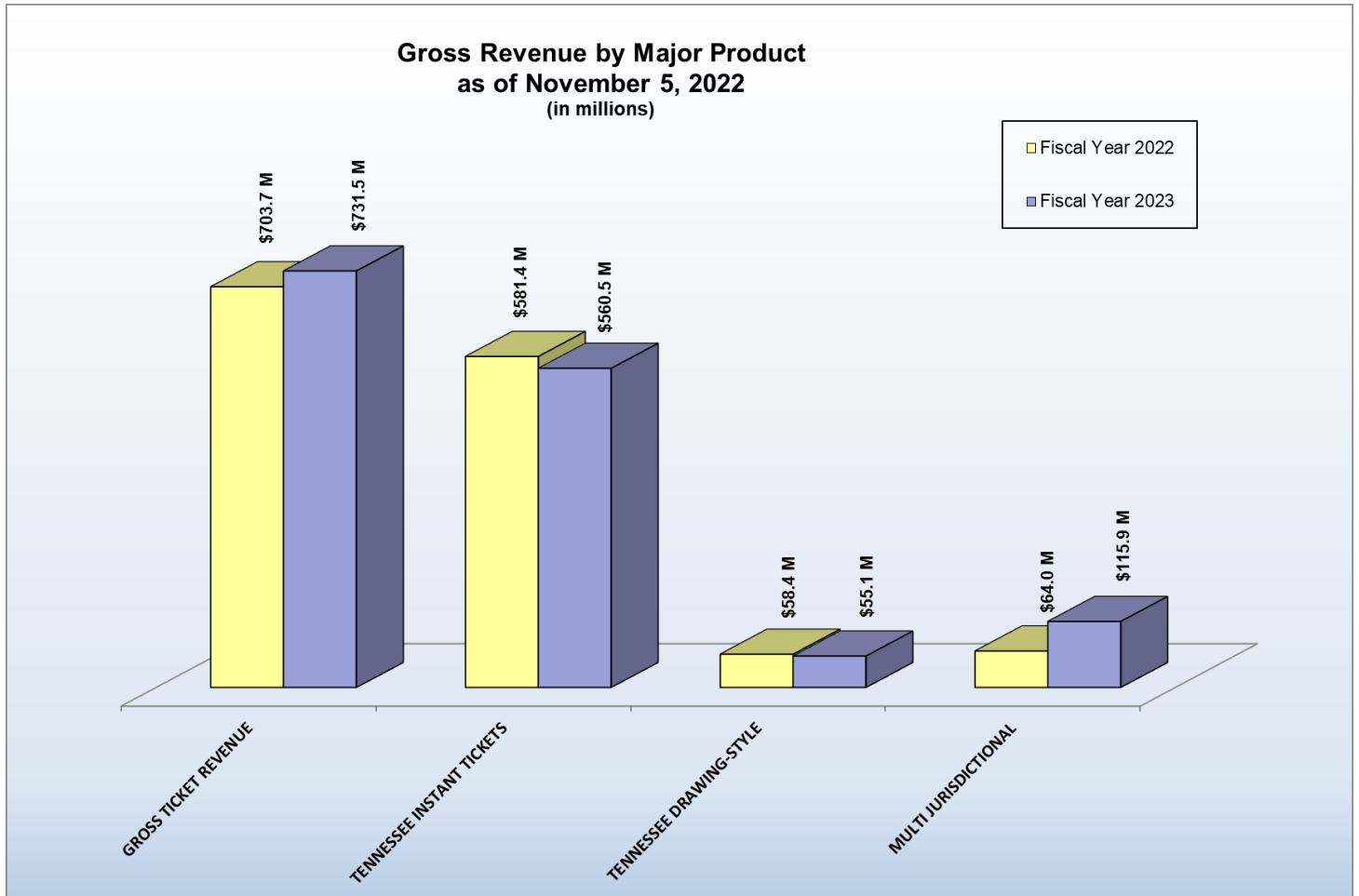


**TENNESSEE EDUCATION LOTTERY CORPORATION**  
**November 2022**

**ESTIMATION OF**  
**TOTAL AND NET LOTTERY PROCEEDS**  
**FOR FISCAL YEARS ENDING**  
**JUNE 30, 2023, 2024, 2025, 2026 and 2027**

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



- Gross Ticket Revenues of \$731.5 million through November 5, 2022 are \$27.7 million more year over year.
- *Tennessee Instant ticket* revenues are \$560.5 million compared to \$581.4 million the prior year.
- *Tennessee draw-style games (Cash 3, Cash 4, Tennessee Cash and Keno to Go)* revenues are \$55.1 million compared to \$58.4 million the prior year.
- *Multijurisdictional games (Powerball, Mega Millions, Cash 4 Life and Lotto America)* revenues are \$115.9 million compared to \$64.9 million the prior year. Year to date revenues are supported primarily by the \$1.28 billion dollar Mega Millions jackpot cycle in July and the \$1.58 billion dollar Powerball jackpot cycle through November 5, 2022.

**TENNESSEE EDUCATION LOTTERY CORPORATION**  
**ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

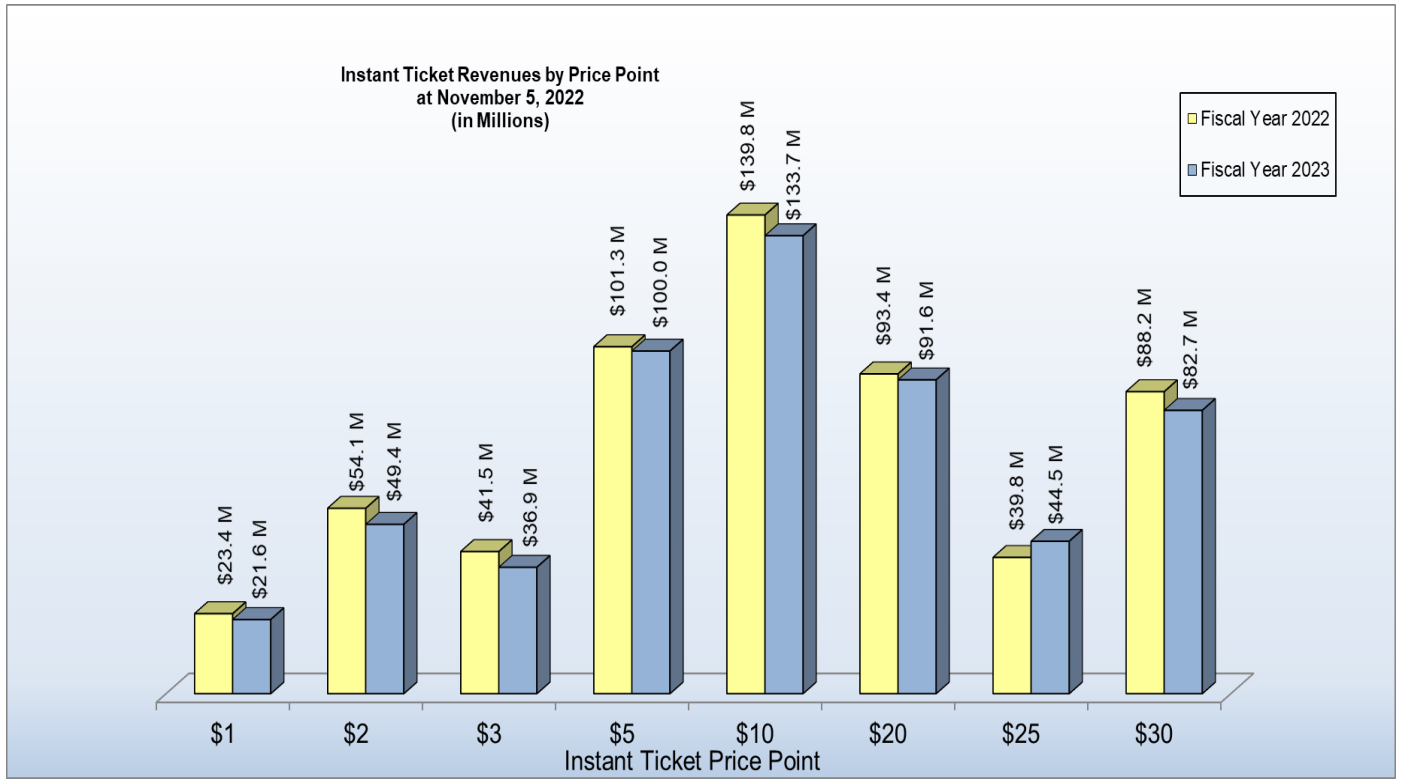
**As of**  
**11/5/2022**  
**(in millions)**

**FY 2023**  
**Projected**  
**Revenue Range**  
**(in millions)**

**INSTANT GAMES**

\$ 560.5

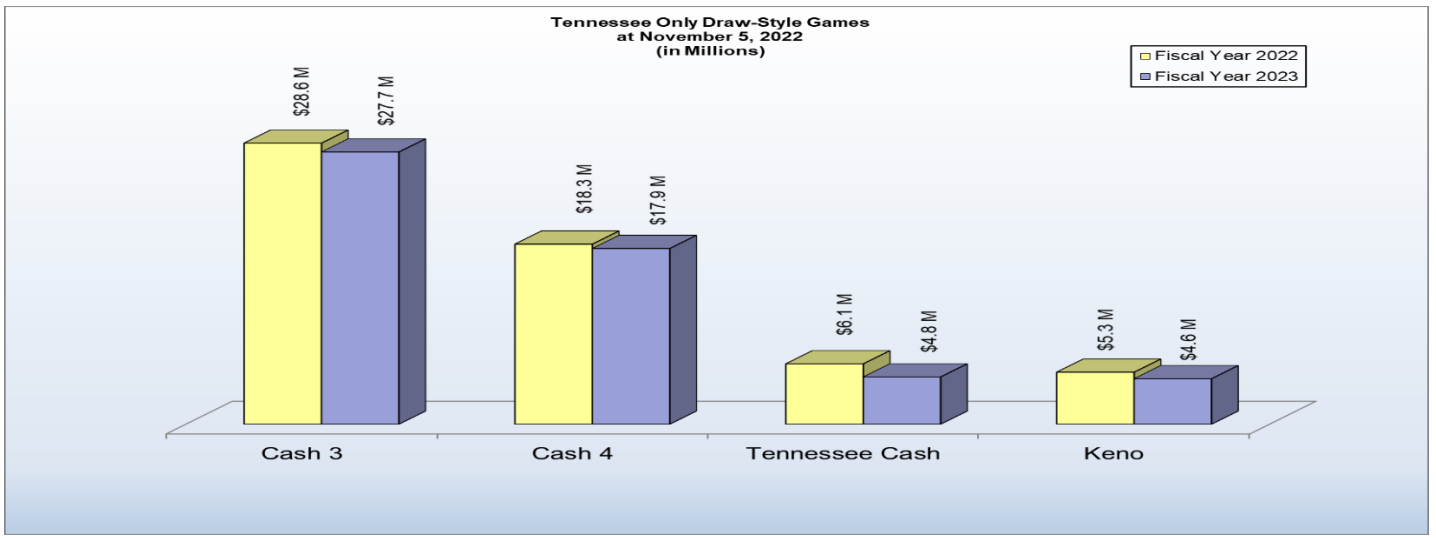
\$1,650 - \$1,690



- *Instant tickets* are 77% of our product mix at November 5, 2022.
- *Instant ticket* revenues were \$560.5 million or \$30.6 million per week through November 5, 2022. For the most recent week, revenues trended up to \$36 million.
- *Instant ticket* revenues are driven primarily by game design (i.e., family game offering, etc.), player price point preferences, prize payouts, and optimization of our retailer distribution network.
- TEL anticipates launching approximately 55 games in this fiscal year.
- *Instant ticket* prize expense is projected at 68% of net instant game revenues for the fiscal year.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	<b>As of 11/5/2022 (in millions)</b>	<b>FY 2023 Projected Revenue Range (in millions)</b>
<b><i>TENNESSEE ONLY DRAWING-STYLE GAMES</i></b>	\$55.1	\$153 - \$156



**Cash 3 and Cash 4**

- *Cash 3* and *Cash 4* games are drawn three (3) times daily, six (6) days a week, and once on Sunday.
- TEL is projecting revenues for these two games in the range of \$126 million and \$128 million for FY 2023.

**Tennessee Cash**

- *Tennessee Cash* is a drawing-style cash jackpot game available only in Tennessee.
- Revenues are driven primarily by the cash jackpots, with an average jackpot cycle of \$600 to \$700 thousand.
- TEL currently projects revenues in FY 2023 to be approximately \$14 million.

**Keno to Go**

- *Keno to Go* is a draw-style game with drawings every 4 minutes.
- TEL projects revenues to be in the range of \$13 million and \$14 million.

**Daily Tennessee Jackpot**

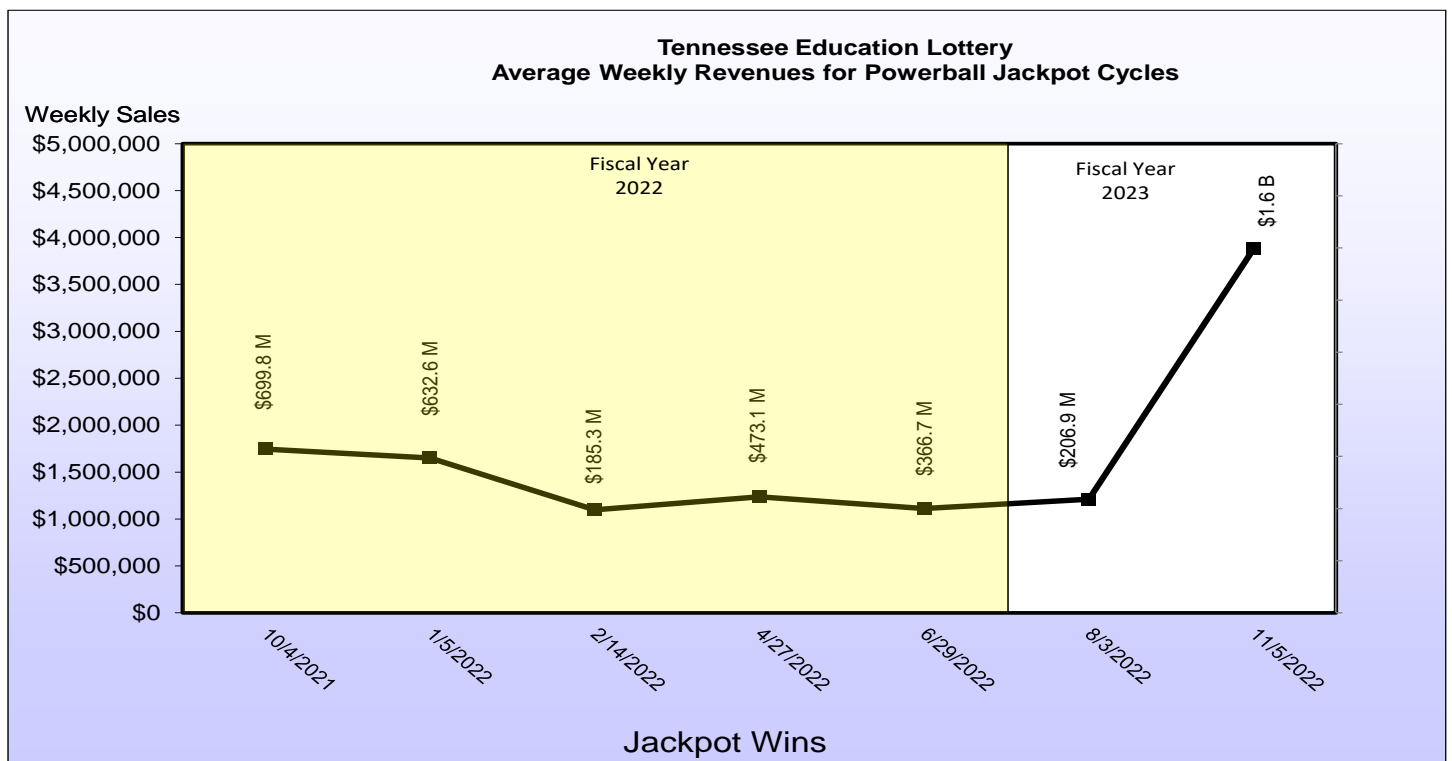
- *Daily Tennessee Jackpot* is a daily draw-style game with nightly drawings.
- The jackpot starts at \$30,000 and rolls daily if no winner.
- Planned launch for this game is mid November 2022.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	<b>As of 11/5/2022 (in millions)</b>	<b>FY 2023 Projected Revenue Range (in millions)</b>
<b><i>MULTI-JURISDICTIONAL GAMES</i></b>	\$115.9	\$217 - \$222

Multi-jurisdictional game revenues, with the exception of *Cash 4 Life*, are directly impacted by the size of the games' jackpots.

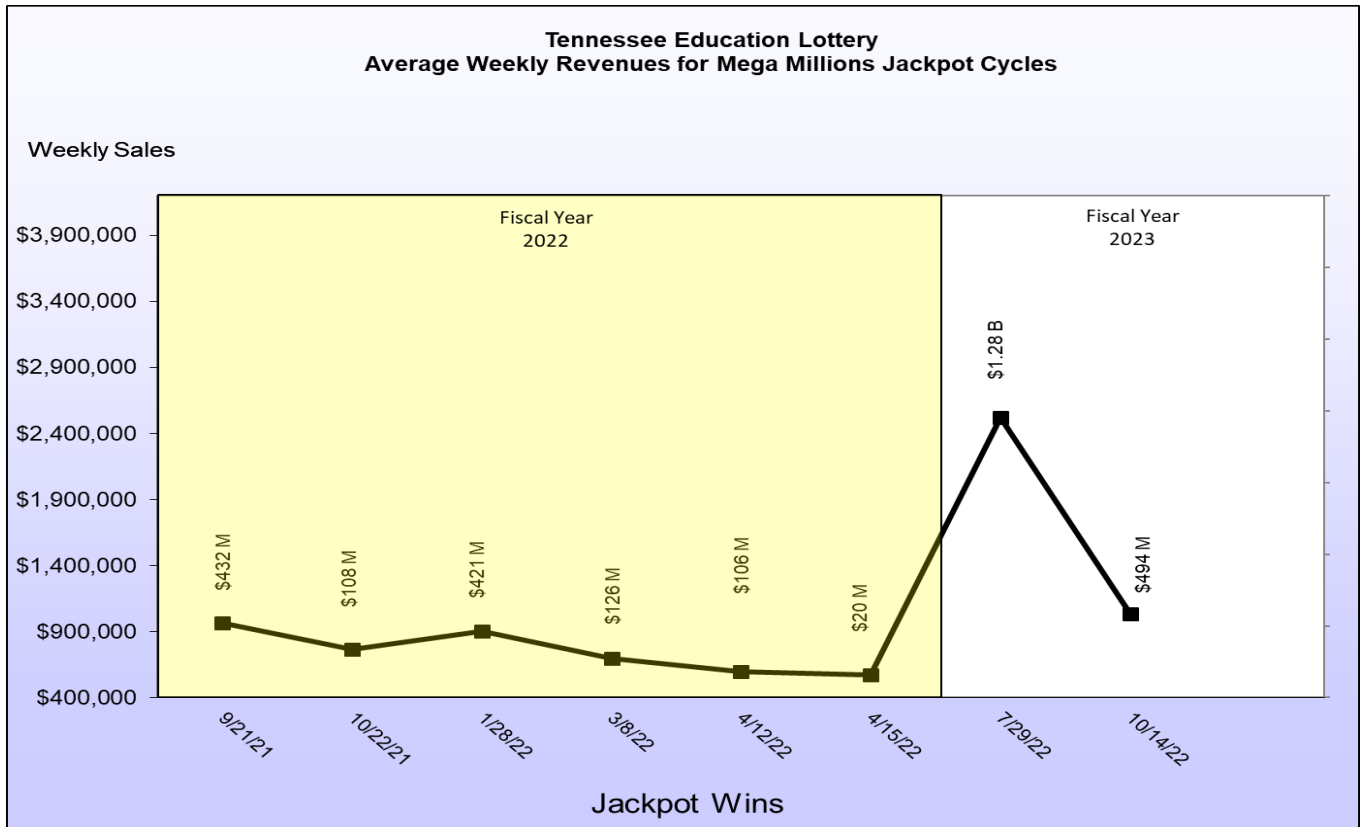
**Powerball**



- *Powerball* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$400 million to \$450 million.
- *Powerball* is currently sold in 48 jurisdictions, including the District of Columbia, Puerto Rico and U.S. Virgin Islands.
- TEL projects revenues in FY 2023 to be in the range of \$120 million and \$123 million, supported by incremental revenues from the current jackpot cycle of \$1.6 billion as of November 5, 2022.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

**Mega Millions**



- *Mega Millions* is a draw-style annuity jackpot game with expected jackpot cycles in the range of \$300 million to \$350 million.
- *Mega Millions* is currently sold in 47 jurisdictions, including the District of Columbia and U.S. Virgin Islands.
- TEL projects revenues in FY 2023 to be in the range of \$70 million and \$72 million, supported by the incremental sales experienced from the \$1.28 billion jackpot in July 2022.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

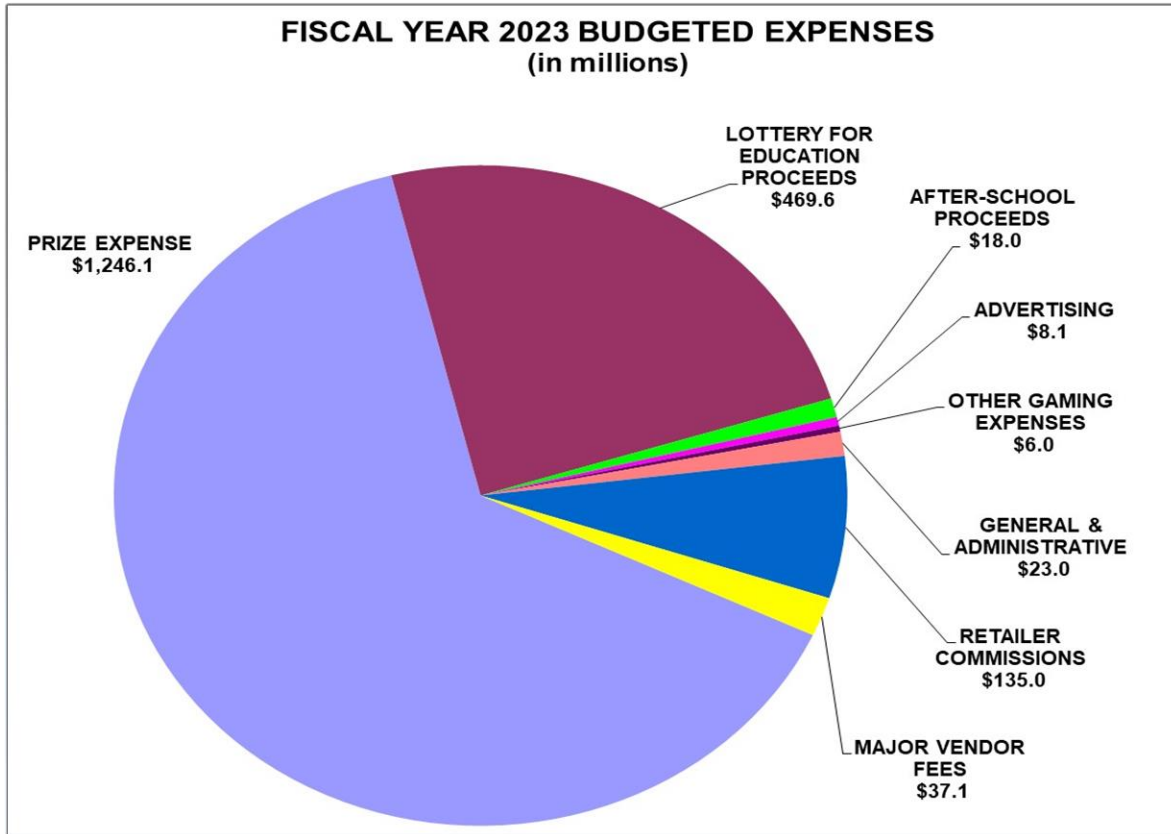
**Lotto America**

- Jackpots for this draw-style game start at \$2 million, with drawings held Monday, Wednesday and Saturday.
- In July 2022, Lotto America added a third drawing on Monday to compliment the Wednesday and Saturday drawings. The added draw should generate incremental sales over time at similar size jackpot cycles.
- *Lotto America* is currently sold in 13 jurisdictions.
- TEL projects revenues in FY 2023 to be in the range of \$14 million to \$15 million.

**Cash 4 Life**

- *Cash 4 Life* is drawn 7 days per week.
- The game is the only drawing-style game that provides two opportunities for a lifetime prize:
  - \* Top Prize is \$1,000 dollars a day for life.
  - \* Second Prize is \$1,000 dollars a week for life.
- *Cash 4 Life* is currently sold in 10 jurisdictions.
- TEL projects revenues in FY 2023 to be approximately \$13 million.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



**Direct Gaming-Related Expenses**

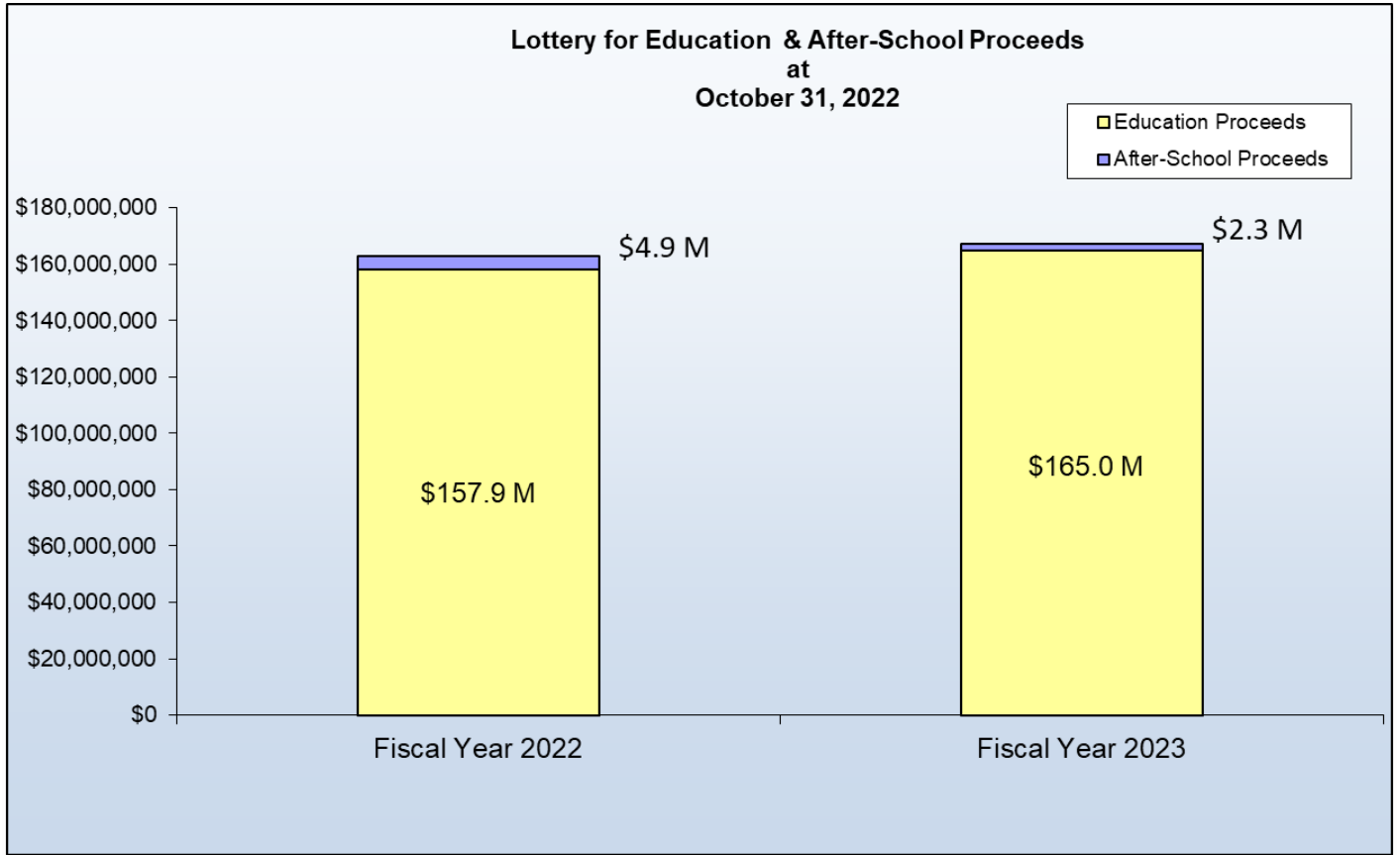
- Aggregate Prize Expense for all Games is budgeted at **\$1.25 billion** or **60.2%** of total revenues.
  - *Instant Games* aggregated prize expense is budgeted at **\$1.07 billion** or **62%** of net instant games' revenue.
  - *Drawing-style Games* aggregated prize expense is budgeted at **\$167.8 million** or **50.3%** of total draw- style games' revenue.
- Retailer commissions are budgeted at **\$135.0 million**.
- Major gaming vendors' fees are budgeted at **\$37.1 million**.

**Non-Direct Expenses**

- Non-direct expenses are budgeted at **\$37.1 million** or **1.8%** of Gross Revenues.
  - Advertising expenses are budgeted at **\$8.1 million**.
  - Other Gaming expenses are budgeted at **\$6.0 million**.
  - General and Administrative expenses are budgeted at **\$23 million**.



**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**



**Lottery for Education Proceeds**

- \$165.0 million as of 10/31/2022
- \$157.9 million as of 10/31/2021

**Projected Fiscal Year 2023**

\$472.6 - \$483.1 million

**After-School Program Proceeds**

- \$2.3 million as of 10/31/2022
- \$4.9 million as of 10/31/2021

**Projected Fiscal Year 2023**

\$18 million

After-School Programs Proceeds are projected based on the TEL’s five-year historical unclaimed prize experience of slightly less than 1.5% of prize expense.

Unclaimed proceeds are significantly impacted by the timing of instant games’ closings and large drawing-style game prizes not claimed.

**TENNESSEE EDUCATION LOTTERY CORPORATION  
ESTIMATION OF TOTAL AND NET LOTTERY PROCEEDS**

	<b>FY 2022 Actuals</b>	<b>FY 2023 Approved Budget</b>	<b>FY 2023 Low Projections</b>	<b>FY 2023 High Projections</b>
Instant Ticket Games	\$ 1,690,804,492	\$ 1,735,446,000	\$ 1,650,395,000	\$ 1,690,446,000
Tennessee Only Draw-Style Games	\$ 161,631,963	\$ 163,000,000	\$ 163,813,000	\$ 166,314,000
Multi Jurisdictional Games	\$ 174,907,732	\$ 170,330,000	\$ 218,774,000	\$ 221,299,000
<b>GROSS TICKET REVENUES</b>	<b>\$ 2,027,344,187</b>	<b>\$ 2,068,776,000</b>	<b>\$ 2,032,982,000</b>	<b>\$ 2,078,059,000</b>
Less: Tickets Provided as Prizes	\$ (143,405,222)	\$ (147,741,000)	\$ (140,535,000)	\$ (143,937,000)
<b>Net Ticket Revenues</b>	<b>\$ 1,883,938,965</b>	<b>\$ 1,921,035,000</b>	<b>\$ 1,892,447,000</b>	<b>\$ 1,934,122,000</b>
<b>Other Revenues</b>	<b>4,154,654</b>	<b>3,945,000</b>	<b>3,945,000</b>	<b>3,945,000</b>
<b>TOTAL LOTTERY PROCEEDS</b>	<b>\$ 1,888,093,619</b>	<b>\$ 1,924,980,000</b>	<b>\$ 1,896,392,000</b>	<b>\$ 1,938,067,000</b>
<b>EXPENSES</b>				
Prize Expense	\$ 1,220,735,637	\$ 1,246,076,000	\$ 1,217,914,000	\$ 1,245,346,000
Retailer Commissions	132,339,569	135,029,000	132,680,000	135,601,000
Vendor Fees	36,282,909	37,157,000	36,121,000	36,948,000
<b>Direct Expense</b>	<b>\$ 1,389,358,115</b>	<b>\$ 1,418,262,000</b>	<b>\$ 1,386,715,000</b>	<b>\$ 1,417,895,000</b>
<b>Non-Direct Expenses</b>	<b>\$ 31,531,895</b>	<b>\$ 37,079,000</b>	<b>\$ 37,079,000</b>	<b>\$ 37,079,000</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,420,890,010</b>	<b>\$ 1,455,341,000</b>	<b>\$ 1,423,794,000</b>	<b>\$ 1,454,974,000</b>
<b>EXCESS UNCLAIMED PROCEEDS</b>	<b>\$ 378,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LOTTERY FOR EDUCATION PROCEEDS</b>	<b>\$ 467,581,609</b>	<b>\$ 469,639,000</b>	<b>\$ 472,598,000</b>	<b>\$ 483,093,000</b>
<b>AFTER SCHOOL PROGRAM PROCEEDS</b>	<b>\$ 18,000,000</b>	<b>\$ 18,000,000</b>	<b>\$ 18,000,000</b>	<b>\$ 18,000,000</b>

**FISCAL YEARS ENDING JUNE 30, 2024, 2025, 2026 and 2027**

	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Total Lottery Proceeds	\$1,929 - \$1,982 Million	\$1,963 - \$2,026 Million	\$1,997 - \$2,072 Million	\$2,032 - \$2,118 Million
Lottery for Education Proceeds	\$480 - \$494 Million	\$489 - \$505 Million	\$497 - \$516 Million	\$506 - \$528 Million
After-School Programs Proceeds	\$18 Million	\$18 Million	\$18 Million	\$18 Million