

Florida Lottery Surpasses Four Billion in Sales

2010-2011 ANNUAL REPORT



Governor Rick Scott



Secretary Cynthia O'Connell

Message From The Secretary

Dear Floridians:

Under Governor Rick Scott's leadership, the Florida Lottery celebrated a very successful year. Our singularly focused goal to enhance education funding in the state of Florida resulted in our sales for fiscal year 2010-11 totaling more than \$4 billion. Overall sales increased by 2.8 percent from the previous fiscal year. Those sales mean \$1.192 billion was sent to public education. While spending of that money is determined by the Florida Legislature, we know that it goes directly to the classroom in K-12 schools, funds necessary programs at state colleges across Florida, and sends Florida's children to college on a Bright Futures Scholarship. To date, the Florida Lottery has contributed more than \$23 billion to education since our inception in 1988. What that means is schools have been constructed, classrooms funded, and more than 550,000 of Florida's high school students have attended a state college or university with proceeds from the Florida Lottery.

The Florida Lottery works hard to offer a varied and entertaining product mix designed to drive sales and increase contributions to education. Our players have responded to those efforts by giving the Florida Lottery its second best sales year ever. Scratch-Off ticket sales were up \$148 million from the previous year. In 2010, we also added a new terminal-based game, LUCKY LINES™, to our existing portfolio. The Florida Lottery is one of the most successful lotteries in the country – ranking third in total sales.

Just as important to our increased sales and commitment to education is the economic impact of the Florida Lottery. As shown in a chart in this report, the Florida Lottery returns 99% of revenue to the state's economy, the bulk of which is in prize payouts and education funding. The Florida Lottery's 13,270 retail partners received more than \$223 million in commissions and bonuses. We value the partnerships with our retailers across Florida, many of whom are small businesses.

As we look forward to the next fiscal year, our key strategic goals are to increase sales as well as our contribution to education. The Florida Lottery belongs to the people of this state, and our priority is operating it responsibly and with the upmost integrity. This Annual Report shows we take those issues to heart in everything we do.

Sincerely,

A handwritten signature in black ink that reads "Cynthia F. O'Connell".

Cynthia F. O'Connell
Florida Lottery Secretary

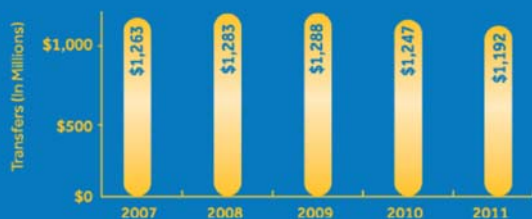


Bright Futures Ice Cream Socials

Surpassed \$22 Billion in Transfers to Education

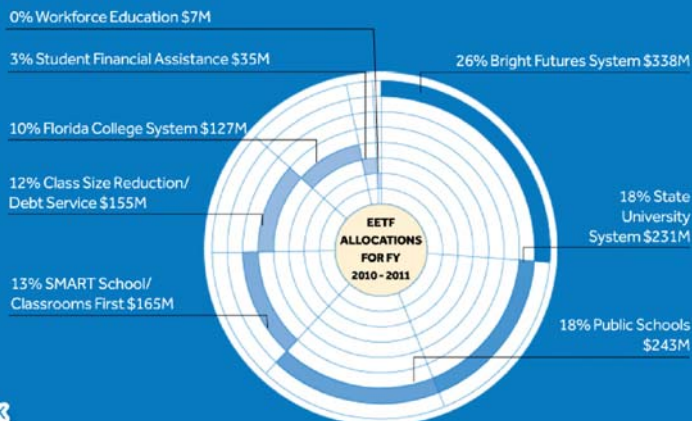
The Florida Lottery's mission is to maximize revenues for the enhancement of public education in Florida.

- In fiscal year 2010-2011, the Florida Lottery transferred more than \$1.192 billion to the Educational Enhancement Trust Fund (EETF).
- The Lottery surpassed \$22 billion in total transfers to the EETF since the agency's inception.
- For the past nine consecutive years, contributions have exceeded \$1 billion.



EETF Appropriations

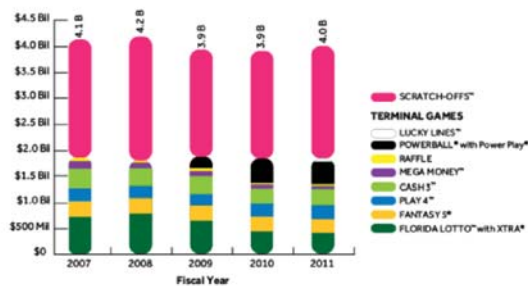
- In fiscal year 2010-11, the Florida Legislature appropriated \$1.3 billion from the EETF, which includes proceeds from lottery games (approximately 90%) and slot machine revenue tax (approximately 10%), to fund projects shown below:



\$4 Billion in Total Sales During the 2011 Fiscal Year

FY 2011 Total Sales - \$4.009 Billion

PRODUCT INFORMATION: SALES BY GAME



Sales Increased By \$109 Million Over The Prior Year:¹

Terminal Games

- New Terminal Game:** LUCKY LINES™ \$45 million in sales
- New Play Style:** 1-OFF™ added to CASH 3™ \$9 million in sales
- Various Promotions:** FLORIDA LOTTO™ with XTRA promotion; Second Chance draws

Scratch-Off Games

- Scratch-Off Sales** Up \$148 million over prior year
- Top Games** Five \$20 games had individual sales greater than \$100 million
- Retailers with Instant Ticket Vending Machines (ITVMs) Sales** \$118 million over prior year - 500 new machines added

¹Despite a decline in terminal game sales, overall sales for the year increased.

How We Compare To Other Lotteries In Sales

- The Florida Lottery ranked #3 in total U.S. sales.¹
- The Florida Lottery had the third lowest administrative and operational expenses as a percentage of total revenues. (Only Massachusetts and New Jersey had lower expense rates.)¹
- The Florida Lottery ranked #1 in U.S. \$20 Scratch-Off game sales.¹

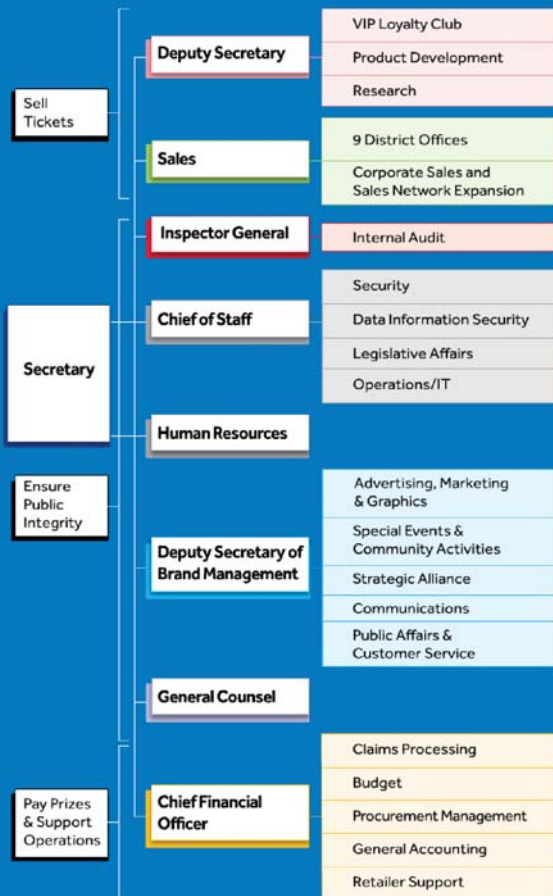
¹ Florida Lottery Rankings From La Fleur's 2012 World Almanac based on fiscal year 2011 data.



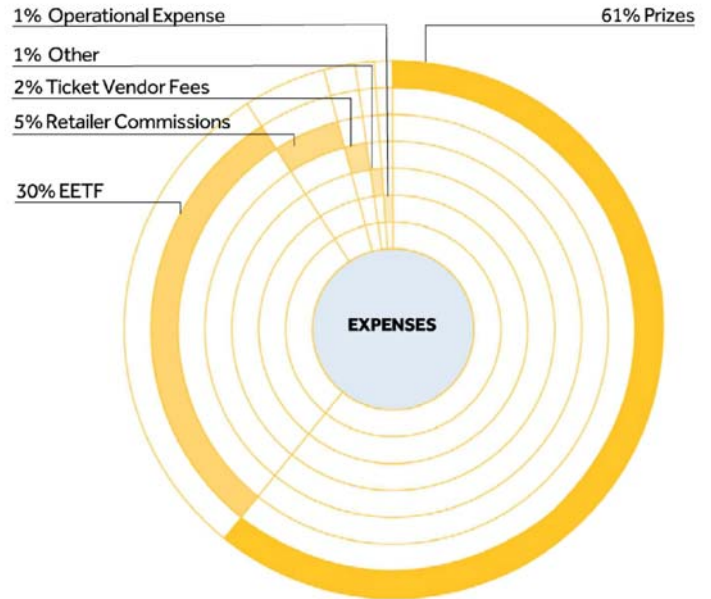
Organizational Structure

As required by subsection 24.105(4), Florida Statutes, the following information reflects the organizational structure of the Florida Lottery on June 30, 2011.

The Florida Lottery is a multi-billion dollar state revenue resource. The Secretary directs the divisions outlined below. Each division supports the Lottery's mission to maximize revenues for the enhancement of public education in Florida.



Where the Money Goes



Economic Impact On The State Of Florida

An Estimated 99% of Florida Lottery Revenues Are Returned to Florida's Economy By:

EETF - \$1.192 Billion

These funds are used for Bright Futures Scholarships for Florida High School graduates; for debt service used to fund school construction; and for Florida college, state university, and other school improvements.

Prize Payouts - \$2.5 Billion

These monies are returned to players holding winning tickets. 99% of winnings were paid to Florida residents.

Retailer Commissions - \$223 Million

The Lottery's 13,270 retailers across the state who sell and redeem tickets receive commissions, bonuses and incentives for partnering with us. 55% of retailers are small, independent businesses.

Gaming Vendors - \$63 Million

These funds were paid to gaming vendors that have personnel and systems operations within the state.



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http://www.myflorida.com/audgen/pages/pdf_files/2012-083.pdf

Wait Until Next Year!