

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Texas Lottery Commission  
Austin, Texas

We have performed the procedures enumerated below, which were agreed to by the Texas Lottery Commission (the "Commission"), solely to assist you with respect to procedures surrounding Mega Millions accounting and reporting by the Commission. The Commission's management is responsible for the Commission's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Commission and Mega Millions member lotteries, who are the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

A. Obtain from the Texas Lottery Commission the "Texas Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2008 through March 31, 2009 and attach those as Exhibits I and II, respectively. Prove the mathematical accuracy of the schedules and note any exceptions.

1. **Finding** – No exceptions were noted.

B. Randomly select five (5) draw dates from the period (as agreed to by member lotteries).

1. **Finding** – The following dates were selected for testing:

- May 9, 2008
- June 17, 2008
- November 25, 2008
- February 27, 2009
- March 3, 2009

C. For each draw date selected in step “B” above, compare the total amount of sales as shown on the daily sales report produced by Texas Lottery Commission’s gaming system and the total amount of sales shown on the related daily sales report produced by Internal Control System (“ICS”), with the balance listed in the “sales” column for the respective draw date on the “Texas Draw Activity” report attached as Exhibit I and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

D. Calculate the total dollar amount of the fixed prizes for the draw dates selected in step “B” above, based on the total number of winners from the Texas Lottery Commission’s gaming system for each prize level and the prize structure of the Mega Millions’ fixed prizes (as defined in the official game rules). Compare the calculated expense with the amount listed in the “Actual Fixed Prizes” column for the respective draw date on the “Texas Draw Activity” report attached as Exhibit I and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

E. For each draw date selected in step “B” above, compare the amount of sales, actual fixed prizes, and share of fixed prizes shown on the “Texas Draw Activity” report attached as Exhibit I to the amounts shown on the applicable Mega Millions Prize Settlement Reports and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

F. For the period identified, randomly select two months and obtain the “Expired Prize Settlement Report” distributed by the Virginia Lottery. For the two months selected, obtain from the Texas Lottery Commission ICS the actual fixed prizes awarded and the prizes unclaimed. Compare the ICS data back to the data reported from the Virginia Lottery for each draw of the subject months to ensure they are in agreement.

1. **Finding** – April 2008 and October 2008 Expired Prize Settlement reports were selected for examination and no exceptions were noted.

G. Compare the amounts shown as the total of the actual fixed prizes and the total of the share of fixed prizes on the “Texas Draw Activity” report attached as Exhibit I to the applicable amounts shown on the “Fixed Prize Analysis” report attached as Exhibit II and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

H. For the amount (if any) listed in the “Cost of the Jackpot Prizes” column of the “Texas Draw Activity” report attached as Exhibit I, obtain and compare the “cost of the jackpot prize” amount to the Texas Lottery Commission’s cash disbursement subsidiary records which summarize the funds disbursed to the prize winner and/or the broker from which the jackpot annuities were purchased and verify agreement.

1. **Finding** – Texas did not have a jackpot winner during the period April 1, 2008 through March 31, 2009. Therefore, step H is not applicable.

I. For each purchase (if any) of investments associated with the jackpot prizes:

- i. Review broker confirmations to verify that investments are funded in accordance with allowed investment vehicles per the multi-state rules, regulations or procedures.
- ii. Obtain the bid sheets and supporting documentation and verify the investments were purchased through a competitive bidding process involving a minimum of three brokerage firms.

1. **Finding** – Texas did not have a jackpot winner during the period April 1, 2008 through March 31, 2009. Therefore, steps I(i) and I(ii) are not applicable.

J. Obtain the Security Purchase report which lists the results of the security purchase and verify that the information reported to the group is accurate, including the annuity factor for the non-winning bidders.

1. **Finding** – Texas did not have a jackpot winner during the period April 1, 2008 through March 31, 2009. Therefore, step J is not applicable.

K. Compare the total of the period transfers from the Texas Lottery Commission to the Virginia Lottery for settlement of the fixed prize liability as shown in the Texas Lottery Commission's cash disbursement subsidiary records to the amount listed in the "Qtrly/Yrly Settlements Transfers In (Out)" column on the "Fixed Prize Analysis" report attached as Exhibit II and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

L. Compare the balance listed as the Texas Lottery Commission's receivable as of March 31, 2009 for the fixed prizes as shown on the "Fixed Prize Analysis" report attached as Exhibit II to the Texas Lottery Commission's financial accounting records and to the Mega Millions Prize Settlement Report as of March 31, 2009 and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion, on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by those who did not agree to the procedures and take responsibility for the sufficiency of the procedures for their purpose.

Maxwell Locke + Ritter LLP  
May 27, 2009

EXHIBIT I

State	Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
MI	4/01/2008	2,419,804	500,952	420,294		
	4/04/2008	1,391,828	158,117	204,820		
	4/08/2008	1,243,309	133,818	157,838		
	4/11/2008	1,392,112	425,434	240,856		
	4/15/2008	1,363,134	159,035	227,322		
	4/18/2008	1,525,614	396,230	269,503		
	4/22/2008	1,504,948	165,975	272,158		
	4/25/2008	1,683,567	678,363	236,002		
	4/29/2008	1,670,815	199,670	210,600		
	5/02/2008	2,213,165	478,502	356,670		
	5/06/2008	2,301,147	262,846	409,221		
	5/09/2008	2,669,545	771,999	571,815		
	5/13/2008	3,054,413	380,542	514,321		
OH	5/16/2008	3,917,052	955,046	775,704		
	5/20/2008	1,254,051	146,488	233,505		
IL/NY	5/23/2008	1,332,103	476,303	340,996		
	5/27/2008	1,070,227	128,327	219,577		
	5/30/2008	1,318,200	115,329	150,096		
	6/03/2008	1,290,711	154,599	271,164		
	6/06/2008	1,448,080	169,689	236,541		
	6/10/2008	1,393,712	188,186	243,233		
MI	6/13/2008	1,639,933	421,958	234,248		
	6/17/2008	1,143,404	110,778	198,595		
	6/20/2008	1,269,682	180,014	217,519		
	6/24/2008	1,214,168	109,431	163,306		
	6/27/2008	1,390,379	180,192	249,481		
	7/01/2008	1,384,863	163,476	168,782		
	7/04/2008	1,480,347	459,294	524,044		
	7/08/2008	1,524,128	444,325	306,549		
	7/11/2008	1,743,097	167,975	289,714		
	7/15/2008	1,782,003	196,221	213,631		
	7/18/2008	2,222,552	996,481	441,131		
	7/22/2008	2,364,933	529,411	388,834		
	7/25/2008	1,308,929	158,713	199,193		
	7/29/2008	1,153,488	375,955	298,631		
	8/01/2008	1,359,730	147,011	271,245		
	8/05/2008	1,280,705	901,975	402,914		
	8/08/2008	1,579,062	176,755	427,775		
	8/12/2008	1,450,844	418,161	254,343		
	8/15/2008	1,694,918	233,213	312,847		
	8/19/2008	1,698,410	220,003	314,015		
	8/22/2008	1,971,981	268,959	276,732		
	8/26/2008	2,136,454	764,483	368,738		
GA	8/29/2008	2,603,123	557,484	407,823		
	9/02/2008	1,159,738	108,344	187,072		
	9/05/2008	1,325,787	402,881	266,444		
MD	9/09/2008	1,242,301	117,843	174,401		
	9/12/2008	1,153,751	147,612	196,216		
	9/16/2008	896,144	122,361	169,843		
OH	9/19/2008	1,080,547	139,574	175,033		
	9/23/2008	1,073,032	360,865	200,451		
	9/26/2008	1,235,233	128,103	211,439		

	Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
MI	9/30/2008	1,219,594	386,763	243,055		
	10/03/2008	1,429,655	178,835	268,055		
	10/07/2008	1,086,865	113,062	156,738		
	10/10/2008	1,225,905	133,861	156,858		
	10/14/2008	1,154,247	138,810	149,528		
	10/17/2008	1,340,318	424,883	280,782		
	10/21/2008	1,298,022	136,079	136,126		
	10/24/2008	1,183,685	127,030	227,273		
	10/28/2008	1,082,988	114,853	135,828		
	10/31/2008	1,253,618	165,577	200,340		
	11/04/2008	1,261,440	138,014	215,403		
	11/07/2008	1,430,653	448,003	265,185		
	11/11/2008	1,414,154	141,374	221,861		
	11/14/2008	1,663,662	199,845	247,509		
	11/18/2008	1,701,802	202,276	235,653		
	11/21/2008	1,939,197	185,444	350,582		
	11/25/2008	2,069,460	217,707	339,444		
	11/28/2008	2,306,333	289,059	341,716		
	12/02/2008	2,801,157	321,842	464,197		
	12/05/2008	3,322,408	578,995	473,404		
	12/09/2008	3,924,661	1,032,500	784,594		
	12/12/2008	5,332,634	2,154,112	1,073,537		
	12/16/2008	1,372,340	154,614	169,143		
	12/19/2008	1,439,999	150,606	302,130		
	12/23/2008	1,438,430	190,948	219,765		
	12/26/2008	1,433,671	168,974	314,940		
	12/30/2008	1,531,872	163,489	277,129		
CA	1/02/2009	1,662,951	215,424	260,306		
	1/06/2009	1,277,742	202,817	314,088		
	1/09/2009	1,427,263	403,918	262,258		
	1/13/2009	1,346,602	403,026	243,261		
	1/16/2009	1,347,660	149,517	225,621		
	1/20/2009	1,240,251	139,245	197,344		
	1/23/2009	1,453,229	938,899	437,356		
	1/27/2009	1,389,090	722,114	510,708		
	1/30/2009	1,608,372	662,760	364,341		
	2/03/2009	1,631,103	188,102	203,201		
	2/06/2009	1,837,776	250,081	377,138		
	2/10/2009	1,858,048	739,812	314,089		
	2/13/2009	2,181,838	241,332	317,107		
	2/17/2009	2,537,037	560,013	425,646		
	2/20/2009	2,999,296	375,300	499,433		
	2/24/2009	3,369,388	602,429	592,799		
	2/27/2009	4,183,687	921,414	809,521		
	3/03/2009	5,625,638	1,157,882	1,004,494		
	3/06/2009	1,514,991	164,355	234,002		
	3/10/2009	1,317,346	127,068	165,441		
	3/13/2009	1,498,937	189,412	231,554		
	3/17/2009	1,241,901	423,039	271,277		
	3/20/2009	1,373,493	187,383	232,020		
	3/24/2009	1,332,243	378,913	226,321		
	3/27/2009	1,515,210	168,470	311,889		

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 Draw Date                      Sales                      Actual Fixed Prizes                      Share of Fixed Prizes                      Annuitized JP Amount                      Cash Options Amount  
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3/31/2009                      1,523,437                      424,862                      208,287

\* Totals \*                      182,974,502                      36,350,443                      32,563,502

	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Otrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California		34,335,017	35,918,846	1,824,648-	519,400
Georgia	278,581	32,932,053	35,744,709	2,328,840-	1,061,881-
Illinois	578,065-	21,413,480	20,397,685	746,449	162,554
Massachusetts	106,792-	22,882,070	21,703,327	578,338	425,580
Maryland	174,825-	33,406,515	34,237,168	1,054,533-	291,946
Michigan	68,066	47,293,412	48,429,169	485,764	1,145,143-
New Jersey	476,378	83,493,481	83,125,659	1,302,230-	706,578
New York	963,474-	33,397,222	33,195,375	349,911	295,095-
Ohio	147,031-	36,350,443	32,563,502	3,579,392	675,648
Texas	468,099	28,236,065	27,940,895	1,124,144	43,284
Virginia	872,258	9,944,683	10,428,106	353,747-	322,871-
Washington State	193,195-				
** Totals **		383,684,441	383,684,441		