Message from the President & CEO and the Board Chair

On behalf of the Tennessee Education Lottery Corporation (TEL), we are proud to present an overview of Fiscal Year 2017. This was an outstanding 12-month period that closed with $386.7 Million generated for all Lottery-funded education programs, bringing the total to nearly $4.2 Billion since sales began January 20, 2004.

The number of Lottery-funded awards rose 5.4% over the previous year, from 121,135 to 127,635. These numbers represent the core of the TEL’s mission — to maximize funds for education programs in Tennessee. From the initial HOPE Scholarships, technical school grants and after-school programs, to the recent Tennessee Promise and Tennessee ReConnect initiatives, our state is serving as a role model nationwide for helping make college degrees and certificates a reality for students in Tennessee.

We are proud of our entire team, and we remain committed to the strategies that continue to drive our success.

Education

Since the first awards were given in the fall of 2004, Lottery-funded programs have grown to include 13 different scholarships and grants for Tennessee students seeking higher education, including HOPE Scholarships, Wilder-Naifeh grants and the Governor’s Drive to 55 initiatives.

Lottery monies are also used to fund after-school programs and an energy-efficient schools initiative.

- FY17 contribution: $386.7 Million.
- Total education funding since inception: Nearly $4.2 Billion.

Education Beneficiaries

- $333.8 Million was awarded to 127,635 students in Academic Year 2016–17, including 26,512 students in dual enrollment classes.
- Total number of student awards since inception: More than one million.

More than $13.85 Million in Lottery funds was used to support 72 K-12 after-school programs that served 17,239 students throughout Tennessee.

SOURCE: Tennessee Student Assistance Corporation, Tennessee Department of Education Extended Learning Programs

Where the Money Goes

FISCAL YEAR 2017

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prizes</td>
<td>63%</td>
</tr>
<tr>
<td>Retailers</td>
<td>7%</td>
</tr>
<tr>
<td>Operations</td>
<td>4%</td>
</tr>
<tr>
<td>Education</td>
<td>26%</td>
</tr>
</tbody>
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Diversity and Inclusion

The TEL is committed to a diverse and inclusive workplace, including the active engagement and participation of the minority business community. Strategies to achieve this goal include:

- TEL Advisory Council on Minority Business Participation – A group of business leaders from each of Tennessee’s three grand divisions that provides insight and helps guide economic development and education strategies for minority-owned businesses.

- Wanda Young Wilson Summer Internship Program – An annual 10-week paid internship program that offers professional corporate training and work experience for students attending Tennessee’s Historically Black Colleges & Universities.

- TEL Workforce Diversity – The Lottery’s workforce continues to represent an impressive level of diversity. Of the cumulative total of 162 TEL employees during Fiscal Year 2017, 53% were women; 47% were men; 48% were minority; and 52% were non-minority.

- Equal Business Opportunity Program – The Lottery and its major procurement vendors continued to maximize minority business participation during Fiscal Year 2017 as follows:
  - The Buntin Group – 17% or $1,053,434.55
  - IGT – 21% or $4,088,786
  - Scientific Games – 18% or $2,136,539.71
  - TEL – 27% or $668,858

For more details regarding TEL’s FY17 financial performance and review of the FY17 Audit Report, visit http://www.tnlottery.com/aboutus/2017_Annual_Report.aspx
Board of Directors

By statute, a seven-member Board of Directors, appointed by the Governor and confirmed by the General Assembly, provides governance and sets overall policy.

Fiscal Year 2017

Susan Lanigan  
Chair

William Carver  
Vice Chair

Roy Harmon, Jr.  
Cordia Harrington  
Pearl Shaw  
James Robinson III

Management

The FY17 TEL Team included 162 dedicated professionals working throughout the following divisions:

Executive: Rebecca Hargrove  
President and Chief Executive Officer

The President and CEO also oversees all daily operations, develops a broad vision for the Corporation, and ensures the Lottery achieves its mission of maximizing revenues for education. This division also includes:

Legislative and Government Affairs

Internal Controls: Reports directly to the Board of Directors, monitors internal controls to ensure integrity and accountability in TEL operations.

The President and CEO also oversees the Executive Management Team, which includes:

Legal: Wanda Young Wilson  
Chief Operating Officer and General Counsel

Human Resources, Legal Services, Security, Retailer Contract Administration, Corporate Services, Equal Business Opportunity Program

Advertising, Marketing and Corporate Affairs: Lou Ann Russell  
Executive Vice President

Advertising, Events and Sponsorships, Retail and Digital Marketing, Internal and External Communications, Player Services

Sales: Sidney Chambers  
Executive Vice President

Sales, Retailer Sales and Services, Corporate Accounts, Warehouse Management and Distribution, District Offices

Finance and Information Systems: Andy Davis  
Chief Financial and Information Systems Officer

Accounting, Prize Payments, Retailer Receivables, Purchasing, Fleet Management, Gaming Systems and Drawings, Software Services, Quality Assurance
**Prizes**

During Fiscal Year 2017, Tennessee Lottery players won $962.2 Million in prizes, including the “Tennessee 20,” a group of co-workers who won a $420.9 Million Powerball jackpot on November 26, 2016; and a Knoxville player who won a Hot Lotto jackpot of $5.5 Million on August 10, 2016.

There were 25 winning tickets sold worth $1 Million or more each during the Fiscal Year, bringing the total to 214 since the TEL began.

Total prizes won since inception: More than $11.5 Billion

**Retailers**

The TEL’s network of more than 5,000 retailers throughout the state is the primary conduit between the Corporation and Lottery players.

- During Fiscal Year 2017, 5,074 retailers earned more than $105.1 Million in retailer commissions and incentives.
- Total earned since inception: More than $1 Billion.

The TEL Retailer Advisory Board, a diverse group of retailers that represents a variety of trade styles, continued to provide valuable feedback and insight to help recruit and maintain a dynamic retailer network.

**Corporate Social Responsibility**

In addition to raising funds for education programs, the Tennessee Lottery is committed to its role as a socially responsible Corporation. Strategies to fulfill this pledge include:

- A Responsible Gaming program that received a prestigious Level 3 Responsible Gaming Certification from the World Lottery Association
- An environmentally conscious workplace and anti-litter program
- Diversity and inclusion initiatives
- Social action projects benefiting the community
- Employee programs to encourage professional growth

**Sales**

- Instant games continued to be the most popular with players, and instant sales increased to $1.331 Billion, 2.1% higher than the previous year.
- TEL Tennessee-only drawing-style games were up collectively 3.4% over the prior year.
- Total gross sales for FY17: $1.611 Billion.
- Total sales since inception: More than $16.6 Billion.

**Instant Games**

- Powerball: $102,339,000
- Mega Millions: $37,010,000
- Hot Lotto: $11,708,000
- Cash 4 Life: $11,091,000
- Cash 3: $63,374,000
- Cash 4: $37,685,000
- TN Cash: $16,539,000
- Cash 5: $37,685,000
- Cash 4 Life: $11,091,000
- Cash 3: $63,374,000
- Powerball: $102,339,000
- Mega Millions: $37,010,000

**Contact Us:**

For more information, visit tnlottery.com or call 615-324-6500.
Follow us on Facebook, Twitter & Instagram.