

25



2012-2013 Achievement Report

YEARS

Florida's Way to Play

Florida is a state unlike any other. Our residents and visitors share an attraction to the unconventional and the surprising—to everything definitively fun. The Florida Lottery celebrates the playful sense that makes this place special, from the Panhandle to South Beach. That's why we take it seriously when we say, those who play, belong.

Engaging a community in fun takes hard work. 25 years ago we set out developing products that were both aboveboard and awe-inducing. Today, we bring sunshine optimism and a spark of fun into the lives of all who play our scratch and jackpot games. Our funding of education sponsors smiles throughout our state with programs that form the backbone of a thriving economy and enriched communities.

Everything we do is inspired by Floridians. By embracing differences and celebrating fun as a way of life, the Florida Lottery reminds us all that people were made to play.

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MESSAGE FROM THE GOVERNOR



Dear Friends,

The Florida Lottery is a shining example of what Floridians should expect of their government. Twenty-five years ago, after Florida voters overwhelmingly approved the creation of a state lottery to generate additional revenue to support education, the Florida Lottery began operations. Since then, our Lottery has proven its commitment to education year after year. In fiscal year 2012-2013 the Lottery achieved two significant milestones by generating the highest annual transfer to the state's Educational Enhancement Trust Fund, \$1.41 billion, and a cumulative \$25 billion in transfers to education since the Lottery's inception.

While Florida's students and schools are the primary beneficiaries of the Florida Lottery, it has also proven to be an economic engine benefitting our state's economy. Floridians and visitors alike received more than \$3 billion in prizes by playing Florida Lottery games this year. Additionally, the Lottery supports a network of more than 13,000 independent and corporate businesses that operate as Lottery retailers, earning in excess of \$276 million in commissions during this fiscal year.

The positive impacts made by the Lottery go beyond the local and state level, garnering national acclaim for Florida and solidifying its reputation as an industry leader.

As a result of its record-breaking \$5 billion sales year, the Florida Lottery now ranks second in sales among all U.S. lotteries. Additionally, through conservative financial planning and budgeting, the Florida Lottery has the fourth-lowest operating cost as a percentage of revenue generated of any lottery in the country, operating on less than two percent of its annual revenue.

I want to congratulate Secretary O'Connell and the Lottery staff on all they have accomplished this year, and thank them for making a brighter future for our students, while serving the people of Florida.

Sincerely,

Governor Rick Scott



MESSAGE FROM THE SECRETARY



BRIGHT FUTURES
Scholarship Recipient!
Florida Lottery



Dear Friends,

Fiscal Year 2012-2013 was one for the record books! The Florida Lottery celebrated our 25th anniversary with a successful rebranding campaign. We followed that with a year-long celebration of giving back to our players with a variety of unique and exciting new games and promotions designed to reflect a renewed commitment to our mission of supporting education.

Our 25th anniversary year also focused on strengthening our retail partnerships by listening to the needs of our retailers and committing the resources necessary to help streamline and improve their ability to offer our products. And, we put marketing support behind those products to achieve our best year ever.

We also incorporated a few key strategies to help us succeed. They included unique and innovative products; accelerated marketing and sales efforts; increasing the effectiveness and efficiencies of our advertising resources; and incorporating new media and technology into our day-to-day business practices. It worked. We shattered all of our previous records, increasing sales by \$550 million over the previous year for a record \$5 billion – the

second highest in the nation, just behind New York.

But of course our true success is measured by the impact we have on Florida's students and schools. This year we contributed \$1.41 billion to education, marking the 11th year in a row that Lottery contributions have exceeded \$1 billion.

Florida Lottery players and retailers have embraced our new brand and have continued to support our mission, resulting in a monumental year of achievements. By offering the best games available and reducing our operating expenses wherever possible, we were able to grow our profits for education.

I am thankful for our success and I give credit to our dedicated employees, our retail partners and our valued players, for without all of their continued support, we could not have achieved all that we have over the past 25 years.

Sincerely,
Secretary Cynthia F. O'Connell



REFRESHING A 25-YEAR-OLD BRAND



Just
Imagine™

From its launch in 1988 through 2012, the Florida Lottery experienced tremendous growth, generated billions of dollars for education and created an institutional brand that many associated closely with the state itself. As the agency's 25th anniversary approached, it was time to introduce a fresh personality that expressed the Florida Lottery's innovative spirit and commitment to driving excitement while funding tomorrow.

MOVING FORWARD...

Introducing a vibrant and exciting brand that attracts new players was a key component for ensuring continued success. The new logo and brand would have to set the standard for excellence for the next 25 years and beyond. Coming off a record sales year in 2012, the Lottery set a target date to reveal the new brand and logo on January 7, 2013, celebrating the week it officially started selling tickets in 1988.

The new brand was developed with one goal in mind: to refresh the appeal and excitement of the Florida Lottery in order

to increase sales and maximize profits to benefit education. The creation and implementation plans included extensive research on current and potential players; a thorough review of our history of communicating the Lottery's message to the public, players, retailers and stakeholders; an audit of all materials; a redesign of our outdated website; a plan for increasing social media efforts; a complete restructuring of visual and graphic systems; and the redesign of the logo, including testing and review of the new logo.

“Sharing the Florida Lottery's reimagined future... Renewed excitement from employees, retail partners and players.”



The Lottery has always maintained a powerful presence, a mystique, a magic that has been defined by the brand. Therefore, embarking on the journey to alter that brand mark was a daunting task. With that understanding, it was crucial to gather research from consumer and retailer focus groups, as well as evaluating peers across the country.

The Florida Lottery is now better positioned to reach new heights.



SET UP FOR SUCCESS...

The Florida Lottery selected GolinHarris in late 2011 as the Florida Lottery's public relations agency of record to counsel the department through the strategic re-branding. GolinHarris led an agency team which included Interpublic Group sister agency FutureBrand and Tallahassee insiders, Ron Sachs Communications.

The re-branding effort was much deeper than a flamingo facelift— it embodied an evolution of the Florida Lottery. A thorough communications plan was created to showcase the energy and excitement of the Lottery in addition to telling the important story of its economic force and impact in the state on retailers, vendors and most importantly— Florida's students. Strategic messaging about the brand launch, the 25th Anniversary and the importance of funding education anchored all communications in the lead up to, and reveal of, the new brand and continues to guide communications efforts today.

TEAMWORK

In the months leading up to the logo unveiling, each department within the Florida Lottery was tasked with categorizing all materials that would require logo updates. A marketing committee was created, representing the various levels and departments in the organization, all of whom were crucial in identifying the consumer touch points (where consumers would see the logo) and ranking locations by importance for the rollout.

The Lottery's branding committee prioritized these materials into four tiers based on visibility, impact, cost and benefit to sales. Examples of first priority items were: retailer playstation decals, billboards, business cards and promotional goods needed for the events during the 25th anniversary week.

The Sales division formulated a strategic plan for rolling out the new logo at each of the more than 13,000 Lottery retail locations. Over the past 25 years, the Lottery has experienced great growth with its retailers at its side. Introducing a vibrant and exciting brand that attracts new players was a

key component for everyone's future success, and the agency believes the new logo and brand puts all parties in the position to excel for the next 25 years and beyond.

"As the new logo was being revealed by Secretary O'Connell at Lottery headquarters, our sales force was redressing Lottery equipment and replacing signage at more than 750 Publix stores and countless gas stations around the state," said David Bishop, Deputy Secretary for Brand Management. "By focusing on our highest-traffic retailers, we were able to maximize exposure to a large audience right away. We are continuing to work systematically until all of our retailers are fully-displaying the new logo in their store."

The team carefully planned the unveiling, using the new logo as the centerpiece for the overall 25th anniversary celebrations. The website was redesigned and many features were added to help the public understand the components of the Lottery's story that it wanted to tell more loudly and to more people.

"By focusing on our highest-traffic retailers, we were able to maximize exposure to a large audience right away. We are continuing to work systematically until all of our retailers are fully-displaying the new logo in their store."





Flamingo Pride...

In preparation for the brand launch, the Lottery, with advertising agency of record, St. John and Partners, developed the “Year of the Flamingo” to serve as an umbrella theme to clearly and effectively communicate the core messaging of the Florida Lottery’s past 25 years and its vision for the future.

Kicked off in September 2012 with the introduction of the transitional logo (a modified version of the former logo, which featured the familiar flamingo but replaced the background with the “25 years of winning” and “Year of the Flamingo” slogans).



Hosted Ice Cream Socials at 10 of Florida’s colleges and universities to recognize Bright Futures scholarship recipients.



Sent a “Thank You” to retail partners with oversized “Thank You” cards that included hundreds of college student signatures collected at the Ice Cream Socials events. The “Thank You Retailers” campaign was fitting because retailers are the backbone of the Lottery’s sales division and their efforts to promote and sell Lottery tickets deserved recognition.



Launched new games that combined both nostalgic and reimagined elements:

The special 25th Anniversary Edition MILLIONAIRE ticket, reminiscent of the Lottery’s first Scratch-Off ticket, offered players the highest prize payout percentage ever in Florida Lottery history and more than five million winning tickets. Plus, like the original MILLIONAIRE ticket, the game featured a second chance giveaway of a \$1 million cash prize.



In addition, the Lottery brought back a player-favorite raffle game, in the form of the 25th Anniversary MILLIONAIRE RAFFLE. This raffle not only offered a Grand Prize drawing on New Year’s Eve, but also offered six weekly drawings for \$1 million!

Defining the Brand through Brand Pillars...

Five brand pillars were determined to define the foundation of the Lottery's new brand. The pillars united the principles, mission and essence of the organization into a fully-developed brand communicating a true and lasting impression on players, retailers and the state as a whole. Of particular importance was sharing the Lottery's vital role in providing more than \$1 billion a year for education in Florida, including almost all of the money for the Bright Futures Scholarship Program.

DRIVING EXCITEMENT

Whether you enjoy our state year-round or simply to weather the winter; whether you're a lifelong resident, a retiree, a student, or a sojourner, you know what it means to be a Floridian. At the Florida Lottery, we inspire imagination in all those who choose to live and play here, bringing communities from Miami to the Panhandle together in memory-making. From the small businesses that benefit from our products to the residents who play your games, we are of and for Florida.

FUNDING TOMORROW

We know that a lottery is only credible if it operates with complete transparency: without trust, our winning slips are simply a scrap of paper. That's why we practice with the utmost professionalism, providing good, clean fun that's above-board. Clear in our principles and forthright in our focus on the public's best interest, we invite all Floridians to hold us accountable to the highest ethical standards.

INTEGRITY ABOVE ALL

For 25 years, we have pushed ourselves to redefine excitement. That started with our first draw and set of scratch-off games, which have since grown to include hundreds of innovative and inventive games that delight players of all ages and backgrounds. All of us believe that we play a part in leading Florida forward, and we strive to show lotteries and citizens in states across the nation the true meaning of fun.

OPTIMISTIC MOMENTS

Bound by hope and deep optimism, Florida Lottery players believe that any day could be the start of something big. In all we do, we invite them to share "what if" moments with friends, colleagues and family; to believe in their future, to let their imaginations soar and to experience the thrill of living in the moment. Whether they hold to hit the jackpot or simply enjoy an instant escape, Floridians trust us to deliver new ways to dream and moments to remember.

FLAMINGO PRIDE

We wake up every morning committed to improving schools and supporting students—whether through merit scholarships, infrastructural renovations, or educator series. By annually investing over a billion local dollars into the educational system, we safeguard the community's greatest need and brightest hope: a more inspiring future for all.



TALLAHASSEE



The celebration...

On **Monday, January 7, 2013**, Secretary O'Connell unveiled the new logo and brand identity to the media, public, industry representatives and two former Florida Lottery Secretaries at Lottery headquarters in Tallahassee. Florida Secretary of State Ken Detzner participated in the event, unveiling the Lottery's new FLORIDA TREASURE HUNT Scratch-Off game, which included multi-organizational partnerships to cross-promote the game and the 500th anniversary of the European discovery of Florida.

Simultaneously, the Lottery's mobile stage, an 18-wheeler Showvan featuring the new logo, was unveiled in Miami to the Hispanic market via Telemundo, the premier Hispanic media outlet in Florida.

The Lottery participated in a variety of events surrounding the BCS College Football National Championship game, which included a BCS Fan Zone event at South Beach in Miami. The Lottery provided on-site entertainment including a variety of fun games and giveaways. Live on the field at the National Championship game, the five finalists selected in the MILLIONAIRE Second Chance Promotion were awarded their share of \$2 million.

Saturday, January 12, 2013, the Lottery's official 25th anniversary, marked the coordination of 20 statewide radio remotes. These events included drawings where players had the chance to win TVs, gas and movie gift cards, Scratch-Off tickets and more.



MIAMI

It's a jackpot with us

Celebrating **25** years of money-makers and millionaires with the Florida lottery

Twenty-five years ago Saturday, Florida did something about its millionaire shortage.

On Jan. 12, 1988, two years after voters approved the creation of the Florida lottery, the first scratch-off ticket went on sale. It was called Millionaire, and offered players the chance to be entered into two drawings for \$1 million.

Three months later, the Florida Lotto debuted



with a \$2 million jackpot. Nobody won it, the jackpot increased to \$4 million, and the state has had lottery fever ever since.

In honor of this silver anniversary, here are 25 things we've learned in the quarter-century since a Floridian first put coin to paper and began scratching.

—Nick Sortal

Winning! (and losing!)

Some Fantasy: On Aug. 28, 2012, 98 people won Fantasy 5, splitting the jackpot to take home a measly \$1992.32.

You snooze, you lose: The largest unclaimed Florida Lotto jackpot, an estimated \$53.7 million, expired on Nov. 8, 2003, after the 180-day redemption deadline.

Take the money and run: The advertised prize is paid out in a 30-year annuity, but 48 of the 50 Florida Lotto winners from 2010 to 2012 took the money up-front, even though they got about a third less.

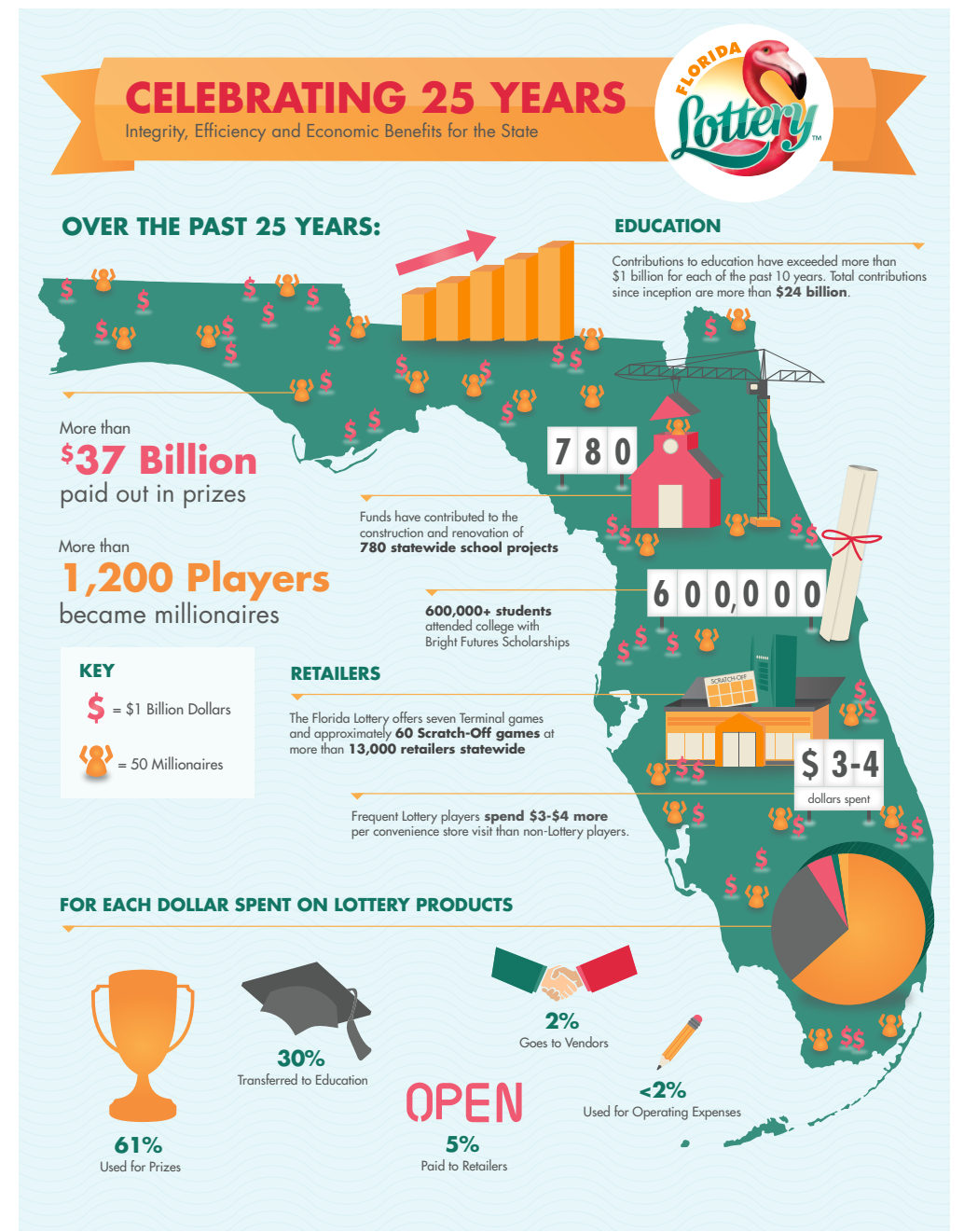
Avoid the tax man: Winnings of \$600 or more must be collected at a district office, which reports them to the IRS. But accountants say all gambling winnings, no matter how small, are taxable.

Play here
Our lottery database gives you insight into the games. SunSentinel.com/lotterydata

See **LOTTERY, 17A**



By developing a full suite of media materials, a media alert, targeted media pitches, talking points, press release, a bilingual infographic and a "25 Years of Milestones" document, the Lottery provided significant data, information and key messages directly to the media for use in their stories. Support materials also included a series of Whiteboard videos bringing the facts and data about the Lottery and its legacy to life, as well as B-Roll and sound bites recorded at the launch events. This approach of providing as much content as possible to the media ensured that the Lottery's key messages and comprehensive look at the anniversary angle of the story were pulled through all of the coverage.





SUCCESS...

The re-branding was designed to be a platform from which the Lottery could communicate the energy and enjoyment its games offer Floridians and visitors in addition to telling the important story of the Lottery's economic force and impact in the state on retailers, vendors and most importantly -- \$25 billion to Florida's students in 25 years. The new logo was the centerpiece for the overall 25th anniversary celebrations. The website was also redesigned and many features were added to help the public understand all components of the Lottery's story.

RESULTS

The media coverage was overwhelmingly positive and the strategy to provide information, video resources and multi-media applications of the facts and data

related to the Florida Lottery's 25 Years of Winning was successful. Media outlets focused on the positive impact that the Lottery has had on the state and covered the logo as ONE aspect of the multi-faceted 25th Anniversary celebration.

ACCOLADES

The Florida Lottery won a Batchy Award in 2013 in the Corporate Communication (print or electronic) category for its online employee newsletter entitled, "Year of the Flamingo," which was produced on a monthly basis during the transition leading up to the Lottery's 25th anniversary. Batchy Awards are presented by the North American Association of State and Provincial Lotteries (NASPL) to its members for outstanding advertising and business communication achievements.

The Florida Lottery won a Silver Addy Award from the American Advertising Federations for its "Jake" commercial for the LUCKY FOR LIFE Family of Scratch-Off games. The ADDY competition is the advertising industry's largest and most representative competition. In addition to winning this creative award, LUCKY FOR LIFE was an overwhelming business success, far outpacing expectations with more than \$90 million in sales and requiring a second printing of game tickets, which ultimately benefited the Florida education system.

Earned Media Results:



IN-STATE MEDIA IMPRESSIONS:

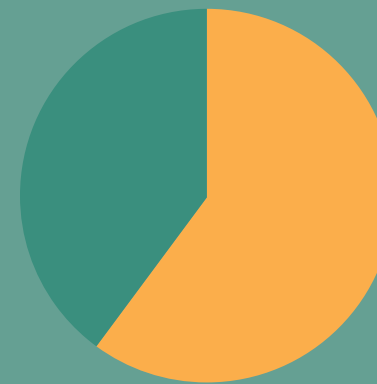
9,074,676



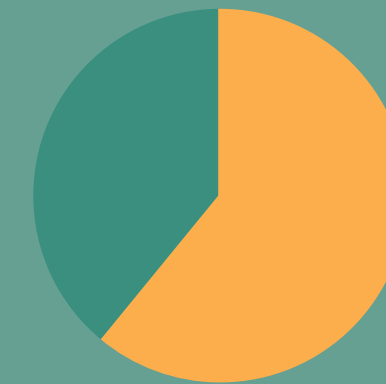
NATIONAL RELEASE PICK UP:

85,793,082

LOGO AND WEBSITE (INITIAL CONSUMER FEEDBACK):



60% of respondents find the new logo appealing



61% find the new tagline appealing



65% of respondents who visited the new website find it appealing



Games & Promotions

The Florida Lottery has always strived to offer players the best lottery games available, and by redesigning and reviving its most popular games over the past 25 years, as well as developing fresh and innovative new games, the Lottery was able to incorporate both nostalgic and reimagined elements into its product mix. The result was a sales increase of \$550 million over the previous year, and total sales reached a record-breaking \$5 billion during fiscal year 2012-13.

SCRATCH-OFF GAMES

This year, the Florida Lottery launched 41 new Scratch-Off games with a variety of themes, colors, play styles, top prizes and price points to appeal to Florida's diverse population, and as a result, saw record Scratch-Off sales again. Sales increased by more than \$440 million for a 17 percent increase over the previous year. Pricing strategies have had the biggest impact on the Lottery's enormous sales growth over the past 10 years. Annual sales were \$2.3 billion higher than in fiscal year 2001-02, before the Lottery was given the variable payout authority to allow for higher payouts and expanded price points.

Nearly 25 years after bursting into the marketplace on January 12, 1988, with its first ticket, the \$1 Scratch-Off game MILLIONAIRE, the Lottery launched a 25th

Anniversary Edition of the MILLIONAIRE game, which hit store shelves on September 25, 2012. The game was the Lottery's first-ever \$25 ticket, offering the highest prize payout percentage ever in Florida Lottery history and generating more than \$375 million in sales, resulting in an estimated \$45 million being transferred to the state's education system.

A key component of the Lottery's Scratch-Off product strategy has been launching "families of games" comprising similarly-themed tickets at multiple price points. This allowed the Lottery to promote multiple price points at once and offer larger prize callouts to attract core players, while also promoting the entry level price points to attract new players. With prior success in cash multiplier games launched individually, the Lottery introduced the CASH family of Scratch-Off games to start

the fiscal year in July. With price points ranging from \$1 to \$10, and offering the chance to win up to 50 times the cash, players responded by making the CASH family of Scratch-Off games one of the best-selling families in the Lottery's history. Also based on previous successes, the Lottery launched a new version of the LIFE family of Scratch-Off games in February. With price points ranging from \$1 to \$10, the LIFE family offered players the chance to win up to \$5,000 a week for the rest of their lives. As projected, the LIFE games' strong sales performance contributed to record sales in February and March.

Another successful strategy for Lottery Scratch-Off games was the introduction of licensed properties in an effort to attract new players. Supported by a second chance promotion that offered players a chance to "Come on Down to Vegas" to play six iconic games shows, THE PRICE IS RIGHT® launched in April and was the best-selling \$5 ticket in Florida Lottery history. Additionally, the Lottery brought back a new version of last year's popular GUY HARVEY® ticket. This year's installment featured 12 wildlife scenes from world-renowned artist Guy Harvey, cash prizes, sport fishing trips, brush stroke paintings and merchandise.

Other noteworthy Scratch-Off games introduced during the year included FLORIDA TREASURE HUNT and \$3,000,000 FLAMINGO FORTUNE. As Florida marked its 500th anniversary of European discovery, the Lottery partnered with the Florida Department of State, VISIT FLORIDA and the University of West Florida to offer the FLORIDA TREASURE HUNT Scratch-Off game, featuring a historic replica of a 500-year-old map of Florida on the ticket. The game included the Viva Florida 500 Second Chance Promotion, which allowed players the chance to explore a historic Florida map with over 300 historically relevant locations via the Lottery's website and enter to win 2013 Mazda CX-5s, Florida vacation getaways provided by VISIT FLORIDA and cash prizes. Following the successful launch of the reimagined Florida Lottery, \$3,000,000 FLAMINGO FORTUNE was released as a vehicle to sustain the rebranding efforts by prominently displaying the Lottery's new logo in three bright, eye-catching colors. The game was supported by a marketing campaign that featured the 1950s doo-wop group The Flamingos, who showcased their hit song "I Only Have Eyes For You" in Lottery television commercials and at a live event the Lottery held in The Villages.

Total sales reached a record-breaking \$5 billion



TERMINAL GAMES

Sales of Florida Lottery Terminal games increased five percent over the previous year. For the second consecutive year, POWERBALL® contributed the highest sales growth, fueled by robust jackpots created by the game enhancements made in January 2012. POWERBALL sales were \$150 million higher than the previous year, representing a 30 percent increase. Two new POWERBALL jackpot records were set in fiscal year 2012-2013. The first was on November 28, 2012, when a \$587.5 million jackpot was shared by two winners in Arizona and Missouri. The second was on May 18, 2013, when a \$590.5 million jackpot was won by a single Florida player. Florida POWERBALL set a new single-day sales record of \$36,862,272 during that jackpot run, the highest of any Florida Lottery game ever.

Florida introduced its second multi-state jackpot game, MEGA MILLIONS®, on May 15, 2013. MEGA MILLIONS has a bi-matrix game design similar to POWERBALL, costs \$1 and has a starting jackpot of \$12 million. MEGA MILLIONS replaced the LUCKY LINES™ game, which experienced declining popularity since its launch in October 2010.



The Lottery also conducted limited-time Terminal games and promotions to attract new players and build loyalty with current players. The 25th Anniversary MILLIONAIRE RAFFLE™ featured a limited number of tickets, the best odds to win \$1 million of any Florida Lottery game available, six weekly drawings for \$1 million and a \$2 million grand prize. In celebration of the FLORIDA LOTTO® game's 25th birthday, a three-week LOTTO LOVE Promotion was held where players won instant cash prizes of \$25 or had the chance to enter drawings for prizes up to \$250,000.



Secretary O'Connell held a press conference in front of the Publix supermarket that sold the winning \$590.5 million Powerball ticket, the morning after the drawing.



COMMUNITY & STRATEGIC PARTNERSHIPS, PROMOTIONS & SPECIAL EVENTS

The Florida Lottery formed a number of mutually-beneficial, strategic alliance partnerships with popular brands that provided association with strong Florida companies and brought exposure to large audiences during the year. These partnerships often included the Lottery hosting promotions and sponsoring special events around the state to generate interest in Lottery games and raise awareness of the Lottery's commitment to Florida's students and schools, and the contributions it has made to education funding. During fiscal year 2012-2013, Secretary O'Connell and the Lottery staff conducted a diverse array of promotions and had the opportunity to visit communities across the state to participate in events in conjunction with the Lottery's strategic alliance partnerships.

In March, Secretary O'Connell, along with representatives from University of North Florida, Bishop Kenny High School, and Lottery corporate retailers Winn-Dixie and GATE PETROLEUM, INC., welcomed students back from spring break with an event to announce the Lottery's historic milestone of \$25 billion in revenue transfers to education. Following the event, Governor Rick Scott stated, "Today's news that the Lottery has reached \$25 billion in investments for education is great news, and means more Florida students will have the opportunity to get a great education."



The Florida Lottery welcomed students back to school in the fall by partnering with 13 Florida colleges and universities to co-host Bright Futures Ice Cream Socials honoring the academic achievements of Bright Futures scholarship recipients. These socials were held on the campuses of Florida State University, Pensacola State College, Tallahassee Community College, Florida Gulf Coast University, Florida Atlantic University, Florida International University, Chipola College, University of South Florida, St. Petersburg College, University of West Florida, University

of Florida, Florida State College at Jacksonville and the University of Central Florida. At each social, a Florida Lottery executive staff member, along with a school official and select Bright Futures recipients, spoke to the students about the importance of higher education and the role the Lottery plays in supporting their school and the Bright Futures Scholarship Program. Additionally, the students received Bright Futures t-shirts with their school colors, and ice cream provided by Lottery corporate retailer Winn-Dixie, Inc.

Florida is a state full of football fans and everyone has their favorite Florida team, so the Lottery partnered with eight football college teams and all three professional football teams to offer promotions during fiscal year 2012-13. The Lottery kicked off football season with the Fan-Tastic College Football Promotion, offering FLORIDA LOTTO® players the chance to support their local teams and win prizes including a bowl game trip, season tickets, team merchandise, and more. The following universities participated in the promotion: Florida A & M University, Florida Atlantic University, Florida International University, Florida State University, University of Central Florida, University of Florida, University of Miami, and University of South Florida. This promotion allowed the Lottery to raise awareness of its contributions to education, while generating \$6.9 million in additional revenue through the 690,586 entry vouchers submitted.



To ensure a strong finish to the Lottery's fiscal year, in June, Secretary O'Connell and Dr. Guy Harvey participated in an event at the Jacksonville Riverwalk in an effort to raise awareness about the Lottery's GUY HARVEY® Scratch-Off game, attract new players by appealing to Florida's sport fishing community and stimulate the state's economy through a strategic partnership with a Florida-based company that supports environmental conservation. At the event, Guy Harvey signed autographs and posed for pictures with fans, and a drawing was held in which two winners received a charter fishing trip. Marineland and the Florida Fish and Wildlife Conservation Commission also participated in the event.



The Florida sports team garnering the most attention this year was the Miami HEAT, which, like the Lottery, was celebrating its 25th anniversary. The team's All-Star players were experiencing a tremendous season when the Lottery teamed with the HEAT to offer the POWERBALL® Miami HEAT Playoff Experience Promotion. The promotion gave South Florida Lottery players the chance to win a 2013 Miami HEAT Playoff Trip, season tickets, meet and greets with a HEAT player, autographed merchandise and more. The promotion boosted POWERBALL sales and generated \$4 million in additional revenue through the more than 400,000 entry vouchers submitted. The partnership with the HEAT also included the Lottery

serving as a game day sponsor of the 2013 Miami HEAT second round Playoff game. A Florida Lottery t-shirt drop promotion took place during the second half of the game and a lucky row of fans received a Florida Lottery and Miami HEAT prize pack containing Miami HEAT merchandise and Florida Lottery Scratch-Off tickets.

Through its partnership with NASCAR, the Lottery received incredible advertising opportunities while racing enthusiasts enjoyed the thrill of watching Lottery-sponsored racecars. The sponsorship of two races during a July 2012 race weekend meant the Lottery was able to sell tickets, conduct prize giveaways and broadcast its nightly game drawings

live from the interior of the Daytona International Speedway track on both Friday and Saturday nights. The Lottery was also a sponsor of the 2013 Budweiser Speedweeks at Daytona International Speedway and received national exposure from television coverage featuring Lottery-branded cars in all three NASCAR Series Races.

To keep football fans engaged in the off-season, the Lottery introduced the FANTASY 5® Football Draft Day Experience Promotion offering Miami Dolphins, Tampa Bay Buccaneers and Jacksonville Jaguars fans the chance to attend the professional football draft in New York City, or win VIP passes to their team's official Draft Day Watch Party, season tickets and other great prizes. In addition to promoting FANTASY 5 sales, the promotion produced \$2.5 million in additional revenue from the more than 500,000 entry vouchers submitted.

Sales & Business Partnerships



GOALS & SALES

This was a record-breaking year for the Lottery. The agency's sales goal of \$4.7 billion was eclipsed by \$300 million as players purchased more than \$5.01 billion in tickets.

RETAILER SUCCESS STORIES

- 25th Anniversary Celebration Promotions
- Installation of Full Service Vending Machines
- Lottery Cup Re-Branding Promotion
- MEGA MILLIONS® Launch
- Winn-Dixie participated with the Lottery again as a corporate sponsor of ice cream socials, at colleges and universities across the state, held to celebrate Bright Futures scholars.
- Auto-replenishment programs were initiated at several chains which positively impacted sales by allowing the Lottery's Scratch vendor, Scientific Games, to place Scratch-Off game re-orders for those locations directly from computer models, helping to eliminate out-of-stocks at retail and
- Corporate retailer 7-Eleven partnered with the Lottery during its successful MEGA MILLIONS launch with store promotions and extra point of sale materials.
- Time-consuming telephone calls.

Several top 25 corporate chains successfully implemented Lottery programs that helped drive their sales, thus contributing to the Lottery's overall success for the year.



SALES REPORT CARD INFORMATION FY 2012-2013

SALES GOALS – TRANSFER ACHIEVEMENTS

Termnal Sales Goal	SALES ACHIEVED	\$ INCREASE	%	% SALES TO GOAL
\$1,950,000,000	\$1,984,469,282	+\$101,563,089	+5.3%	101.77%
Scratch Off Sales Goal				
\$2,750,000,000	\$3,028,526,254	+\$461,534,490	+18.0%	110.13%
Total Sales Goal				
\$4,700,000,000	\$5,012,995,536	+\$563,097,579	+13.0%	106.66%

GOAL ATTAINMENT BY QUARTER

QUARTER	GOAL	ACTUAL SALES	\$ OVER/UNDER GOAL	\$ SALES TO GOAL
First	\$1,409,323,590	\$1,107,226,260	+\$57,902,670,000	105.5%
Second	\$1,142,267,150	\$1,274,344,107	+\$132,076,957,000	111.5%
Third	\$1,281,471,450	\$1,291,425,182	+\$9,953,732,000	100.7%
Fourth	\$1,226,937,803	\$1,339,109,175	+\$112,171,372,000	109.1%

FISCAL REPORT FOR 2012-2013

10 years ago the Florida Lottery ranked #4 among all U.S. Lotteries (Total Sales) with sales of **\$3.0 billion**. With the record sales year, the Florida Lottery into the #2 spot nationally behind only New York.

U.S. Lotteries ranked by FY 12-13 total sales (in US \$) Excludes VLT revenue

RANK	POP. (M)	TOTAL (\$M)
1. New York	19.6	7,108.90
2. Florida	19.3	5,013.00
3. Massachusetts	6.6	4,807.50

U.S. lotteries ranked % chg. FY 12-13 total (in US\$) Excludes VLT revenue

RANK	TOTAL (M)	% CHG.
1. Florida	5,013.00	13%
2. Idaho	197.60	12%
3. New Hampshire	278.70	10%

U.S. Lotteries ranked % chg. FY 12-13 instant (in US \$)

RANK	INSTANT (M)	% CHG.
1. Florida	3,028.50	18%
2. Indiana	614.80	12%
3. Washington	356.00	12%

2012 – 2013 GOAL ATTAINMENT – DISTRICTS AND SALES REPS – QUARTERLY/ANNUAL

- All 9 Florida Lottery Districts (100%) made their annual sales goal in 2012-2013
- 7 of the 9 Lottery Districts (77.7%) made goal all four of their quarterly goals in addition to their annual goal
- The 9 Lottery Districts made a combined 34 of 36 possible quarterly sales goals (94.4%)
- 112 out of 113 Lottery sales reps (99.1%) made their annual sales goal with the lone miss coming in at 99.6% of annual goal.
- 8 of the 9 Districts (88.8%) had 100% of their sales reps achieve their annual sales goal

RECORD SALES MONTHS

In addition to achieving the highest one year sales total in the 25 year history of the Florida Lottery, 2012-2013 also saw the highest single monthly sales in Lottery history with record sales occurring in November of 2012, March of 2013, and May of 2013 – with May the highest single sales month in Lottery history.

A COMMITMENT TO CORPORATE OUTREACH

Secretary O’Connell was personally engaged with decision-makers from several top 25 corporate chains. Discussions included a preview of our new logo, participation in our 25th Anniversary celebration, expanding brand awareness in their stores, increasing their Lottery sales, and listening to their ideas on ways to improve business.

As a result, chains implemented point of sale programs and incentive drives; increased visibility of Scratch-Off games; and placed new Full Service Vending Machines (FSVM), all of which led to year-over-year sales increases. The Secretary’s visits with corporate retailers resulted in:

- Partnership commitments in the Lottery’s Rebranding Celebration
- Participation in Florida’s launch of MEGA MILLIONS
- Commitments for the FSVM conversion program
- Improved management communications between our organizations
- Increased participation in Lottery promotions

DISTRICT OFFICE SUCCESSES

All nine Lottery Districts exceeded their annual sales goals for the fiscal year, leading to record sales growth for their individual Districts and contributing to the Lottery's record sales year. The Miami District, once again, had annual sales of more than \$1 billion, with total sales exceeding \$1.41 billion.

TRADESTYLE EXPANSION

The Lottery began a pilot program with CVS drug stores in which three stores in Florida were selected to sell Lottery products. The expansion into the chain drug trade style followed a successful pilot with Walmart Neighborhood Markets stores, in which Florida became the first and only lottery to partner with the world's largest retailer. In 2012, after an extensive review, Walmart agreed to transition out of the pilot phase and now offers Lottery products in all Florida Neighborhood Market stores.

Contributing factors for Success

In fiscal year 2012-2013 the Lottery continued a strong focus on the activation of newly-launched Scratch-Off games provided greater profits for retailers and allowed players to have the opportunity to play new games. The Lottery set a goal of 100 percent activation by the end of the first week of game launch. On average, over percent of Lottery retailers activate all new games four days after launch, contributing to the sales increases experienced in fiscal year 2012-2013.

INCENTIVES

The Lottery Sales Division conducted various incentive promotions with independent and corporate retailers utilizing promotional Scratch-Off books as a tool to increase store level participation in selling lottery tickets. In addition, statewide incentive promotions were implemented throughout the year, allowing retailers to earn additional dollars.

VENDING MACHINE SALES

The Lottery successfully deployed 500 Full Service Vending Machines statewide. In addition to selling Scratch-Off games, these units offer players a convenient way to purchase Terminal game products, adding to our sales growth for the fiscal year. Retailers receiving these machines realized increased growth in sales and benefited from the opportunity to have another point of sale in their retail location. The Lottery is engaged in continuous monitoring and relocation of Full Service Vending Machines and Instant Ticket Vending Machines as needed to maximize sales. Our goal continues to be providing excellent sales sites for these vending machines to maximize our return on investment.

\$5 Billion in Total Sales During the 2013 Fiscal Year

Sales Increased By \$563 Million Over The Prior Year:

Terminal Games

NEW TERMINAL GAME:
MEGA MILLIONS® with Megaplier®

Scratch-Off Games

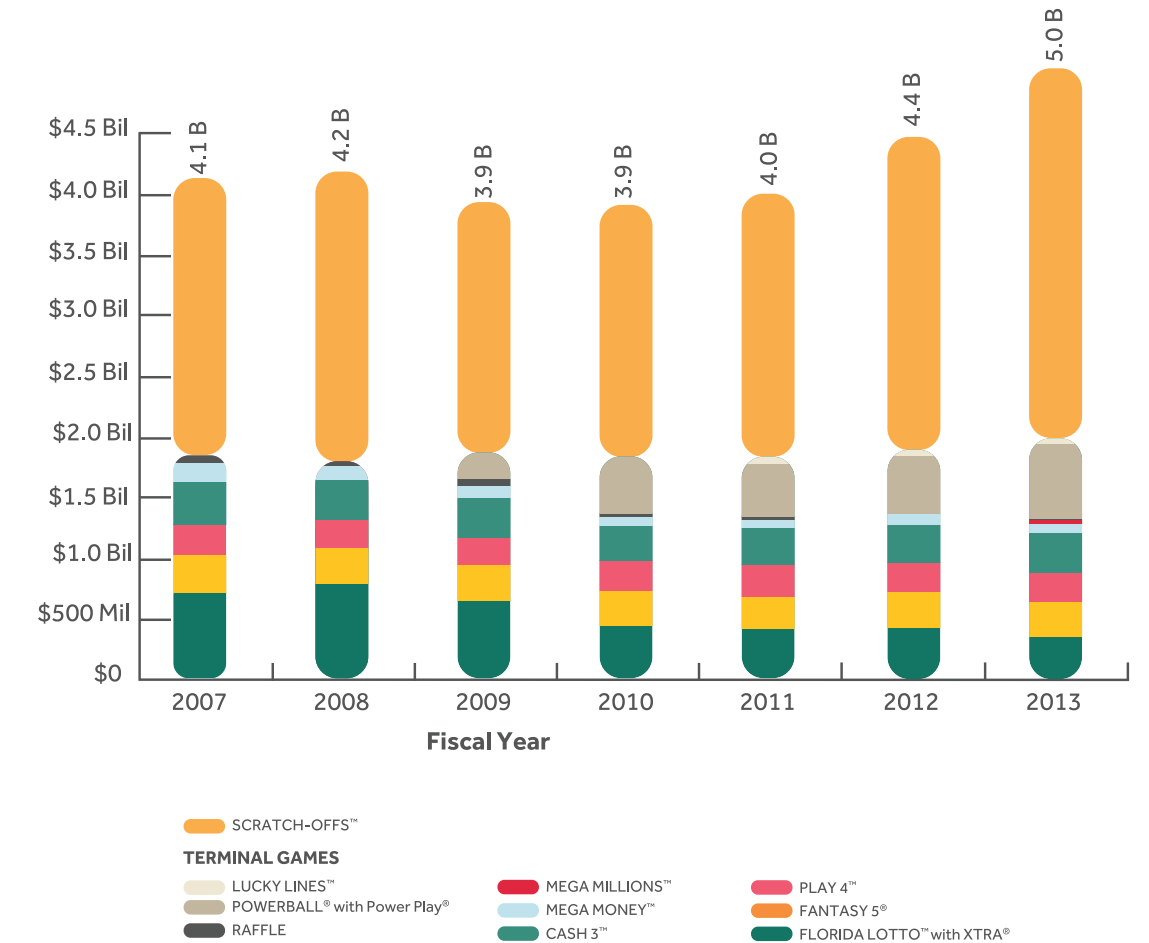
SCRATCH-OFF SALES:
Up to \$461 million over prior year

TOP GAMES:

Three games had individual sales greater than \$110 million and two games had individual sales of more than \$375 million

INSTANT TICKET VENDING MACHINES (ITVMS) AND FULL SERVICE VENDING MACHINES (FSVMS):

\$125.9 million in sales over prior year - 500 new machines added; \$470 million in FY13 sales - 2,000 total machines





WINNERS

This year, the Florida Lottery promised our players bigger and better games and more winning moments. We delivered on those promises by offering new and exciting games which allowed our players to win more money, more often. Floridians and visitors alike claimed more than \$3.1 billion in Terminal, Scratch-Off, promotional and second chance prizes in fiscal year 2012-2013, the most in Florida Lottery history.

SCRATCH-OFF GAMES AND SECOND CHANCE PROMOTIONS

Florida Lottery Scratch-Off games created 27 millionaires and more than 62,680 winners of \$600 or more this year. Players who weren't instant winners on their Scratch-Off tickets got a second chance when they entered their non-winning tickets into a variety of second chance promotions on the Florida Lottery's website.

The 25th Anniversary MILLIONAIRE Second Chance Promotion, launched in September, gave players the opportunity to win up to \$1 million. Five finalists were chosen out of more than 1.3 million entries received on the Lottery's website. Secretary O'Connell joined the finalists at the Discover BCS National Championship Game in January for a live on-field giveaway. Each finalist peeled off the top layer of an oversized MILLIONAIRE Scratch-Off ticket to reveal a prize amount. Four finalists won \$250,000 and one finalist won the grand prize of \$1 million. In January, the FLORIDA TREASURE HUNT Scratch-Off game was launched with the Viva Florida 500 Second Chance Promotion. An impressive 1.8 million non-winning tickets were entered on the Lottery's website for a chance to win a 2013 Mazda CX-5, or a Florida vacation getaway to Boca Raton Resort & Club in Boca Raton, Hawk's Cay Resort on Duck

Key, Melia Orlando Suite Hotel in Orlando or Renaissance World Golf Village in St. Augustine provided by VISIT FLORIDA, or \$500 cash.

THE PRICE IS RIGHT® Scratch-Off game made its debut in April, featuring The Price Is Right® Second Chance Promotion. Out of the more than 757,000 entries, four grand prize winners were selected to "Come on Down!" to Las Vegas to participate in a Las Vegas Game Show Experience for a chance to win up to \$1 million. In addition, 60 second prize winners received a Wii™ gaming console with THE PRICE IS RIGHT Decades Wii™ game.

For the second year, players were able to enter their non-winning GUY HARVEY® Scratch-Off tickets into the Guy Harvey® Sportsman's Paradise Second Chance Promotion for a chance to fish with Guy Harvey at Grand Cayman Island or win Sportsman's Paradise fishing trip packages; Guy Harvey® brushstroke original works-of-art; or gift certificates to **GuyHarvey.com**. Of the more than 750,000 entries, 48 winners reeled in a big second chance prize.

Terminal Games and Promotions

More than 28,520 Florida Lottery Terminal game prizes were awarded this year, including 83 prizes of more than \$1 million. From winning free tickets to a record-setting jackpot prize, Florida players from the Keys to the Panhandle were celebrating Florida Lottery wins.

Since the POWERBALL® game changed in 2012, Florida now leads the nation in having the most winners at all levels. In addition to the 52 \$1 million and \$2 million POWERBALL prizes won by our players this year, the Florida Lottery had three jackpot winners. The eyes of the nation and the world were on Florida after one player won the largest POWERBALL jackpot in history, a record \$590.5 million, in the Saturday, May 18, drawing. Florida POWERBALL sales from this jackpot generated more than \$50 million for public education. Weeks later, when the winner came forward, the Florida Lottery held a press conference to announce it awarded the POWERBALL jackpot prize to 84-year-old Gloria MacKenzie of Zephyrhills. MacKenzie chose to take her winnings in a one-time lump sum payment of \$370,896,780.54.

Due to its popularity, the Fan-Tastic College Football Promotion was launched for the second year. Nearly 700,000 tickets were entered by players who purchased \$10 or more of FLORIDA LOTTO® tickets. College football fans across the state scored a total of 1,640 prizes, including team

merchandise, bowl game trips, cash prizes and more.

In celebration of FLORIDA LOTTO's 25th birthday, we launched LOTTO LOVE to give our players the chance to win cash prizes from \$25 to \$25,000, totaling more than \$1 million. By purchasing a \$5 or more FLORIDA LOTTO ticket, 2,500 players won \$25 instantly, and 555,105 more players entered their voucher numbers on the Lottery's website. A total of 7,800 players won prizes during the three-week promotion, including the two lucky players who were selected to win \$250,000 in the grand prize drawing.

The POWERBALL® Miami HEAT Playoff Experience Promotion was a slam dunk for south Florida players who purchased a POWERBALL ticket of \$10 or more. Players entered more than 413,000 voucher numbers online for the chance to win a fly-away trip to a 2013 Miami HEAT playoff game, season tickets for the 2013-2014 Miami HEAT season, player meet and greets, autographed merchandise and more.





THE REASON WE'RE HERE

The Lottery's sole mission is to maximize revenues for education.

As the Florida Lottery celebrates a quarter of a century, we are proud to have also reached a great milestone in education funding by surpassing the \$25 billion mark in transfers to the Educational Enhancement Trust Fund (EETF). The EETF benefits education programs across all of Florida's 67 counties at the K-12, state college and university levels, in addition to being the primary source of funding for the Florida Bright Futures Scholarship program.

With the purchase of each Florida Lottery ticket, our players are indirectly helping students and teachers across our state excel. For example, the Florida Lottery takes a great deal of pride in being the primary funding source for the Florida Bright Futures Scholarship Program. Since its inception in 1997, the Bright Futures Scholarship Program has provided more than two million annual scholarships to more than 650,000 students to pursue their academic goals. This fiscal year, the Florida Lottery honored the more than 166,000 students currently receiving a Bright Futures scholarship with a series of Ice Cream Socials hosted on college campuses across our state.





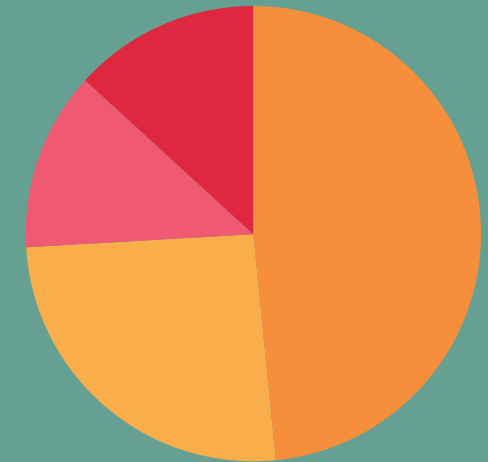
Everything the Florida Lottery does, from every marketing dollar that we spend to every retail partnership we cultivate, provides a direct benefit to the state in the form of funding for education. The Florida Lottery raised its highest amount ever for education in fiscal year 2013, transferring more than \$1.41 billion to the Educational Enhancement Trust Fund, with Florida's students being the ultimate winners. From the first day of pre-kindergarten, to college graduation, and every day in-between, Florida students are acquiring a quality education that will help them build a better tomorrow.

At the Florida Lottery we are happy to be able to celebrate a quarter century of contributions that have helped to make those dreams come true.

Transfers to the Educational Enhancement Trust Fund from Annual Lottery Revenue



DISTRIBUTION TO EDUCATION FISCAL YEAR 2012-2013



- Public Schools 48.3%
- Student Financial Aid 25.5%
- State Universities 13.3%
- Florida Colleges 12.6%

Financial Overview

The preparation of this Financial Overview reflects our commitment to maintaining the highest standards of public accountability. We reaffirm our commitment to continually improving our financial management and maintaining the public's trust by exhibiting the highest ethical standards and uncompromising integrity.

TAXPAYER IDENTIFICATION NUMBER (TIN) MATCHING PROJECT

The Lottery generates IRS Forms 1099 (for retailers) and W-2Gs (for prizewinners) at the end of each calendar year. The IRS has stepped up its efforts to collect penalties associated with the filing of incorrect taxpayer identification information. The Lottery relies upon prizewinners to report their identifying information, but the reported information is not always accurate. Each year, the Lottery is assessed penalties, but to date has been able to mitigate those fines. Responses to IRS correspondence are time-consuming and require a significant staff effort to retrieve data from archived files. The Lottery has become more

proactive in its efforts to collect the correct information when the prize is being paid by participating in the IRS's TIN-Matching program at no cost to the state. Bulk files are compared to IRS taxpayer information on a quarterly basis through an IRS portal to identify potential issues. Following IRS protocol, B-Notices will be sent to the taxpayer requesting the correct information before the IRS assesses a penalty. Additionally, a pilot program is planned whereby Lottery District Offices paying prizewinners will check winner information against IRS records. If the information is returned as incorrect, Lottery staff will be able to obtain the correct information while the winner is on site.

IMPLEMENTATION OF POSITIVE PAY FILES FROM THE LOTTERY'S BANKING INSTITUTION

District Offices issue checks to prizewinners for winnings over a certain dollar threshold. Many winners drive to a Wells Fargo bank immediately to cash the checks. The tellers at the banking institution are sometimes unable to determine if the check is real or fraudulent since the files are only updated on a nightly basis. The Lottery's Claims Processing section receives 1,400 calls per month from tellers trying to confirm the validity

of a check. The Lottery is currently negotiating implementation of a Positive Pay update process wherein the issuance of checks would be updated at 15 or 30 minute intervals, thereby providing the tellers with almost real-time information and relieving the Lottery's Claims Processing section of a multitude of calls.

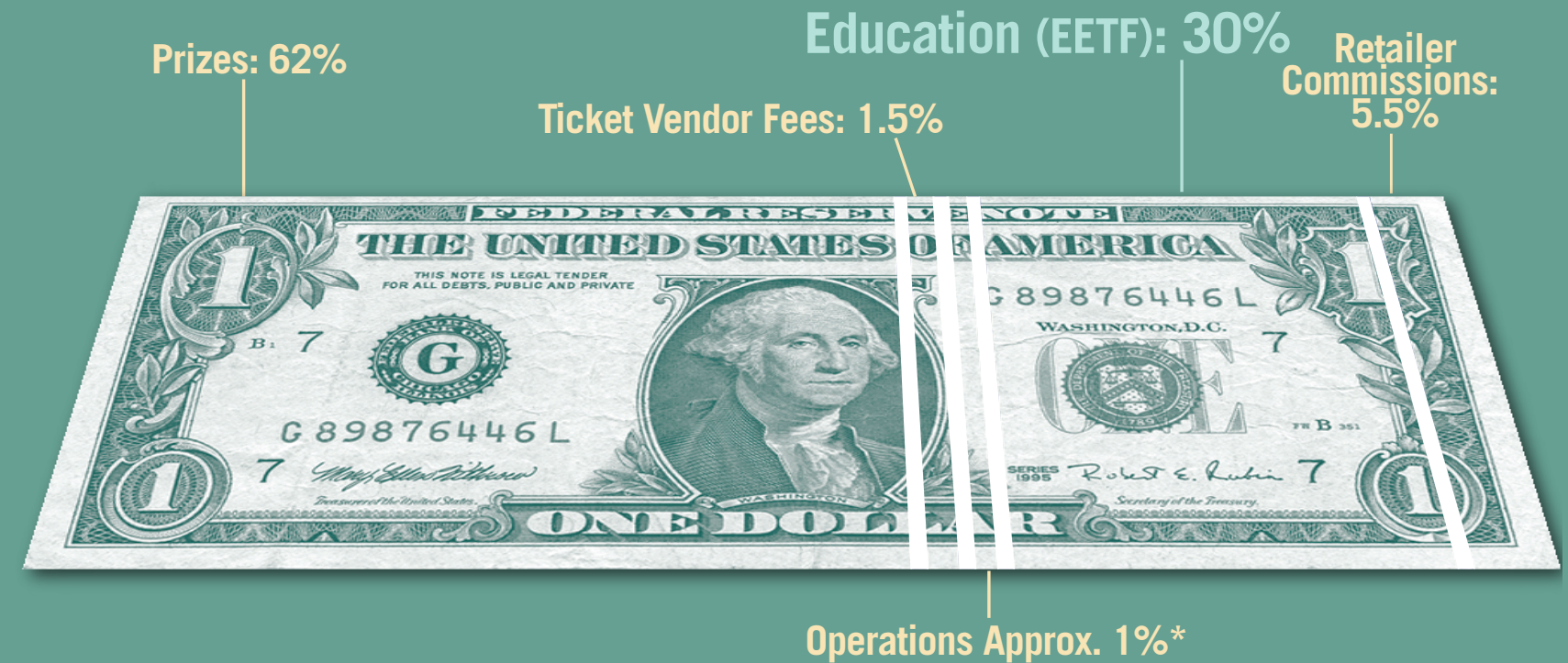
DAILY RECONCILIATION FILE

The Lottery is currently negotiating with Wells Fargo bank to obtain a daily (rather than a weekly) file of cleared checks to better evaluate its cash position for investment purposes. This would enable the Lottery to invest more funds to earn more interest for transfer to the Educational Enhancement Trust Fund.

INTER-AGENCY COOPERATION

The Lottery is working cooperatively with the Department of Children and Families to compare its prizewinners with individuals applying for public assistance. It is hoped that the effort by both agencies will reduce fraud and waste.

Where the Money Goes





2012-2013 Achievement Report