

2012

A HISTORIC YEAR FOR THE MICHIGAN LOTTERY ON MANY FRONTS.



The Honorable
Rick Snyder
Governor, State of Michigan

With an astounding \$778.4 million transferred to the School Aid Fund, the Lottery shattered the previous record set in 2007. The Lottery's primary goal is to generate revenue for education. Since 1972, contributions have totaled more than \$17.3 billion.

Our sales topped the \$2.4 billion mark for the first time ever. Such a

tremendous success speaks volumes about the caliber of our games, the loyalty of our players and the teamwork with our retailers.

We had our biggest jackpot winner ever! On August 15, 2012, Donald Lawson of Lapeer won a \$337 million Powerball prize, the third largest jackpot in Powerball history. The Sunoco Station in Lapeer, where Mr. Lawson bought the ticket, earned a \$50,000 commission.

2012 saw the largest jackpot ever in the world with a \$656 million Mega Millions prize.

The Michigan Lottery took home the coveted Best Instant Game of the Year award from the North American Association of State and Provincial Lotteries for our \$100,000 Cashword game. Each year hundreds of instant games are introduced in the 52 lotteries in North America. To be selected the best in the business is a distinct honor.

Achievements like these are not the results of a few, but rather of many. I'd like to take this opportunity to recognize those that contributed to our outstanding success in FY 2012. Thank you players, retailers and partners. We can all be proud of a great 2012!



M. Scott Bowen
Lottery Commissioner



Donald Lawson of Lapeer claimed a Powerball jackpot of \$337 million, making him Michigan's biggest Lottery winner ever.



Lottery Commissioner M. Scott Bowen presents the Sunoco Station in Lapeer with a bonus commission check of \$50,000 for selling a winning \$337 million Powerball ticket.



Beverage 1 in Detroit was one of a number of million dollar retailers in 2012.



2012 ANNUAL REPORT



If you bet more than you can afford to lose, you've got a problem. Call 1-800-270-7117 for confidential help.

2012 Financials

Statement of Revenues, Expenses and Transfers (In Thousands)

Operating Revenues	FY 2012	FY 2011
Daily 3	\$ 323,478	\$ 327,387
Daily 4	\$ 357,647	\$ 358,182
Classic Lotto 47	\$ 48,303	\$ 44,074
Fantasy 5	\$ 51,917	\$ 53,668
Mega Millions	\$ 166,755	\$ 167,836
Powerball	\$ 119,541	\$ 85,930
Keno!	\$ 12,373	\$ 12,549
Raffle Games	\$ 6,788	\$ 15,154
Instant Games	\$ 771,715	\$ 739,219
Club Keno	\$ 526,010	\$ 501,001
Lucky Lines	\$ 1,625	\$ 8,085
Pull Tabs	\$ 27,307	\$ 26,869
Total Ticket Sales	\$ 2,413,459	\$ 2,339,954
Other Revenue	\$ 2,356	\$ 1,460
Charitable Gaming Revenue	\$ 14,466	\$ 16,002
Total Operating Revenue	\$ 2,430,281	\$ 2,357,416
Operating Expenses		
Prizes Awarded	\$ 1,398,162	\$ 1,368,238
Less Unclaimed Prizes	\$ 528,410	\$ 23,913
Net Prizes Awarded	\$ 1,369,752	\$ 1,344,325
Other Operating Expenses		
Retailer Commissions	\$ 172,135	\$ 168,372
Vendor/Bank Commissions	\$ 33,852	\$ 32,377
Direct Game Expenses	\$ 19,461	\$ 21,538
Advertising	\$ 16,701	\$ 22,625
Administrative Expenses	\$ 22,228	\$ 20,139
Charitable Gaming Expenses	\$ 6,966	\$ 6,648
Total Operating Expenses	\$ 1,641,095	\$ 1,616,024
Net Operating Revenue	\$ 789,186	\$ 741,392
Non-Operating Revenue (Expenses)		
Investment Revenue	\$ 11,057	\$ 11,736
Unrealized Gain on Investments	\$ 4,512	\$ 16,208
Prize Amortization	\$ (13,321)	\$ (15,459)
Net Non-Operating Revenue	\$ 2,248	\$ 12,485
Net Income Before Disbursements	\$ 791,434	\$ 753,877
Net Income Disbursed to General Fund	\$ 7,500	\$ 9,354
Net Income Disbursed to DCH for Compulsive Gaming Helpline	\$ 990	\$ 990
Reserved Unrealized Gain on Investments	\$ 4,512	\$ 16,208
Net Income Disbursed to School Aid Fund	\$ 778,432	\$ 727,325

Financial Trends: 2003 through 2012

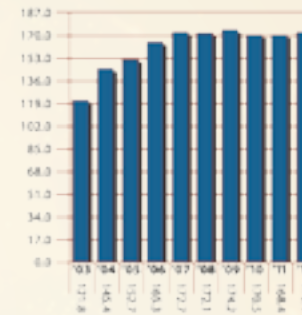
Ticket Sales History (In Millions)



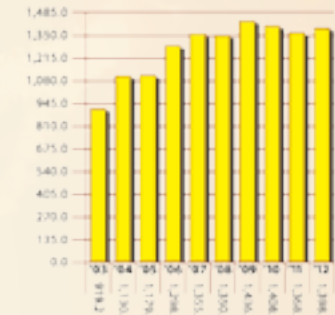
Net to Education (In Millions)



Retailer Commissions (In Millions)

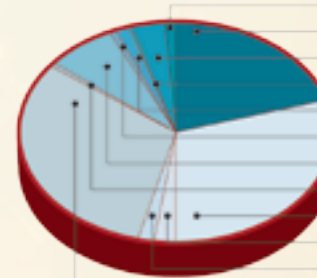


Prizes Awarded (In Millions)



Total Revenue (In Thousands)

Other Revenues	\$ 27.9	1.1%
Club Keno	\$ 526.0	21.5%
Powerball	\$ 119.5	5.0%
Lucky Lines	\$ 1.6	0.1%
Pull Tabs	\$ 27.3	1.1%
Raffle Games	\$ 6.8	0.3%
Mega Millions	\$ 166.8	6.8%
Keno!	\$ 12.4	0.5%
Daily Games	\$ 681.1	27.9%
Fantasy 5	\$ 51.9	2.1%
Classic Lotto 47	\$ 48.3	2.0%
Instant Games	\$ 771.1	31.6%
Total Ticket Sales	\$ 2,441.3	100.0%



Where the Money Goes (In Thousands)

Other Transfers	\$ 7.5	0.3%
Adm/Adv Expenses	\$ 59.2	2.4%
Direct Game Expenses	\$ 53.3	2.2%
School Aid Fund	\$ 778.4	31.9%
Net Prizes	\$ 1,369.8	56.1%
Compulsive Gaming Helpline	\$ 1.0	0.1%
Retailer Commissions	\$ 172.1	7.0%
Total	\$ 2,441.3	100.0%

