

FLORIDA LOTTERY OVERVIEW

Mission Statement

As set forth in Chapter 24, Florida Statutes, the Florida Lottery was created to allow the people of the state to benefit from significant additional moneys for education while playing the best lottery games available. The mission of the Florida Lottery is to maximize revenues in a manner consistent with the dignity of the state and the welfare of its citizens.

Sales Goals

For purposes of the Florida Educational Enhancement Trust Fund revenue projections, the sales goals of the Florida Lottery are to achieve net ticket sales level of at least \$5 billion per fiscal year. This will yield an annual revenue transfer in excess of one billion dollars each fiscal year to the EETF.

Historical Background of the Florida Lottery

The Lottery began ticket sales on January 12, 1988, and has since enjoyed strong sales and revenue performance. Florida Lottery annual sales have averaged over \$5 billion for the past seven years through the implementation of successful product lines. The Florida Lottery's life-to-date sales exceed \$80 billion and have resulted in the transfer of more than \$27 billion to the Florida Educational Enhancement Trust Fund.

Product Descriptions

The Florida Lottery is a mature lottery with a full complement of both Scratch-Off and Terminal games including:

Scratch-Off Games

Scratch-Off games offer players a chance to be an instant prize winner. Players can immediately redeem winning Scratch-Off game tickets of \$600 or less at stores where they were purchased. New Scratch-Off games are introduced approximately every six weeks and are unique in theme, play action and prize structure. In calendar year 2013, Scratch-Off game product introductions included a total of ten (10) \$1 games, thirteen (13) \$2 games, three (3) \$3 games, ten (10) \$5 games, three (3) \$10 games, two (2) \$20 games, and one (1) \$25 game .

Scratch-Off Game sales for calendar year 2013 were approximately \$3.22 billion and represented sixty one percent (61%) of total Lottery sales.

Florida Lottery Scratch-Off game strategies have expanded to include licensed property games, "niche" games, families of games with varying price points and extended play games. Second chance drawings on the website are used extensively to add value to players' non-winning Scratch-off tickets.

Scratch-Off tickets continue to be the source of greatest sales growth among maturing lottery states as those states find ways to increase the market penetration of Scratch-Off games and to increase play by existing Scratch-Off game players.

FLORIDA LOTTERY OVERVIEW

POWERBALL® with Power Play®

The Florida Lottery launched POWERBALL, a multi-state jackpot game, in January 2009. In January 2012, POWERBALL was changed to a \$2 game offering a \$40 million starting jackpot, a \$1 million second prize and revamped Power Play payouts. In November, 2012, POWERBALL set a new record with a \$587.5 million jackpot.

Currently, the POWERBALL drawings are held live at Florida Lottery Headquarters and aired on television stations throughout the U.S. on Wednesday and Saturday evenings at 10:59 p.m. Eastern Time. During a drawing, six numbers are selected: five white ball numbers and one red Powerball number. Players who match 5-of-5 numbers and the Powerball number win the jackpot. Players who match 5-of-5 numbers win \$1 million. There are seven other prize levels to match and win prizes in the POWERBALL game. Players may choose Power Play for a \$1 more per play to increase their non-jackpot prizes. Power Play players who match 5-of-5 numbers win \$2 million.

POWERBALL is now the Lottery's top selling Terminal game. POWERBALL sales for calendar year 2013 were approximately \$585.8 million and represented 11% of total Lottery sales.

MEGA MILLIONS® with Megaplier®

The Florida Lottery launched Mega Millions on May 15, 2013, with drawings held live and aired on television stations Tuesday and Friday evenings beginning at 11:00 p.m. Eastern Standard Time. During the drawing, six numbers are selected: five white ball numbers and the Mega Ball number. Matching all five white ball numbers and the MEGA BALL number wins the jackpot.

MEGAPLIER is a special feature that allows players to win two to five times their non-jackpot prizes, for just \$1 more per play. A player must choose the Megaplier option on his/her MEGA MILLIONS playslip or tell the retailer that he/she wishes to purchase a Megaplier ticket. The Megaplier number, selected right before the MEGA MILLIONS draw, will determine the multiplier for that draw.

Mega Millions sales for calendar year 2013 were approximately \$107.2 million and represented two percent (2%) of total Lottery sales.

FLORIDA LOTTO™ with XTRA

Since its introduction in April 1988, FLORIDA LOTTO™ has been the Florida Lottery's brand product whose name is often used synonymously with the Florida Lottery. The jackpot amount advertised during the week is an estimate of the amount of money that the Lottery will be able to pay a single jackpot winner in thirty (30) annual payments.

FLORIDA LOTTO was revised in October 1999 to increase the number of drawings to twice a week, increase the game matrix and increase the prize payouts for lower tier prizes. The changes were designed to boost ticket sales by generating more "rollovers", thus higher jackpots and greater player excitement. Like all Lotto style games, higher jackpots mean higher sales. The XTRA play feature was added in October 2009, giving players a chance to multiply their non-jackpot prize amounts from 2-5 times for \$1 more per play. Sustaining and increasing lottery sales outside the context of large Lotto jackpots remains the primary marketing challenge for the Lottery.

FLORIDA LOTTERY OVERVIEW

FLORIDA LOTTO and XTRA sales for calendar year 2013 were approximately \$361.5 million and represented approximately seven percent (7%) of total Lottery sales.

FANTASY 5® with EZmatch™

FANTASY 5® was launched in 1989 and has changed game matrices and draw days several times throughout the years. In July 2001, the matrix was changed to 5 of 36 and a "roll down" feature was added. In March 2006, the EZmatch™ instant win play feature was added for \$1 more per play. Drawings are held daily and FANTASY 5 jackpot prizes are paid in a single payment. Florida visitors and residents can purchase an Advance Play FANTASY 5 ticket for up to thirty (30) draws.

In calendar year 2013, FANTASY 5 and EZmatch combined sales were approximately \$283 million and accounted for approximately five percent (5%) of total Lottery sales.

MEGA MONEY™

MEGA MONEY™ was launched in 1999. Players select 4 numbers of 44 and 1 number of 22 for a chance to win a top prize of \$500,000 to \$2 million (annuity.) MEGA MONEY sales for calendar year 2013 were approximately \$84.5 million and represented one percent (1%) of total Lottery sales.

LUCKY MONEY™

On July 2, 2014, the Florida Lottery replaced MEGA MONEY with LUCKY MONEY™ with EZmatch™. LUCKY MONEY offers the same unique features of a roll-over and roll-down with a top price of \$500,000 to \$2 million (annuity), however the matrix changed to 4 of 47 and 1 of 17. The new game offers a bigger second prize, improved overall odds, and more winners. For \$1 more, players can select the EZmatch™ Add-On Feature that allows them to win up to \$500 instantly.

CASH 3™

CASH 3™ is a 3-digit fixed payout Terminal game with a top prize of \$500 that is drawn daily. A midday drawing was added in May 2008. The 1-OFF™ play feature was added to CASH 3 in August 2010. In calendar year 2013, CASH 3 sales were approximately \$330.1 million and accounted for approximately six percent (6.3%) of total Lottery sales.

PLAY 4™

PLAY 4™ is a 4-digit fixed payout Terminal game with a top prize of \$5000 that is drawn daily. A midday drawing was added in May 2008. In calendar year 2013, PLAY 4 sales were approximately \$246.2 million and accounted for almost five percent (4.7%) of total Lottery sales.

RAFFLE

The Florida Lottery introduced raffle games into its product mix of Terminal games in 2006. The Lottery's first offering of the Holiday Millionaire Raffle launched on November 20, 2006, setting an industry record by selling out 1.25 million tickets in 11 days. To date, a total of eleven limited offer raffle games have been implemented including eight \$20 Millionaire Raffle™ games, one \$10 Lucky 7 Raffle™, and two non-traditional \$5 raffles, Cars and Cash and Summer Cash. Combined sales for all games have been \$199.46 million.

FLORIDA LOTTERY OVERVIEW

Florida Lottery Sales Network

The Florida Lottery has a network of over 13,000 retailers across the state that are contracted to sell Lottery products. The largest retailer trade styles are convenience stores and convenience stores with gas which represent seventy percent (70%) of the retailer base and supermarkets which represent eleven percent (11%). The other nineteen percent (19%) represent a wide variety of other trade styles including restaurants, newsstands, liquor stores, and bowling alleys. The 13,000 retailers are further classified into two groups: corporate accounts and independently owned accounts. Lottery retailers receive a five percent (5%) sales commission plus a one percent (1%) commission for each prize cashed.

Market Research

The Florida Lottery conducts a comprehensive, on-going marketing research program comprising several different types of studies. These studies have as their purpose gaining a better understanding of consumer behaviors and preferences, the public image of the Lottery and the financial impacts of game or program changes. This knowledge, in turn, improves the Lottery's ability to increase sales and transfer more money to Educational Enhancement.

Studies include a 2012 Market Segmentation Study to better understand our customers, monthly Tracking Surveys to monitor trends in advertising awareness and play habits, focus group research for new games and brand analysis, and player panel studies for quick responses to game ideas.