



Lottery Sales Update for FY 2010-11 and Estimates thru FY 2013-14

Presentation to
California State Lottery Commission
February 10, 2011



Highlights

- Sales growth has already begun to accelerate this fiscal year and will continue to rise for several years due to:
 - Higher prize payouts made possible from the passage of AB 142
 - The Lottery's 3-Year Strategic Plan initiatives
- Lottery sales, which have been around the \$3 billion mark for the past two years will increase to over \$3.4 billion this fiscal year and are likely to reach the \$5 billion mark by FY 2013-14
- Profits to education, which have been a little over \$1 billion for the past two years are slated to increase to about \$1.4 billion by FY 2013-14.





All Product Categories Are Up This Year Except Super Lotto Plus

YTD Lottery Sales are Up 8% versus same time Last Year

Likely to End this Year More than \$400 Million Higher than FY 2009-10

(Sales Figures in Millions of Dollars)	FY 10-11 Sales thru 2-5-11	FY 09-10 Sales thru 2-6-10	YTD Sales % Change vs. Last Year	FY 2010-11 Full-year Sales (Current Projection)	Full Year Sales % Change vs. Last Year
Scratchers	\$1,087.79	\$982.91	+11%	\$2,090	+26%
MEGA Millions	\$326.91	\$280.95	+16%	\$495	+2%
Super Lotto Plus	\$263.08	\$283.02	-7%	\$420	-9%
Daily Games	\$195.07	\$187.22	+4%	\$320	+2%
Hot Spot	\$76.62	\$70.29	+9%	\$135	+15%
Total Sales	\$1,949.47	\$1,804.39	+8%	\$3,460	+14%

Sales Data Based on Financials



Jackpot Games and Hot Spot

- MEGA Millions will end the year ahead of last year's sales even with just modest jackpots for the rest of this year
 - The current projection of \$495 million assumes a jackpot only around \$180 million over the next five months.
- Hot Spot sales have recently become much stronger due to implementing Higher Prize Payout strategies. This trend will continue resulting in sales being up 15% for the full year.



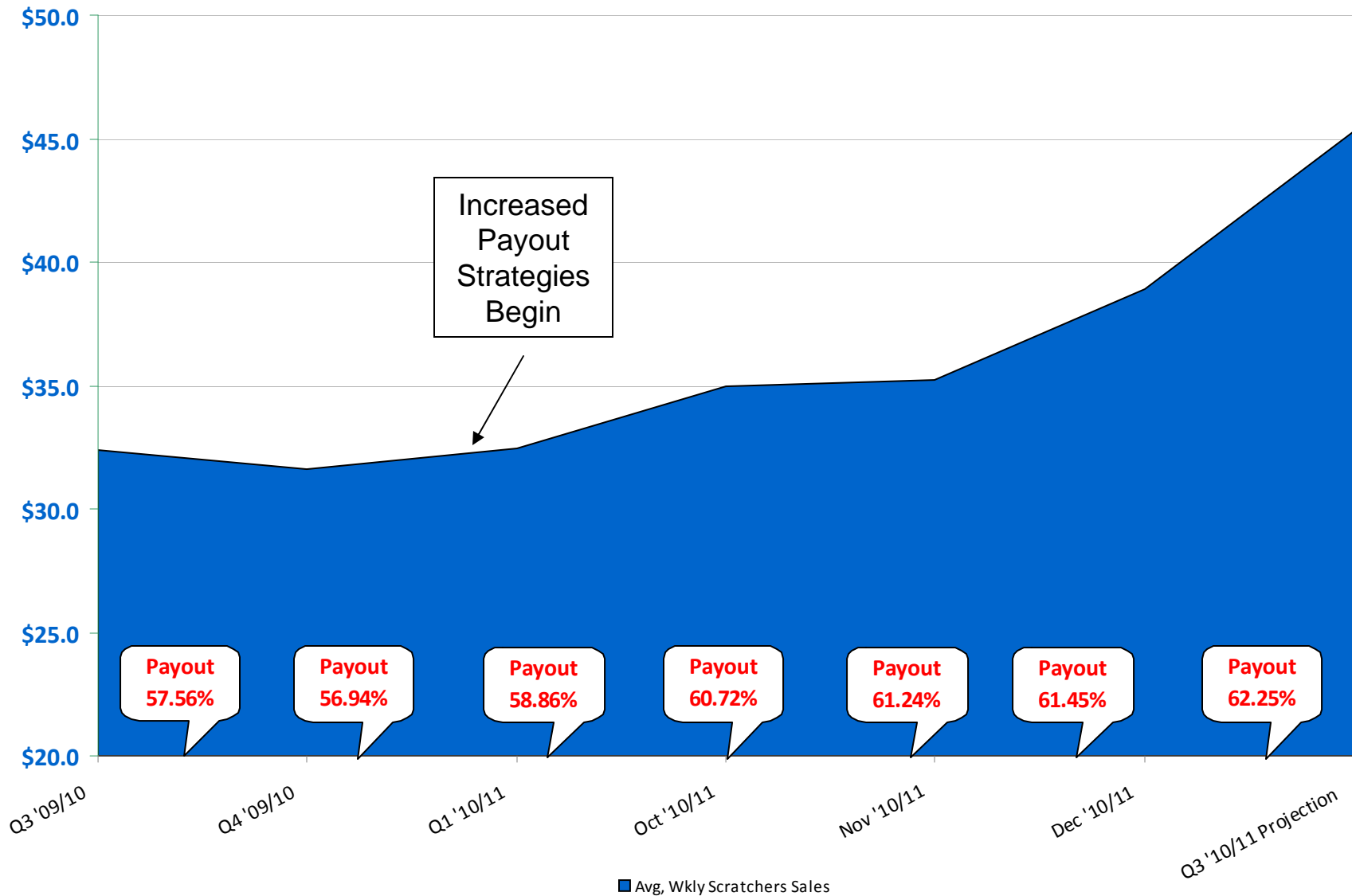


Scratchers Sales

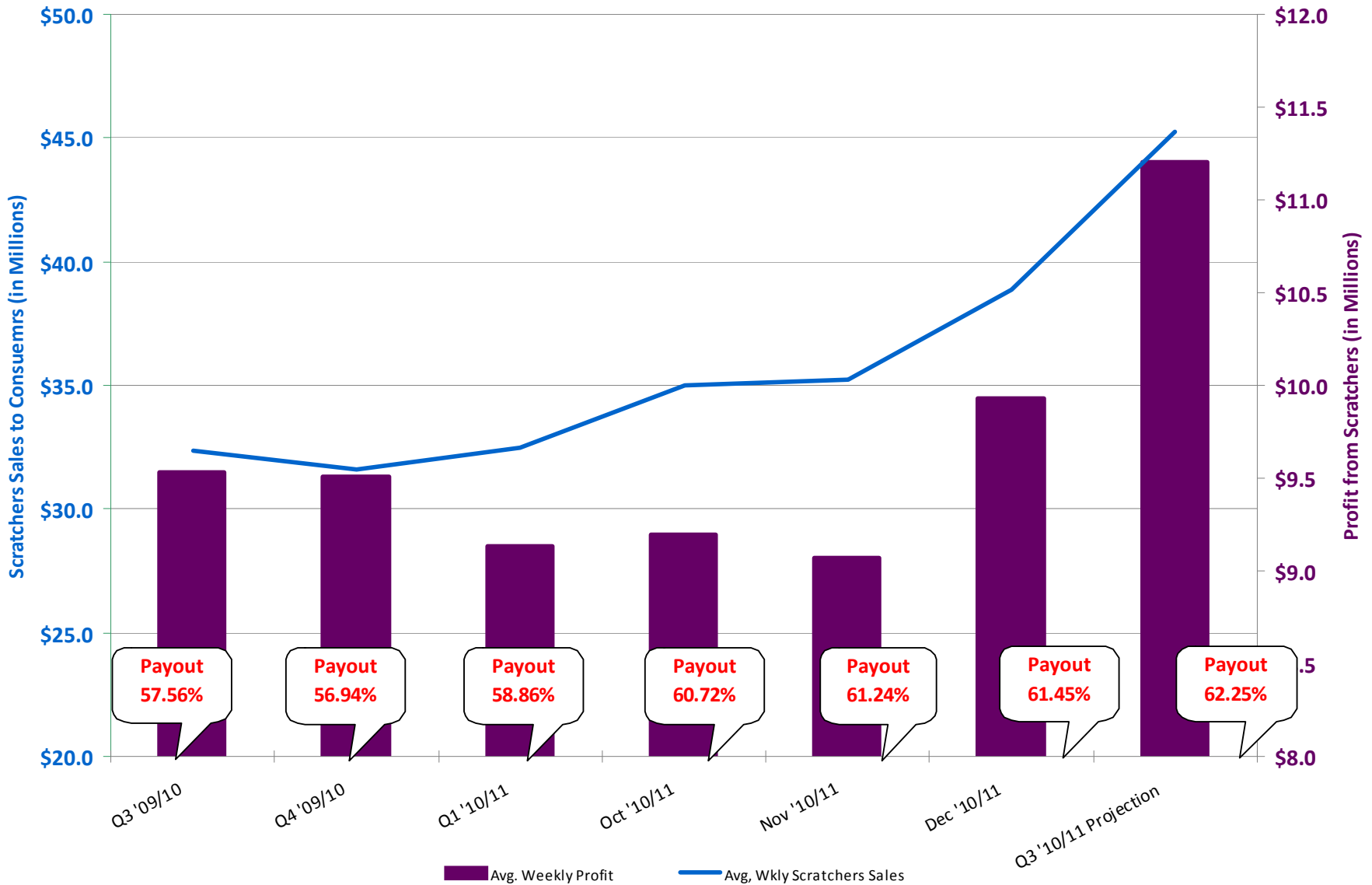
- Typically, sales figures shown for Scratchers are based on Ticket Distribution
 - Lottery recognizes revenue for Scratchers when tickets are sent to the retailers minus any tickets returned from retailers
- To analyze sales trends, the Lottery needs to look at consumer sales
 - An estimate of player purchases based on winning ticket claims
 - Scratchers' recent trends on the next slides use consumer sales



As Scratchers Prize Payout Rises, Sales Have Increased This Year



With Higher Payouts, Profit Is Growing This Fiscal Year as well as Sales

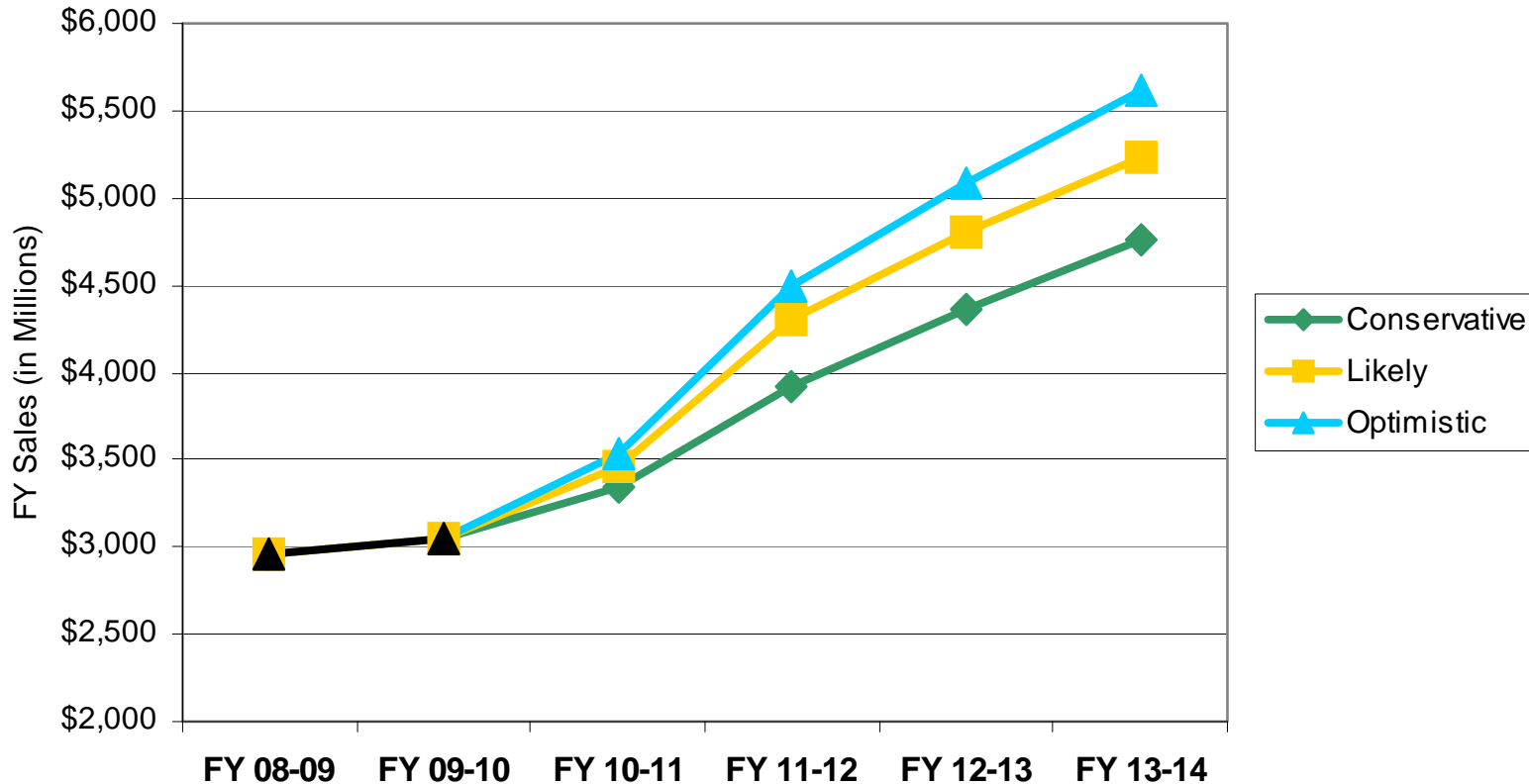




Projections thru FY 2013-14

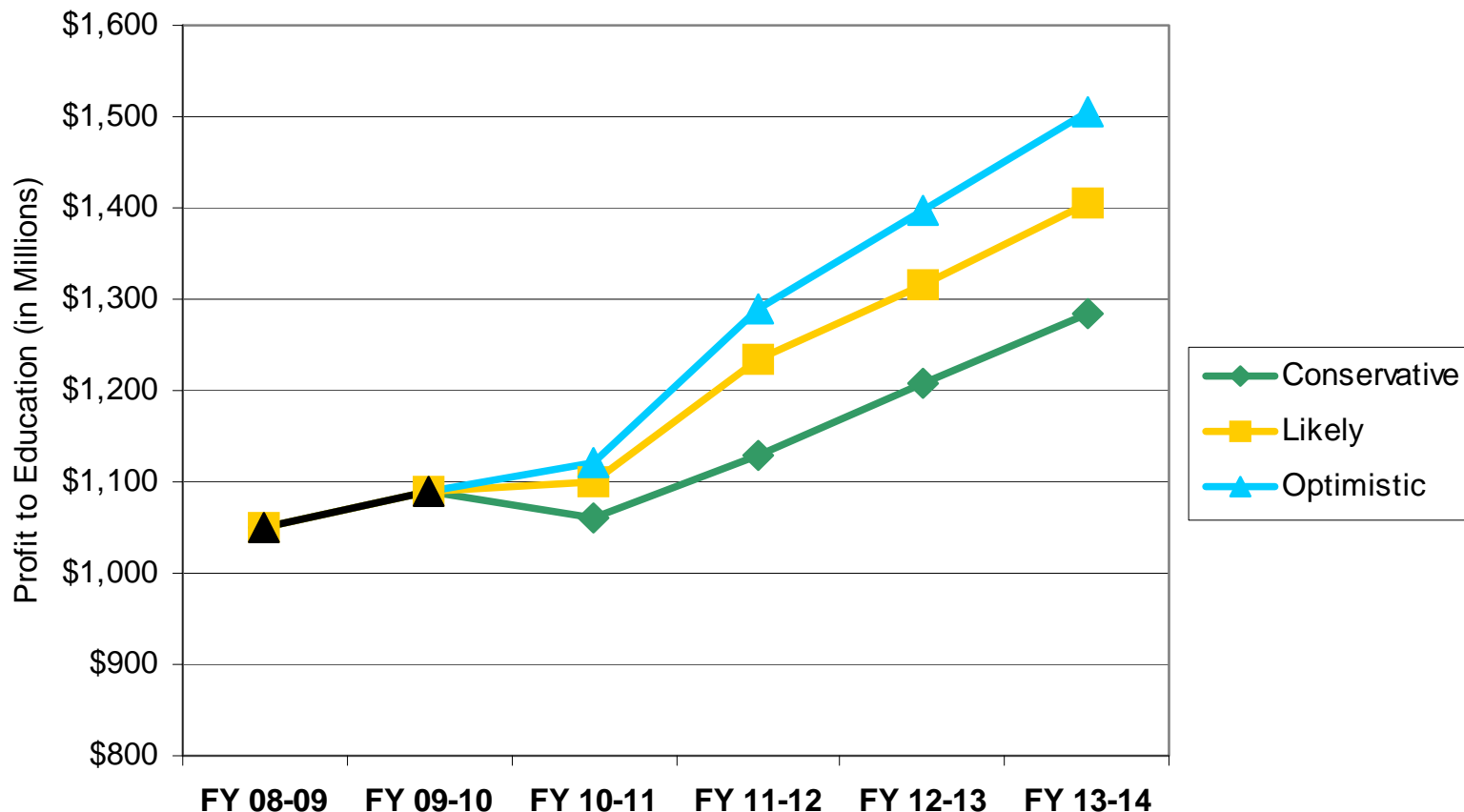


Lottery Sales FY 2008-09 thru FY 2013-14 in Three Scenarios





Education Contributions FY 2008-09 thru FY 2013-14 in Three Scenarios



NOTE: FY 2009-10 includes more than \$15 million from restructuring investment portfolio





Retailers Also Win By Receiving More Revenue from Lottery

