

## Fun of play fuels the state.

The power of innovation and tremendous efforts to transform the lottery this fiscal year laid the groundwork for another record-breaking year in sales. For a second year in a row, ticket sales topped \$2 billion, marking the lottery as one of the most successful sales organizations in the state.

It's clear from those sales that North Carolinians enjoy playing the lottery. Did you know \$0.95 of every dollar spent on a lottery ticket comes back to the state? Whether it's a prize big or small, a lift to local businesses or support for education, every ticket makes a difference for our state's future. Here is how that breaks down, from the largest expense to the smallest:

**Prizes - 63%** Games and prizes make for a lot of fun. Without the fun of prizes, North Carolinians wouldn't enjoy playing the lottery. So it's no surprise that prize money makes up the largest operating expense that the lottery has. About 63 percent of revenue from the sale of lottery tickets go back to players as prizes. Big winners tell us they plan to use the prize money to do things such as pay off their mortgage, make home improvements, or buy a new home.

**Return to Education - 26%** The fun of prizes fuels the sales. And the sales produce the profits that go to a good cause. One hundred percent of lottery profits go towards supporting education programs identified by the legislature. Last year, earnings for education were about 26 percent of lottery revenue. That's an extra \$622 million for education and almost twice as much than in FY 2007.

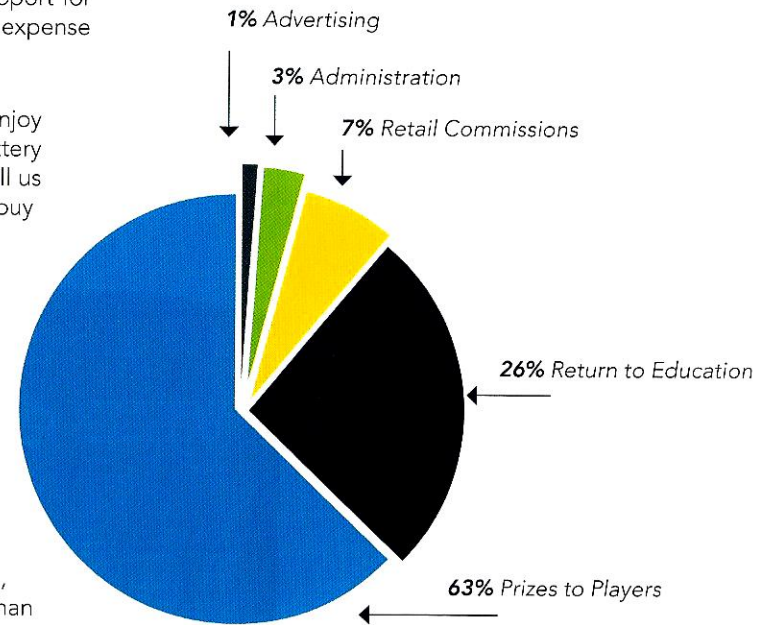
**Commissions - 7%** The lottery paid out \$170.6 million in sales commissions and retailer incentives to 6,863 retailers — big and small — like Walmart, Sheetz, and Food Lion, some of the most well-known retail brands in the state. Those commissions can be used to pay or hire employees or make other improvements in the business.

**Administrative Expenses - 3%** Administrative expenses are a combination of employee salaries and benefits, gaming system services, and infrastructure. The lottery is an effective and efficient sales organization. Less than one percent of revenue was spent on employee salaries and benefits last year.

**Advertising - 1%** Advertising is important and essential to meet our mission in raising money for education. Just like brands need to advertise their products or services, the lottery needs to advertise to increase return to education. Less than one percent of lottery revenue is spent on advertising.

## Distribution of Lottery Revenue

*Official audited numbers*



**\$622 million** raised for education last year, averaging \$1.7 million for education each day.