

MESSAGE FROM THE DIRECTOR



Nancy A. Palumbo
Director, New York Lottery

On behalf of the New York Lottery and our 16,000 retail partners statewide, it is with great pride that I present the New York Lottery's Annual Report for fiscal year 2005 - 2006.

The New York Lottery continues to break records, closing fiscal year 2005 - 2006 with revenues of \$6.8 billion and earning over \$2.2 billion in aid for primary and secondary education in New York State. This represents a 6.8% increase over last year's contribution and the Lottery's fifth year in a row of record revenues and aid to education earnings.

Innovative game designs and strategic partnerships combined with a continued focus on operational efficiency have helped the Lottery achieve yet another milestone in its rich 39-year history, bringing total revenue for education since New Yorkers voted the Lottery into existence to more than \$29 billion. I would like to congratulate the Lottery's dedicated network of independent and corporate-owned businesses for helping us increase revenue by 8.5% and helping the New York Lottery set a new North American record in revenues for education.

Lottery winners were awarded more than \$3.85 billion in prizes from the wide variety of games the Lottery offers, from draw games like Lotto and Mega Millions to Instant Games like Win For Life and Cashword. In addition, the New York Lottery partnered with Universal Studios this year to bring New Yorkers the highly successful King Kong games which provided

bigger prizes and more winners than ever before on any one game.

Lottery players aren't the only winners. The New York Lottery's support of programs such as the Governor Hugh L. Carey Empire State Games, the New York Lottery Leaders of Tomorrow Scholarships, Educator of the Week and our partnerships with public television stations across the state, supporting EdVideo Online and the State University of New York's Regents Review Live, benefits educators and schoolchildren above and beyond our traditional aid to education contribution.

I invite you to review this report which highlights in detail how your local community benefited from the Lottery's achievements of the past year. If you still have questions after reading this report, please visit our website at nylottery.org, call us at 518-388-3415 or email questions@lottery.state.ny.us.

We look forward to another successful year at the New York Lottery. With your continued support, we can raise even more revenue for education in New York State in the coming year. Thank you for your interest in the New York Lottery.

Sincerely,

Nancy A. Palumbo
Director, New York Lottery



RAISING BILLIONS
TO EDUCATE MILLIONS

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The Leaders of Tomorrow Scholarships program offers \$4,000, paid in \$1,000 annual increments, to one graduating high school senior from every participating high school in New York State. The scholarship may be applied toward the cost of attendance at any New York accredited college, university, trade school or community college. For more information, visit nylottery.org/lot.



The New York Lottery proudly supports the Governor Hugh L. Carey Empire State Games, the nation's first and largest state-run amateur athletic competition. Each year the Games attract more than 6,500 of New York's finest athletes to compete in the Summer Games. More than 1,200 athletes put their skills to the test in the Winter Games while the Senior and Physically Challenged Games attract more than 2,000 and 1,200 athletes, respectively. The Games embody Governor Pataki's belief that learning doesn't take place solely in the classroom, but in gymnasiums and athletic fields as well. The Games promote the values of hard work and fair play. To learn more, go to nylottery.org/eswg.



The New York Lottery Educator of the Week program publicly recognizes the accomplishments of the state's outstanding teachers and school administrators. The Lottery partners with TV stations across New York to broadcast the winning efforts of these educators right in their own communities. For a complete list of New York Lottery Educator of the Week stations and the Lottery's 255 Educators of the Week for 2006, check out nylottery.org/eotw.



The New York Lottery is pleased to be a major sponsor of EdVideo Online, the New York State Association of Public Broadcasting Stations' online video service for every K-12 school, teacher, and student in New York State. Serving 262,000 public and nonpublic school educators, and reaching New York State's 3.3 million students, EdVideo Online provides access to streaming and downloadable video aligned to state and national educational standards, with accompanying lesson plans and classroom resources.



Once again the New York Lottery is a proud sponsor of the State University of New York's Regents Review Live series. This 13-part interactive television series is designed to assist students who are preparing for statewide Regents Exams in June, August and January of each academic year.



HOW MUCH DID YOUR COUNTY RECEIVE?

FISCAL YEAR 2005-06

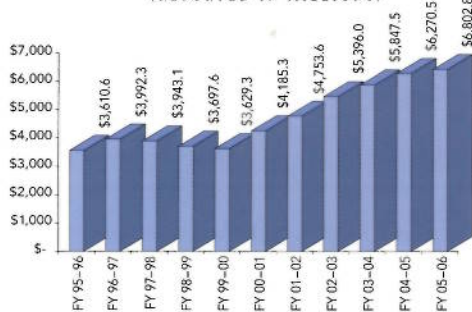
COUNTY	LOTTERY AID	COUNTY	LOTTERY AID	COUNTY	LOTTERY AID	COUNTY	LOTTERY AID
Albany County	\$32,381,103.48	Franklin County	\$9,237,609.87	Oneida County	\$40,763,495.56	Seneca County	\$5,266,473.48
Allegany County	\$9,374,112.87	Fulton County	\$10,304,786.74	Onondaga County	\$78,114,091.06	Steuben County	\$19,546,339.99
Broome County	\$33,500,481.17	Genesee County	\$11,306,279.34	Ontario County	\$16,737,422.05	Suffolk County	\$151,483,654.20
Cattaraugus County	\$17,156,476.10	Greene County	\$5,900,491.67	Orange County	\$58,943,010.35	Sullivan County	\$8,747,714.57
Cayuga County	\$11,951,892.96	Hamilton County	\$92,485.00	Orleans County	\$9,284,582.73	Tioga County	\$9,944,393.39
Chautauqua County	\$25,397,959.01	Herkimer County	\$11,734,077.52	Oswego County	\$26,062,435.43	Tompkins County	\$10,741,251.55
Chemung County	\$14,327,056.91	Jefferson County	\$19,562,757.85	Otsego County	\$9,000,690.69	Ulster County	\$21,506,408.28
Chenango County	\$11,426,114.01	Lewis County	\$5,072,671.79	Putnam County	\$7,032,928.17	Warren County	\$8,225,894.01
Clinton County	\$13,783,887.60	Livingston County	\$10,045,600.01	Rensselaer County	\$22,743,619.58	Washington County	\$11,746,166.80
Columbia County	\$6,824,213.75	Madison County	\$12,320,512.47	Rockland County	\$14,308,939.49	Wayne County	\$18,596,402.41
Cortland County	\$8,455,775.76	Monroe County	\$119,349,799.41	Sr. Lawrence County	\$18,778,442.12	Westchester County	\$38,856,997.89
Delaware County	\$5,733,294.33	Montgomery County	\$8,680,099.92	Saratoga County	\$29,852,382.01	Wyoming County	\$5,722,226.13
Dutchess County	\$31,094,455.38	Nassau County	\$72,431,115.45	Schenectady County	\$22,538,487.24	Yates County	\$2,485,110.49
Erie County	\$140,483,610.80	New York City*	\$910,358,677.24	Schoharie County	\$5,316,594.22		
Essex County	\$2,656,408.71	Niagara County	\$36,256,466.45	Schuyler County	\$2,433,569.54		

The above amounts are based on the New York State Education Department's Division of Aid to Localities for Education from the State Lottery Fund as stated in the New York State Budget. For a complete listing, contact the Lottery Communications Office at 518-388-3415. *Includes Bronx, Queens, Kings, New York and Richmond counties.

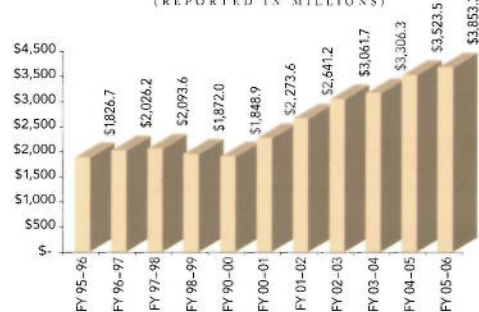
NEW YORK LOTTERY FINANCIAL SUMMARY

FISCAL YEAR 2005-06

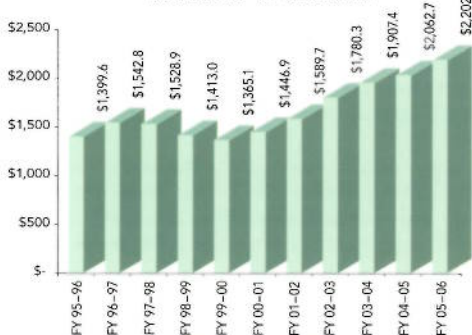
LOTTERY REVENUE, NET
(REPORTED IN MILLIONS)



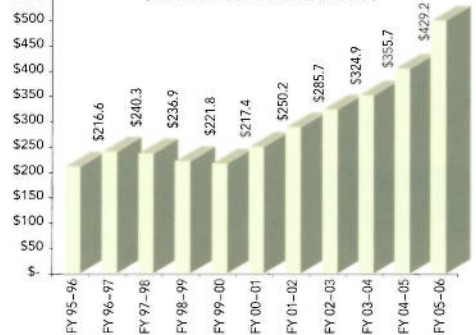
PRIZES AWARDED
(REPORTED IN MILLIONS)



AID TO EDUCATION
(REPORTED IN MILLIONS)

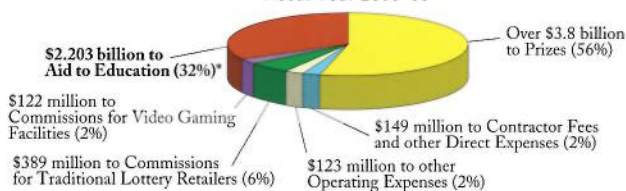


RETAILER COMMISSIONS
(REPORTED IN MILLIONS)

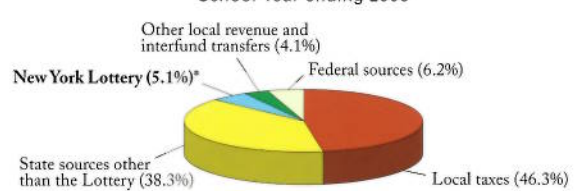


INVESTING IN THE FUTURE

Where do Lottery revenues go?
Fiscal Year 2005-06



Where do schools get their money?
School Year ending 2006



*Since 1967 the New York Lottery has surpassed \$29 billion in support for education statewide, including \$2.203 billion in fiscal year 2005-2006. The amount of funds disbursed by the education department, under the state budget process, is based upon the estimated Lottery earnings at the time of budget passage. In the event Lottery earnings exceed budget estimates, those additional funds become part of the next year's Lottery aid distribution. Based on preliminary data received from State Education Department, June 2006.

If you have questions about this report or require additional financial information, contact the Communications Office at the New York Lottery, One Broadway Center, P.O. Box 7500, Schenectady, NY 12301-7500, call 518-388-3415, visit us at nylottery.org or email questions@nylottery.state.ny.us.

www.nylottery.org ©2006 New York Lottery. You must be 18 or older to play Lottery games. The New York Lottery's financial statements are audited by KPMG, LLP.