



Tennessee Education Lottery Corporation

2005 DIVERSITY REPORT

*A Summation of Minority Participation within the
Tennessee Education Lottery Corporation*





Message from the CEO,

Greetings!

It is with great pleasure that we present the Tennessee Education Lottery Corporation's ("TEL") most recent accomplishments in minority business participation with the 2005 Diversity Report.

Again, this year the TEL met and exceeded all statutory and contractual goals. In conjunction with our major vendor partners we continue to make great strides in making the minority community aware of the economic opportunities available with our organization.

We recognize the minority business community as a dedicated and reliable resource and take pride in our associations with them. Minority owned businesses continue to play a major and substantial role in the success of the TEL.

This report reflects the TEL's commitment and sincere efforts to not only maintain existing relationships, but to further enhance its outreach initiatives, to increase the minority vendor base and to raise the amount of dollars spent with minority owned businesses.

We are proud of our record thus far in utilizing minority owned businesses and plan to continue this momentum for many years to come.

A handwritten signature in black ink that reads "Rebecca Graham Paul". The signature is fluid and cursive, with the first name being the most prominent.

Rebecca Graham Paul
President & CEO,
Tennessee Lottery Corporation



Message from the Chairperson,

On behalf of the Minority Business Participation Committee and the entire Board of Directors, I congratulate the staff and management of the Tennessee Education Lottery Corporation ("TEL") and its major vendor partners for another outstanding year of accomplishments in the Equal Business Opportunity Program. ("EBO").

In addition to meeting and exceeding its statutory and contractual goals, the TEL and its partners have participated in numerous support initiatives across the state. Specifically, as co-sponsors of minority vendor expos and workshops and joint ventures with minority business associations, governmental agencies and other community groups, the TEL provided needed support in recruiting and training of minority owned businesses.

While there is no dispute that the TEL is one of the most productive corporations in the history of the state of Tennessee, it is imperative that this organization remains a leader in the area of minority business participation, while furthering educational opportunities for Tennessee students. After all, with less than two years under our belts, we've only just begun!

A handwritten signature in black ink that reads "Marvell Mitchell". The signature is fluid and cursive, with the first name being more prominent.

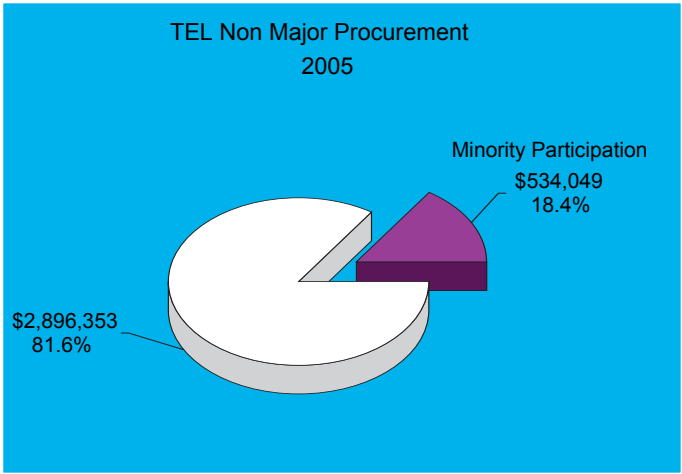
Marvell Mitchell
Chairman,
Minority Business Participation Committee

Board of Directors
Tennessee Lottery Corporation

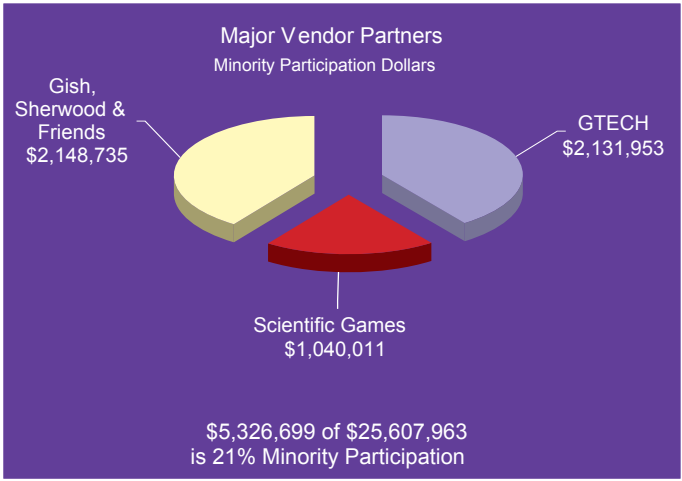
Procurement Contracts

The Tennessee Education Lottery Corporation (the “TEL”) plays a vital role as a part of the state’s business community in raising millions of dollars for educational programs. With more than \$844 million in sales during the 2004-05 fiscal year, the economic impact of the TEL is apparent in its successful association with a variety of entities and businesses throughout Tennessee.

In accordance with the Equal Business Opportunity Plan, the TEL continues to monitor and track the results of its efforts in minority business participation in both major and non major procurement opportunities. The TEL provided training, education and support to minority owned businesses throughout the year, with members of the Board of Directors and corporate staff participating in community activities including co-sponsorships of business expos, procurement training, seminars, governmental joint ventures and legislative activities. In the area of non major procurement (goods, services, gaming and other contracts under \$75,000), the TEL achieved 18.4 % minority participation, again exceeding the statutory minimum goal of 15 %.



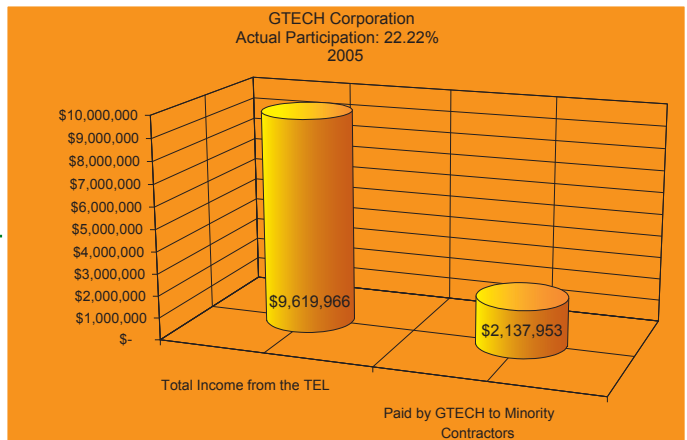
The major procurement vendors, Gish, Sherwood & Friends, Inc., GTECH Corporation, and Scientific Games International exceeded their respective minimum contractual goals. Of the combined total of \$25,607,963 in revenue paid to the major vendors, an overall average of 21% or \$5,326,699 was paid to their minority owned contractors, subcontractors and joint venture partners.



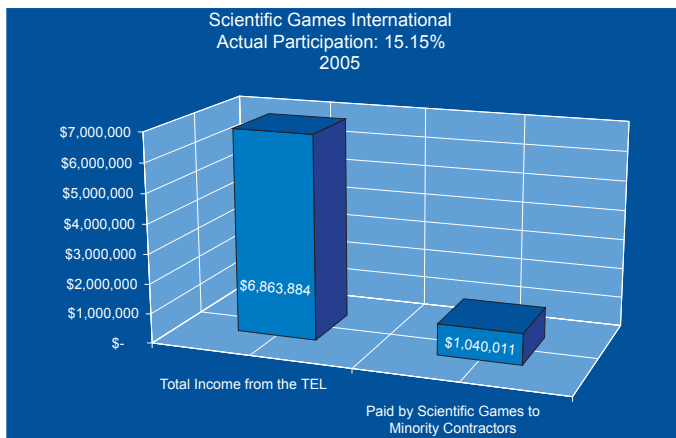
The success of the TEL's EBO program would not have been possible without the advice, encouragement and support of The Advisory Council on Minority Business Participation. This volunteer group of nine citizens (a member from each grand division of the state), met quarterly and provided invaluable feedback and information from the minority business community.

Major Vendor Partners

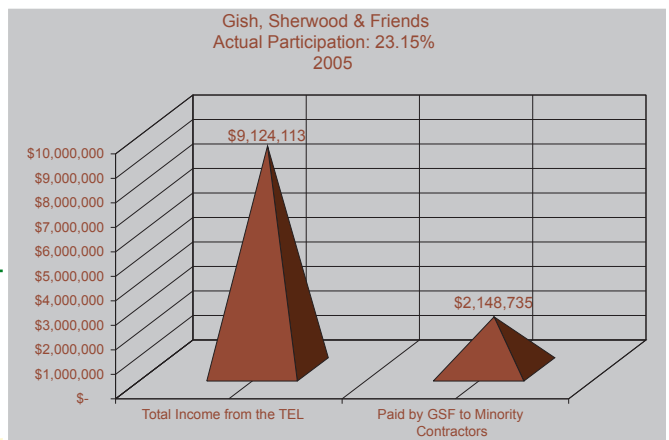
GTECH Corporation



Scientific Games Intl.

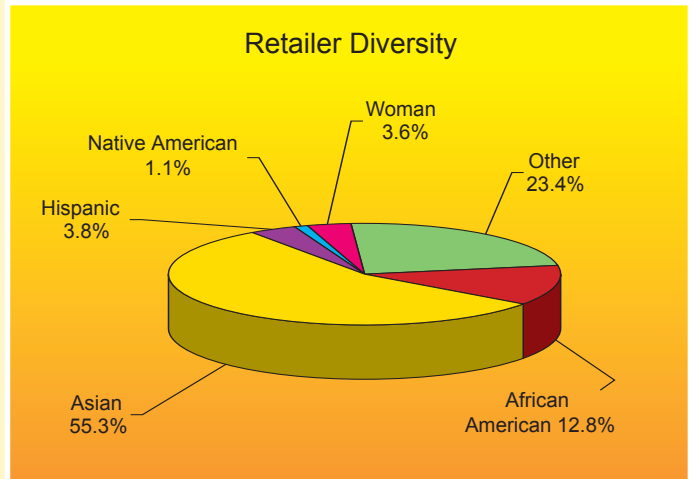


Gish, Sherwood & Friends



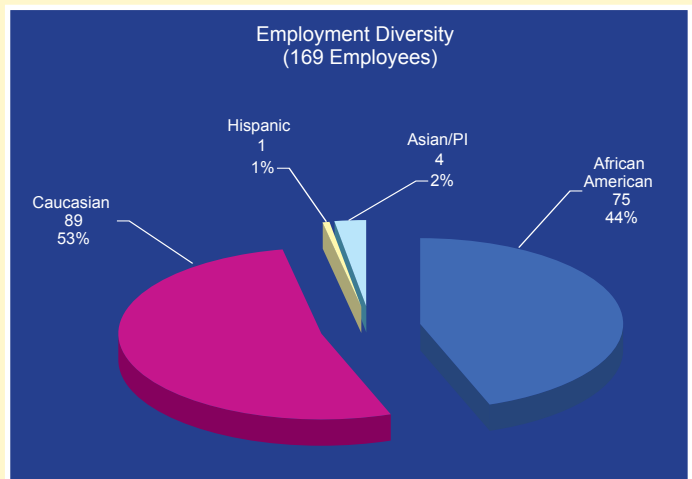
Minority Owned Retailers

As of June 30, 2005, our statistical sampling of approximately 3000 non corporate retailers' responses to the optional identification question regarding minority status indicates that the largest category of minority retailers continues to be Asian at 55.3%, with the second largest category being African-American, at 12.8%.



Employment Diversity

The TEL's greatest asset is its knowledgeable staff. We are proud of the rich diversity of our personnel which significantly enhances our ability to perform in all the communities that we serve throughout the state of Tennessee. As of June 30, 2005, of the 169 employees, 47% were minorities as noted below.



College Internship Program



The TEL provided invaluable experience during the summer of 2005 for another premier group of students from the Historically Black Colleges and Universities in Tennessee as part of the TEL's College Internship Program. The program allows the students to work in the TEL's corporate headquarters and the offices of its major procurement vendors to gain insight into the specialized industry of lotteries as well as to gain corporate experience. The TEL and its major procurement vendors are equally proud of the contributions and successes of these outstanding students. A number of the summer interns have been able to secure part-time employment opportunities within the TEL during the school year, thereby further enhancing the benefits of this very worthwhile partnership with Tennessee's HBCUs.

The 2005 College Internship Program was a great success.

Here's what some of the interns had to say:

"I have truly grown. This internship has shown me what it takes to be a minority in corporate America, while teaching me the importance of our presence. Working in the Legal Services Department was the best experience I could have ever imagined as a rising junior pursuing Law School. The people in my department have both led and guided me through the various tasks at hand. I truly love being educated, and I truly appreciate the Tennessee Education Lottery because they believe in turning young people's dreams into reality. Having this internship has been a dream come true." - Kathleen (Nicole) Battle

"I have enjoyed my employment with the Tennessee Education Lottery. The working environment was very welcoming and I am very appreciative to the Lottery and everyone that helped to make this a comfortable working environment. This was an excellent opportunity and I thank the Lottery for allowing me to work here this summer." - Brian Russell

"This internship has provided me with more than just experience. It has given me a crystal clear illustration of what I need to work for and where I need to be. This experience has taught me that when one does something that they love work is not even work, but personal fulfillment. I have established so many meaningful relationships within the TEL. I am proud to have been a part of a corporation that its purpose is to assist its community. Thank you so much for this opportunity." - Janah Hardwick

All across Tennessee...



HOPE has been rewarded.

As of June 30, the Tennessee Lottery has raised over \$359 million for HOPE scholarships and grants, as well as pre-kindergarten and after-school programs, which benefit tens of thousands of deserving students. And more are on the way.



GISH, SHERWOOD & FRIENDS, INC.

