,865</b>	<b>25,946,687</b>	<b>28,208,441</b>	<b>29,793,927</b>	<b>33,744,183</b>	<b>30,674,999</b>	<b>28,450,515</b>	<b>30,005,208</b>	<b>27,695,878</b>	<b>25,891,345</b>	<b>338,414,380</b>
<b>a Operating Income</b>	<b>5,713,730</b>	<b>4,895,835</b>	<b>6,618,874</b>	<b>4,670,591</b>	<b>6,299,290</b>	<b>5,639,693</b>	<b>8,026,131</b>	<b>6,692,455</b>	<b>5,416,456</b>	<b>5,683,827</b>	<b>6,129,681</b>	<b>5,774,306</b>	<b>71,560,869</b>
Interest income	27,710	20,827	14,158	14,266	19,711	21,076	14,403	12,584	15,123	17,265	21,087	22,819	221,050
Other Non Operating Income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Income before transfers</b>	<b>5,741,441</b>	<b>4,916,662</b>	<b>6,633,032</b>	<b>4,684,857</b>	<b>6,319,002</b>	<b>5,660,769</b>	<b>8,040,534</b>	<b>6,705,038</b>	<b>5,431,578</b>	<b>5,701,112</b>	<b>6,150,769</b>	<b>5,797,126</b>	<b>71,781,920</b>
Education Trust Account	-5,296,966	-4,317,227	-5,939,626	-5,577,035	-5,474,319	-7,287,773	-8,161,343	-6,888,524	-5,881,006	-5,409,050	-8,278,928	-5,784,683	-72,306,481
Shortfall Account to Trust Account for ADHE	-200,000	-	-	-	-	-	-	-	-	-	-	-	-
Arkansas Department of Human Services	-5,496,966	-4,317,227	-5,939,626	-5,577,035	-5,474,319	-7,287,773	-8,161,343	-6,888,524	-5,881,006	-5,409,050	-8,278,928	-5,784,683	-72,306,481
<b>Total Transfers</b>	<b>-5,496,966</b>	<b>-4,317,227</b>	<b>-5,939,626</b>	<b>-5,577,035</b>	<b>-5,474,319</b>	<b>-7,287,773</b>	<b>-8,161,343</b>	<b>-6,888,524</b>	<b>-5,881,006</b>	<b>-5,409,050</b>	<b>-8,278,928</b>	<b>-5,784,683</b>	<b>-72,306,481</b>
<b>Adjusted Operating Income is calculated as Operating Income before f) Services provided by ADHE, g) Services provided by Legislative Audit Agency, h) Legal &amp; professional services, i) Depreciation</b>													
Operating Income (row e)	5,713,730	4,895,835	6,618,874	4,670,591	6,299,290	5,639,693	8,026,131	6,692,455	5,416,456	5,683,827	6,129,681	5,774,306	71,560,869
Items to add back:													
Services provided by ADHE (row a)	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	-237,500	43,300	430,800
Services provided by Legislative Audit Agency (row b)	11,500	13,980	11,500	11,500	11,500	19,493	19,493	19,493	11,200	4,152	14,288	11,914	128,980
Legal & professional services (row c)	-	143	277	50	4,991	-400	2,370	4,152	4,152	624	307	-	12,414
Depreciation (row d)	16,870	15,507	13,610	13,428	12,651	11,421	11,421	11,421	11,200	10,617	14,288	11,914	154,349
<b>f sub-total</b>	<b>90,870</b>	<b>92,130</b>	<b>87,887</b>	<b>87,478</b>	<b>91,642</b>	<b>93,015</b>	<b>95,765</b>	<b>93,415</b>	<b>77,852</b>	<b>73,641</b>	<b>-222,905</b>	<b>63,714</b>	<b>726,524</b>
<b>Adjusted Operating Income (e + f)</b>	<b>5,804,600</b>	<b>4,987,965</b>	<b>6,706,761</b>	<b>4,758,069</b>	<b>6,390,932</b>	<b>5,732,708</b>	<b>8,121,916</b>	<b>6,786,869</b>	<b>5,494,308</b>	<b>5,757,469</b>	<b>5,906,776</b>	<b>5,840,020</b>	<b>72,287,393</b>
In this case this is equal to the Incentive Compensation threshold lower boundary													

**Exhibit F (2) Illustration of Incentive Compensation due in a full Fiscal Year**

Illustration of Incentive Compensation due in a full Fiscal Year					
Figures in USD	Q1 period to 30th Sep 92	Q2 YTD period to 31st Dec 184	Q3 YTD period to 31st March 275	Q4 YTD period to 30th June 2016 366	Total
Cumulative days in period					
a Cumulative Tier 1 Incentive Compensation Threshold lower boundary	18,170,601.52	36,341,203.04	54,314,298.02	72,287,393.00	
b Cumulative Adjusted Operating Income	27,600,000.00	50,600,000.00	69,000,000.00	92,000,000.00	
Cumulative Incremental Adjusted Operating Income (b less a)	9,429,398.48	14,258,796.96	14,685,701.98	19,712,607.00	
Cumulative Incentive Compensation Thresholds					
c Tier 1 Incentive Compensation Threshold Upper Boundary	20,109,289.62	40,218,579.23	60,109,289.62	80,000,000.00	
d Tier 2 Incentive Compensation Threshold Upper Boundary	22,622,950.82	45,245,901.64	67,622,950.82	90,000,000.00	
e Tier 3 Incentive Compensation Threshold Lower Boundary	22,622,950.83	45,245,901.65	67,622,950.83	90,000,000.01	
Cumulative Incremental Adjusted Operating Income by Tier					
f Tier 1	1,938,688.10	3,877,376.20	5,794,991.60	7,712,607.00	
g Tier 2	2,513,661.20	5,027,322.40	7,513,661.20	10,000,000.00	
h Tier 3	4,977,049.18	5,354,098.36	1,377,049.18	2,000,000.00	
Cumulative Incremental Adjusted Operating Income	9,429,398.48	14,258,796.96	14,685,701.98	19,712,607.00	
Incentive compensation chargeable:					
Tier 1 (12.50% x f)	242,336.01	484,672.02	724,373.95	964,075.88	
Tier 2 (13.75% x g)	345,628.42	691,256.83	1,033,128.42	1,375,000.00	
Tier 3 (15.00% x h)	746,557.38	803,114.75	206,557.38	300,000.00	
i Cumulative Incentive Compensation	1,334,521.80	1,979,043.61	1,964,059.74	2,639,075.88	
Quarterly Incentive Compensation due:					
Cumulative Incentive Compensation chargeable (from row i)	1,334,521.80	1,979,043.61	1,964,059.74	2,639,075.88	
less: Incentive Compensation already invoiced	-	(1,334,521.80)	(1,979,043.61)	(1,979,043.61)	
Quarterly Compensation payment due:*	1,334,521.80	644,521.80	-	660,032.27	2,639,075.88

\* If compensation already invoiced exceeds compensation chargeable at either Q2 or Q3 quarter end, then no compensation is payable in the quarter.

**Exhibit F (3) Illustration of Incentive Compensation due in a Stub Contract Year**

Figures in USD		Q1	Q2 YTD	Q3 YTD	Q4 YTD	Total
Cumulative days in period		period to 30th Sep 24	period to 31st Dec 116	period to 31st March 207	period to 30th June 298	
a	Pro-rated Stub Contract Year Cumulative Tier 1 Incentive Compensation Threshold lower boundary	4,740,156.92	22,910,758.44	40,883,853.42	58,856,948.40	
b	Cumulative Adjusted Operating Income	5,000,000.00	25,500,000.00	47,000,000.00	74,000,000.00	
	Cumulative Incremental Adjusted Operating Income (b less a)	259,843.08	2,589,241.56	6,116,146.58	15,143,051.60	
Pro-Rated Cumulative Incentive Compensation Thresholds						
c	Pro-rated Tier 1 Incentive Compensation Threshold Upper Boundary	5,245,901.64	25,355,191.26	45,245,901.64	65,136,612.02	
d	Pro-rated Tier 2 Incentive Compensation Threshold Upper Boundary	5,901,639.34	28,524,590.16	50,901,639.34	73,278,688.52	
e	Pro-rated Tier 3 Incentive Compensation Threshold Lower Boundary	5,901,639.35	28,524,590.17	50,901,639.35	73,278,688.53	
Cumulative Incremental Adjusted Operating Income by Tier						
f	Tier 1	259,843.08	2,444,432.82	4,362,048.22	6,279,663.62	
g	Tier 2	-	144,808.74	1,754,098.36	8,142,076.50	
h	Tier 3	-	-	-	721,311.48	
	Cumulative Incremental Adjusted Operating Income	259,843.08	2,589,241.56	6,116,146.58	15,143,051.60	
Incentive Compensation due:						
	Tier 1 (12.50% x f)	32,480.39	305,554.10	545,256.03	784,957.95	
	Tier 2 (13.75% x g)	-	19,911.20	241,188.52	1,119,535.52	
	Tier 3 (15.00% x h)	-	-	-	108,196.72	
i	Cumulative Incentive Compensation	32,480.39	325,465.30	786,444.55	2,012,690.19	
Quarterly Incentive Compensation due:						
	Cumulative Incentive Compensation chargeable (from row i)	32,480.39	325,465.30	786,444.55	2,012,690.19	
	less: Incentive Compensation already invoiced	-	(32,480.39)	(325,465.30)	(786,444.55)	
	Quarterly Compensation payment due:*	32,480.39	292,984.92	460,979.25	1,226,245.64	2,012,690.19

\* If compensation already invoiced exceeds compensation chargeable at either Q2 or Q3 quarter end, then no compensation is payable in the quarter.

Exhibit F (4) Statement of Revenues, Expenses, and Change in Net Position

Office of the Arkansas Lottery  
(a division of Arkansas Department of Finance and Administration)  
Statement of Revenues, Expenses, and Change in Net Position  
For Month Ended July 31, 2015

	Current month	Year to date
<b>Operating revenues:</b>		
Instant ticket sales	\$ 25,802,808.00	\$ 25,802,808.00
Online ticket sales	5,820,477.00	5,820,477.00
Retailer application, fidelity and service fees	41,232.05	41,232.05
Other revenue	<u>1,134.09</u>	<u>1,134.09</u>
<b>Total operating revenues</b>	<u><b>31,665,651.14</b></u>	<u><b>31,665,651.14</b></u>
<b>Operating expenses:</b>		
Instant game prizes	18,842,429.63	18,842,429.63
Online game prizes	3,055,198.69	3,055,198.69
Retailer commissions	1,812,792.90	1,812,792.90
Gaming contract costs	1,419,943.18	1,419,943.18
Compensation and benefits	378,632.99	378,632.99
Marketing, advertising and promotions	221,681.13	221,681.13
General and administrative expenses	94,952.33	94,952.33
Services provided by ADHE	43,300.00	43,300.00
Services provided by Legislative Audit Agency	10,500.00	10,500.00
Legal and professional services		
Depreciation	<u>11,914.09</u>	<u>11,914.09</u>
<b>Total operating expenses</b>	<u><b>25,891,344.94</b></u>	<u><b>25,891,344.94</b></u>
<b>Operating income</b>	<b>5,774,306.20</b>	<b>5,774,306.20</b>
<b>Non-operating revenue (expense):</b>		
Interest income	<u>22,819.35</u>	<u>22,819.35</u>
<b>Income before transfers</b>	<b>5,797,125.55</b>	<b>5,797,125.55</b>
<b>Transfers to:</b>		
Education Trust Account	(5,784,683.09)	(5,784,683.09)
Shortfall Account to Trust Account for ADHE	<u>(5,784,683.09)</u>	<u>(5,784,683.09)</u>
<b>Change in net position</b>	<u><b>\$ 12,442.46</b></u>	<b>12,442.46</b>
<b>Total net position - beginning</b>		<u>13,457,040.92</u>
<b>Total net position - ending</b>		<u><b>\$ 13,469,483.38</b></u>

UNAUDITED PRELIMINARY DRAFT