

OREGON STATE LOTTERY
 Operating Statement Summary
 For the Month Ending February 29, 2008
 In Thousands

	Traditional Lottery				Video Lottery				Total			
	Current period actual	Current period budget*	Last Year's period actual	Variance Actual vs. budget	Current period actual	Current period budget*	Last Year's period actual	Variance Actual vs. budget	Current period actual	Current period budget*	Last Year's period actual	Variance Actual vs. budget
Revenue	28,318	\$ 26,614	\$ 26,911	\$ 1,704	\$ 1,030,213	\$ 991,615	\$ 1,014,751	\$ 38,598	\$ 1,058,530	\$ 1,018,229	\$ 1,041,662	\$ 40,301
Prizes	18,361	17,541	17,958	(820)	954,324	918,533	942,956	(35,791)	972,686	936,074	960,914	(36,612)
Net revenue	\$ 9,956	\$ 9,073	\$ 8,954	\$ 883	\$ 75,888	\$ 73,082	\$ 71,794	\$ 2,806	\$ 85,845	\$ 82,155	\$ 80,748	\$ 3,690
Direct expenses	4,215	3,947	4,134	(268)	19,073	19,940	18,449	868	23,288	23,887	22,584	600
Indirect revenue/expenses	294	385	270	91	2,905	3,990	2,989	1,085	3,199	4,375	3,260	1,176
Net profit	\$ 5,448	\$ 4,741	\$ 4,549	\$ 707	\$ 53,911	\$ 49,152	\$ 50,355	\$ 4,759	\$ 59,358	\$ 53,893	\$ 54,905	\$ 5,465

Percentages of Distributable Revenue For Current Month:

Prizes	64.6%	65.7%	66.7%	92.5%	92.6%	92.9%	91.8%	91.9%	92.2%
Administrative Expenses	16.2%	16.5%	16.4%	2.2%	2.5%	2.1%	2.6%	2.9%	2.5%

*FY 2008 is based upon the March 2008 forecast

OREGON STATE LOTTERY
 Operating Statement
 For the Month Ending February 29, 2008
 Net Revenue Basis

	<u>Traditional Lottery</u>	<u>% of Net Revenue</u>	<u>Video Lottery</u>	<u>% of Net Revenue</u>	<u>Total Lottery</u>	<u>% of Net Revenue</u>
Revenue						
Scratch-Its SM	10,479,151			\$	10,479,151	
Breakopen	76,054			76,054		
Megabucks SM	2,970,872			2,970,872		
Powerball [®]	4,799,890			4,799,890		
Sports Action SM	-			-		
Keno	9,180,482			9,180,482		
Pick 4 SM	108,184			108,184		
Win For Life SM	538,482			538,482		
Scoreboard SM	-			-		
Lucky Lines SM	164,620			164,620		
Video Lottery SM (Gross Receipts)	-		1,030,212,748	1,030,212,748		
TOTAL	28,317,734		1,030,212,748	\$ 1,058,530,482		
Prize Expense	18,361,382		964,324,323	972,685,685		
Net Revenue	9,956,372	100	75,888,426	100	\$ 85,844,798	100
Direct Expenses						
Commissions	2,450,711	25	17,126,496	23	\$ 19,577,207	23
Game Vendor Charges	626,633	6	157,603	0	784,236	1
Tickets	377,165	4	-	0	377,165	0
Advertising	662,276	7	(850)	(0)	661,426	1
Sales Support	64,202	1	-	0	64,202	0
Game Equipment, Parts & Maintenance	17,807	0	187,952	0	205,759	0
Research	-	0	-	0	-	0
Research & Development	-	0	88,635	0	88,635	0
Capital Lease Interest	-	0	-	0	-	0
Depreciation	16,383	0	1,512,811	2	1,529,194	2
TOTAL	4,215,177	42	19,072,647	25	\$ 23,287,824	27
Gross Profit	5,741,195	58	56,815,779	75	\$ 62,556,974	73
Contribution Margin	9.18%		90.82%		100.00%	
Indirect Revenue						
Legal Settlements	-	0	-	0	\$ -	0
Gain on Sale of Investments	-	0	-	0	-	0
Other Income	101,243	1	1,001,913	1	1,103,156	1
TOTAL	101,243	1	1,001,913	1	\$ 1,103,156	1
Indirect Expenses						
Public Information	30,162	0	298,486	0	\$ 328,648	0
Personal Services	270,652	3	2,678,413	4	2,949,065	3
Services & Supplies	75,163	1	743,824	1	818,987	1
Depreciation	18,829	0	186,339	0	205,169	0
TOTAL	394,806	4	3,907,062	5	\$ 4,301,869	5
Net Profit	5,447,631	55	53,910,630	71	\$ 59,358,260	69

OREGON STATE LOTTERY
 Supplemental Schedule of
 Services and Supplies Expenses
 For the Month Ending February 29, 2008

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 2,390	\$ 3,254	\$ 863	\$ 23,653	\$ 32,197	\$ 8,545	\$ 26,043	\$ 35,451	\$ 9,408
Office Expenses	6,640	6,170	(469)	65,708	61,064	(4,644)	72,348	67,234	(5,114)
Telecommunications Network	7,420	(214)	(7,634)	73,430	(2,113)	(75,543)	80,850	(2,327)	(83,177)
Telecommunications	3,783	6,189	2,405	37,441	61,243	23,803	41,224	67,432	26,208
Intergovernmental Charges	6,619	6,727	108	65,503	66,576	1,073	72,122	73,303	1,181
Technology Expenses	7,671	10,766	3,095	75,910	106,541	30,631	83,581	117,307	33,726
Professional Services	23,608	33,866	10,258	233,626	335,143	101,517	257,233	369,009	111,776
Staff Training	2,990	3,201	211	29,593	31,676	2,083	32,583	34,877	2,294
Facilities	4,478	3,747	(731)	44,314	37,085	(7,230)	48,792	40,832	(7,960)
Facilities Maintenance	2,481	2,019	(463)	24,557	19,979	(4,578)	27,038	21,998	(5,040)
Other Services & Supplies	2,859	2,853	(7)	28,297	28,230	(67)	31,156	31,083	(73)
Fleet Expenses	6,158	6,583	425	60,941	65,149	4,208	67,099	71,732	4,633
Supplier Diversity	-	68	68	-	677	677	-	745	745
TOTAL	\$ 77,098	\$ 85,230	\$ 8,129	\$ 762,971	\$ 843,446	\$ 80,475	\$ 840,069	\$ 928,676	\$ 88,607
Less Non Distributable Revenue	(1,935)	-	1,935	(19,147)	-	19,147	(21,082)	-	21,082
AMOUNT REPORTED	\$ 75,163	\$ 85,230	\$ 10,064	\$ 743,824	\$ 843,446	\$ 99,622	\$ 818,987	\$ 928,676	\$ 109,689

OREGON STATE LOTTERY
 Operating Statement
 Year-to-Date Through February 29, 2008
 Net Revenue Basis

	Total Lottery				Variance				
	Traditional Lottery	% of Net Revenue	Video Lottery	% of Net Revenue	Actual	Budget*	% of Net Revenue	Favorable / Unfavorable	Variance %
Revenue									
Scratch-Its SM	\$ 84,286,632		-		\$ 84,286,632	\$ 84,459,000		\$ (173,368)	(0)
Breakopen	621,831		-		621,831	622,000		(169)	0
Megabucks SM	25,253,505		-		25,253,505	25,326,000		(72,496)	(0)
Powerball [®]	35,266,367		-		35,266,367	34,323,000		943,367	3
Sports Action SM	-		-		-	-		-	n/a
Keno	72,544,256		-		72,544,256	72,463,000		81,256	0
Pick 4 SM	949,775		-		949,775	957,000		(7,225)	(1)
Win For Life SM	4,396,882		-		4,396,882	4,333,000		63,882	2
Scoreboard SM	-		-		-	-		-	n/a
Lucky Lines SM	1,536,464		-		1,536,464	1,521,000		15,464	1
Video Lottery SM (Gross Receipts)	-		7,972,335,340		7,972,335,340	7,958,260,000		14,075,340	0
TOTAL	\$ 224,854,712		\$ 7,972,335,340		\$ 8,197,190,052	\$ 8,182,264,000		\$ 14,926,052	0
Prize Expense	146,400,355		7,384,957,991		7,531,358,346	7,518,851,000		(12,507,346)	0
Net Revenue	\$ 78,454,357	100	\$ 587,377,349	100	\$ 665,831,706	\$ 663,413,000	100	\$ 2,418,706	0
Direct Expenses									
Commissions	\$ 19,553,991	25	\$ 146,637,828	25	\$ 166,191,819	\$ 169,109,000	25	\$ 2,917,181	2
Game Vendor Charges	4,939,501	6	1,260,824	0	6,200,325	6,141,824	1	(58,501)	(1)
Tickets	2,714,936	3	-	0	2,714,936	3,268,000	0	553,064	17
Advertising	6,069,399	8	116,930	0	6,186,320	7,308,795	1	1,122,475	15
Sales Support	851,836	1	-	0	851,836	1,386,064	0	534,228	39
Game Equipment, Parts & Maintenance	71,433	0	1,610,584	0	1,682,017	3,845,160	1	2,163,143	56
Research	144,767	0	128,283	0	273,049	281,208	0	8,159	3
Research & Development	49,650	0	132,270	0	181,920	203,502	0	21,582	11
Depreciation	131,072	0	14,509,922	2	14,640,994	15,923,665	2	1,282,671	8
Total Direct Expenses	\$ 34,526,575	44	\$ 164,386,642	28	\$ 198,923,217	\$ 207,467,218	30	\$ 8,544,001	4
Gross Profit	\$ 43,927,782	56	\$ 422,990,707	72	\$ 466,908,489	\$ 455,945,782	70	\$ 10,962,707	(2)
Contribution Margin	9.41%		90.59%		100.00%	N/A		N/A	
Indirect Revenue									
Gain on Sale of Investments	\$ -	0	\$ -	0	\$ -	\$ -	0	\$ -	n/a
Legal Settlements	-	0	-	0	-	-	0	-	n/a
Other Income	863,589	1	8,315,499	1	9,179,088	6,488,767	1	2,690,321	42
Total Indirect Revenue	\$ 863,589	1	\$ 8,315,499	1	\$ 9,179,088	\$ 6,488,767	1	\$ 2,690,321	42
Indirect Expenses									
Public Information	\$ 249,093	0	\$ 2,398,518	0	\$ 2,647,611	\$ 4,086,817	1	\$ 1,438,206	35
Personal Services	2,101,941	3	20,239,590	3	22,341,531	25,093,236	4	2,751,705	11
Services & Supplies	517,127	1	4,979,421	1	5,496,549	7,531,158	1	2,034,609	27
Depreciation	151,078	0	1,454,726	0	1,603,803	1,766,258	0	160,455	9
Total Indirect Expenses	\$ 3,019,239	4	\$ 29,072,265	5	\$ 32,091,494	\$ 38,476,469	6	\$ 6,384,975	17
Net Profit	\$ 41,772,132	53	\$ 402,223,951	68	\$ 443,996,083	\$ 423,958,060	64	\$ 20,038,003	5

*FY 2008 is based upon the March 2008 forecast

OREGON STATE LOTTERY

Supplemental Schedule of Services and Supplies Expenses
Year-to-Date Through February 29, 2008

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 16,185	\$ 26,682	\$ 10,497	\$ 155,845	\$ 256,926	\$ 101,081	\$ 172,030	\$ 283,608	\$ 111,578
Office Expenses	46,012	50,604	4,592	443,052	487,268	44,216	489,064	537,872	48,808
Telecommunications Network	(1,971)	(1,751)	220	(18,974)	(16,865)	2,109	(20,945)	(18,616)	2,329
Telecommunications	34,019	50,753	16,734	327,570	488,703	161,133	361,589	539,456	177,867
Intergovernmental Charges	64,678	64,745	67	622,783	623,429	646	687,461	688,174	713
Technology Expenses	62,259	88,292	26,033	599,492	850,164	250,672	661,751	938,456	276,705
Professional Services	170,647	277,737	107,090	1,643,164	2,674,335	1,031,171	1,813,811	2,952,072	1,138,261
Staff Training	15,491	26,250	10,759	149,163	252,766	103,603	164,654	279,016	114,362
Facilities	30,597	30,733	136	294,618	295,923	1,305	325,215	326,656	1,441
Facilities Maintenance	12,046	16,557	4,511	115,989	159,427	43,438	128,035	175,984	47,949
Other Services and Supplies	15,544	23,395	7,851	149,677	225,269	75,592	165,222	248,664	83,442
Fleet Expenses	44,112	53,990	9,878	424,755	519,866	95,111	468,867	573,856	104,989
Supplier Diversity	28	561	533	272	5,399	5,127	300	5,960	5,660
TOTAL	\$ 509,647	\$ 708,548	\$ 198,901	\$ 4,907,406	\$ 6,822,610	\$ 1,915,204	\$ 5,417,054	\$ 7,531,158	\$ 2,114,104
Less Non Distributable Revenue	7,479	-	(7,479)	72,016	-	(72,016)	79,495	-	(79,495)
AMOUNT REPORTED	\$ 517,126	\$ 708,548	\$ 191,422	\$ 4,979,422	\$ 6,822,610	\$ 1,843,188	\$ 5,496,549	\$ 7,531,158	\$ 2,034,609

KEY FINANCIAL POINTS OF INTEREST - Year-to-Date Activity

	1/31/2008		2/29/2008	
	Traditional	Video	Traditional	Video
Analysis of Percentages:				
Prizes	64.9%	92.5%	64.9%	92.5%
Administration	16.7%	2.5%	16.6%	2.4%

	1/31/2008	2/29/2008
	Accounts Receivable Aging:	
Current	\$ 15,951,265	\$ 21,229,246
Over 30 Days	9,057	2,178
Over 60 Days	(5)	1,313
Over 90 Days	367,575	363,129
Total	<u>\$ 16,327,892</u>	<u>\$ 21,595,865</u>

Allowance for Doubtful Accounts \$ 367,575 \$ 363,129

OREGON STATE LOTTERY
Balance Sheet
As of February 29, 2008

ASSETS

Current Assets

Cash	\$ 207,744,185
Cash With Fiscal Agent	2,585,896
Investments for Prize Payments at Fair Value	13,666,685
Test Cash	10,264
Accounts Receivable-Games -	
Net of Allowance for Doubtful Accounts of \$363,129	21,595,865
Accounts Receivable-Other	1,414,919
Interest Receivable	-
Ticket Inventory	2,385,768
Prepaid Expenses	1,106,713
Total Current Assets	\$ 250,510,295

Non-Current Assets

Investments for Prize Payments at Fair Value	\$ 100,758,624
Equipment -	
Net of Accumulated Depreciation of \$47,090,907	91,903,063
Vehicles -	
Net of Accumulated Depreciation of \$2,111,623	1,964,374
Building and Improvements-	
Net of Accumulated Depreciation of \$3,453,675	8,024,151
Leasehold Improvements -	
Net of Accumulated Amortization of \$71,609	1,555
Leased Assets -	
Net of Accumulated Depreciation of \$593,934	-
Computer Software -	
Net of Accumulated Amortization of \$6,102,818	4,225,539
Total Non-Current Assets	206,877,306
TOTAL ASSETS	\$ 457,387,601

LIABILITIES

Current Liabilities

Accounts Payable	\$ 10,423,074
Compensated Absences	2,291,846
Deposit Liability	215,120
Prize Liability	21,084,362
Prize Liability - Investments at Fair Value	13,666,685
Economic Development Liability	137,294,733
Capital Lease Liability	-
VLT Purchase Contingent Liability	-
Deferred Revenue	-
Total Current Liabilities	\$ 184,975,820

Non-Current Liabilities

Capital Lease Liability	\$ -
Deferred Prize Liability	100,758,624
Non-Current Economic Development Liability	-
Total Non-Current Liabilities	100,758,624
TOTAL LIABILITIES	\$ 285,734,444

EQUITY

<u>Retained Earnings</u>	
Fixed Asset Book Value	\$ 106,118,682
Restricted Cash and Inventory	6,078,377
FY '08 Asset Purchases Committed by Commission	14,456,098
Operating Working Capital	45,000,000
Total Retained Earnings	\$ 174,653,157
TOTAL LIABILITIES AND EQUITY	\$ 457,387,601

OREGON LOTTERY
Statement of Cash Flows - Direct Method
For the Month Ending February 29, 2008

Cash Flows from Operating Activities:		
Receipts from Customers		\$ 1,053,262,509
Payments to Prize Winners		(967,035,771)
Payments to Employees for Services		(2,853,993)
Payments to Suppliers		(24,830,267)
Other Receipts (Payments)		722,720
Net Cash Provided (Used) in Operating Activities		<u>59,265,198</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds		\$ -
Net Cash Provided (Used) in Noncapital Financing Activities		<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets		(4,942,141)
Payments on Capital Leases		-
Proceeds from Disposition/Impairment of Capital Assets		256
Net Cash Provided (Used) in Capital and Related Financing Activities		<u>\$ (4,941,885)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>\$ 54,323,313</u>
Cash and Cash Equivalents - Beginning		<u>156,006,768</u>
Cash and Cash Equivalents - Ending		<u>\$ 210,330,081</u>
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Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (Loss)		\$ 59,358,260
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and Amortization	\$	1,734,363
(Gain)/Loss on Exchange/Impairment of Fixed Assets		12,464
Capital Asset Reclassifications to/(from) Expense		-
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Investments for Prize Payments at Fair Value		1,885,555
(Increase) / Decrease in Advances		(301)
(Increase) / Decrease in Accounts Receivable		(5,681,653)
(Increase) / Decrease in Interest Receivable		-
(Increase) / Decrease in Ticket Inventory		(152,310)
(Increase) / Decrease in Prepaid Expenses		291,552
Increase / (Decrease) in Accounts Payable		(2,027,398)
Increase / (Decrease) in Compensated Absences Liability		95,072
Increase / (Decrease) in Deposit Liability		(14,765)
Increase / (Decrease) in Prize Liability		5,093,122
Increase / (Decrease) in Prize Liability - Investments for Prize Payments		(1,885,555)
Increase in Economic Development Liability - Unclaimed Prizes Payable		556,792
Increase / (Decrease) in Deferred Income		-
Rounding/Unidentified		-
Total Adjustments		<u>\$ (93,062)</u>
Net Cash Provided (Used) by Operating Activities		<u>\$ 59,265,198</u>

FY 2008 Financial Plan

	Original Approved Budget		Forecast Adjustments					Commission Approved Budget Adjustments	Final Approved/Adjusted Budget		
	Traditional	Video	Total	Sep-07	Dec-07	Mar-08	May-08		Traditional	Video	Total
Revenue											
Video Lottery SM		13,068,003,000	13,068,003,000	(57,617,000)	(335,866,000)	(388,042,000)	-	12,286,476,000	12,286,476,000	12,286,476,000	
Scratch-hits SM	127,406,000		127,406,000	(1,588,000)	(1,891,000)	2,577,000	-	126,504,000	126,504,000	126,504,000	
Breakopen	1,082,000		1,082,000	(54,000)	(58,000)	(39,000)	-	931,000	931,000	931,000	
MegaBucks SM	36,654,000		36,654,000	957,000	1,003,000	(1,100,000)	-	37,514,000	37,514,000	37,514,000	
Pick 4 SM	1,396,000		1,396,000	36,000	(10,000)	-	-	1,422,000	1,422,000	1,422,000	
Powerball [®]	46,966,000		46,966,000	(82,000)	2,540,000	159,000	-	49,583,000	49,583,000	49,583,000	
Sports Action SM	-		-	-	-	-	-	-	-	-	
Scoreboard SM	-		-	-	-	-	-	-	-	-	
Win for Life SM	5,791,000		5,791,000	120,000	266,000	97,000	-	6,274,000	6,274,000	6,274,000	
Keno	111,644,000		111,644,000	(727,000)	(1,204,000)	(744,000)	-	108,969,000	108,969,000	108,969,000	
Lucky Lines SM	2,196,000		2,196,000	(94,000)	(27,000)	144,000	-	2,219,000	2,219,000	2,219,000	
Total Revenue	333,135,000	13,068,003,000	13,401,138,000	(59,049,000)	(335,249,000)	(386,946,000)	-	333,416,000	12,286,476,000	12,619,892,000	
Less prizes	219,239,000	12,151,936,000	12,371,175,000	(54,463,000)	(330,213,000)	(370,796,000)	-	219,041,000	11,386,662,000	11,615,703,000	
Net revenue	113,896,000	916,067,000	1,029,963,000	(4,586,000)	(5,036,000)	(16,152,000)	-	114,375,000	889,814,000	1,004,189,000	
Direct Expenses											
Commissions	29,615,000	220,772,000	250,387,000	(994,000)	(1,339,000)	(3,658,000)	-	29,643,000	214,753,000	244,396,000	
Game Vendor Charges	7,616,408	1,921,236	9,537,644	(39,000)	66,000	(7,000)	-	7,635,408	1,921,236	9,556,644	
Tickets	5,053,934	-	5,053,934	(64,000)	(70,000)	95,066	-	5,015,000	-	5,015,000	
Advertising	9,879,500	120,000	9,999,500	-	-	-	-	9,879,500	120,000	9,999,500	
Sales Support	2,079,095	-	2,079,095	-	-	-	-	2,079,095	-	2,079,095	
Gm Equip/Parts & Mntc	126,100	5,641,644	5,767,744	-	-	-	-	126,100	5,641,644	5,767,744	
Research	161,890	259,922	421,812	-	-	-	-	161,890	259,922	421,812	
Research & Development	163,250	142,000	305,250	-	-	-	-	163,250	142,000	305,250	
Depreciation	197,136	24,494,165	24,691,301	-	-	-	-	197,136	24,494,165	24,691,301	
Total Direct Expenses	54,892,313	253,350,967	308,243,280	(1,097,000)	(1,344,000)	(3,569,934)	-	54,900,379	247,331,967	302,232,346	
Gross Profit	59,003,687	662,716,033	721,719,720	(3,489,000)	(3,692,000)	(12,582,066)	-	59,474,621	642,482,033	701,966,654	
Relative GP %	8.18%	91.82%	100.00%	-	-	-	-	8.47%	91.53%	100.00%	
Indirect Revenue	795,727	8,937,424	9,733,151	-	-	-	-	795,727	8,937,424	9,733,151	
Indirect Expense											
Public Information	503,615	5,656,490	6,160,105	-	-	-	-	503,615	5,656,490	6,160,105	
Personal services	3,088,257	34,686,608	37,774,865	-	-	-	-	3,088,257	34,686,608	37,774,865	
Services & supplies	918,267	10,313,767	11,232,034	-	-	-	-	918,267	10,313,767	11,232,034	
Depreciation	237,438	2,666,854	2,904,292	-	-	-	-	237,438	2,666,854	2,904,292	
Total Indirect Expenses	4,747,577	53,323,719	58,071,296	-	-	-	-	4,747,577	53,323,719	58,071,296	
Net Profit	55,051,837	618,329,738	673,381,575	(3,489,000)	(3,692,000)	(12,582,066)	-	55,522,771	588,095,738	653,618,509	
Capital outlay			\$ 49,905,133	-	-	-	-			\$ 49,905,133	
FTE Count			456.20	-	-	-	-			456.20	
Actual FTE				-	-	-	-			433.0	