



JANUARY 20, 2017
COMMISSION
REPORT

Table of Contents

Notice of Public Meeting	3
Agency Reports	7
Directors Presentation	7
Financial Update.....	7
Products Update.....	7
Marketing Update.....	7
2 nd Quarter Product & Sales Review – No Presentation	7
New Games Introduction.....	7
Events/Sponsorships	7
New Business Item #1	11
Scratchers SM Game Profiles	11

NOTICE OF PUBLIC MEETING AND EXECUTIVE SESSION OF THE ARIZONA STATE LOTTERY COMMISSION

Pursuant to Arizona Revised Statute (A.R.S.) § 38-431.02, notice is hereby given to the members of the Arizona State Lottery Commission and to the general public that the Arizona State Lottery Commission will hold a meeting open to the public on January 20, 2017, at 9 a.m., in the Arizona Lottery Board Room located at 4740 East University Drive, Phoenix, Arizona. Pursuant to A.R.S. § 38-431.02(B), notice is hereby given to the Arizona State Lottery Commission and members of the public that the Arizona State Lottery Commission may vote to go into Executive Session, which will not be open to the public, for the purpose of obtaining legal advice pursuant to A.R.S. § 38-431.03(A)(3) regarding any of the agenda items, as well as for the purposes listed on the agenda under Executive Session. The Commission may also vote on any item listed on the agenda. One or more members of the Commission may participate by means of telephonic communication.

Call to Order

1. Call for Quorum
2. Call for Notice
3. Approval of Minutes for December 16, 2016, Public Meeting

Agency Reports

1. Directors Presentation
2. Financial Update
3. Products Update
4. Marketing Update
5. 2nd Quarter Product & Sales Review – No Presentation

New Business

1. Discussion and Action on new instant scratch game profiles: *Crossword #1111* and *Round Robin Bingo #1112*.

Call to the Public

Consideration and discussion of comments from the public. Those members of the public wishing to address the Commission need not request permission in advance and will be given approximately five minutes for their comments and requests. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration at a later date to comply with A.R.S. § 38-431.02.

Announcements

The next Commission meeting will be held February 17, 2017, at 10:00 a.m.

Adjournment

Materials

A copy of the agenda and background material provided to Commission members, which is not exempt by law from public inspection, is available for public inspection at least 24 hours in advance of the meeting at the Lottery Office located at 4740 East University Drive, Phoenix, Arizona.

Notice

Any amendments or additions to the agenda will be made available at least 24 hours prior to the meeting.

Dated this 13th day of January, 2017

Gregory R. Edgar
Executive Director

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by calling (480) 921-4486. Requests should be made as early as possible to allow time to arrange the accommodation.

**PUBLIC MEETING OF THE ARIZONA LOTTERY
COMMISSION MINUTES DECEMBER 16, 2016**

PRESIDING Chair Jeff Weintraub

COMMISSIONERS Michael Love, Andy Anderson, and Kristine Burnett

LOTTERY Gregg Edgar, Executive Director; Chris Rogers, Director of Products & Marketing; Raynie Hosto, Director of Sales; Biju Kamaleswaran, Chief Financial Officer; and Lisa Wahlin, Director of Legal Services
Kimberly Siddall, Jacqui Ayala, Ivy Gilio, Robin Peters, Nikki O'Shea, and Michael Schiefelbein

GUESTS GTECH Representatives: Russ Harben and Serena Arlotta
Scientific Games Representatives: Topper Wilson, Cory Bonogofsky, and Julio Dieppa
Owens Harkey Representatives: Scott Harkey
Attorney General Representative: Grant Pearson

Call to Order Pursuant to the Public Notice dated December 9, 2016, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:00 a.m. by Chair Weintraub. A quorum was present.

Chair Weintraub entertained a motion to approve the minutes of the November 18, 2016, Public meeting; Vice-Chair Love moved, Commissioner Burnett seconded. All members voting aye, motion carried.

Directors Report Director Edgar shared with the Commission the Lottery's vision of becoming a \$1 billion dollar lottery with a 25% return by 2020. In addition, he provided information on how the Lottery gives back to the community and the economic impact the lottery has on retail partnerships. He also provided an overview of incremental changes to the Lottery to help with finances (i.e. vending machines, \$30 dollar ticket, pay at the pump etc.)

Director Edgar presented a PowerPoint overview of the Director's Presentation. The Director's Presentation is attached for the official minutes.

Marketing Update Mr. Rogers provided a Marketing and Advertising update.

New Business Chair Weintraub asked if any members of the public would like to address the Commission regarding new instant scratch game profiles: *Win it All* #1101, and *Double Doubler* #1107. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding new instant scratch game profiles: #1101 and #1107. Vice-Chair Love moved; Commissioner Anderson seconded. All members voting aye, the motion carried.

Call to the Public Chair Weintraub invited members of the public to speak before the Commission.

Announcements The next Commission meeting will be held January 20, 2017, at 9:00 a.m.

Adjournment Chair Weintraub entertained a motion to adjourn, Vice-Chair Love moved; Commissioner Burnett seconded. All members voting aye, the motion carried. Meeting adjourned at 10:50 a.m.

Materials A copy of the agenda and background material provided to Commission members, which is not exempt by law from public inspection, is available for public inspection at least 24 hours in advance of the meeting at the Lottery Office located at 4740 East University Drive, Phoenix, Arizona.

Notice Any amendments or additions to the agenda will be made available at least 24 hours prior to the meeting.

Agency Reports
 Report to Arizona Lottery Commission
 January 20, 2017

Directors Presentation – (Attachment A)

Financial Update

Products Update

Marketing Update

2nd Quarter Product & Sales Review – No Presentation

New Games Introduction

New Games Introduction The following games were introduced since the last commission meeting: *3 in a Row #1056, Triple Red 7's #1068, Black Pearls #1072, and "7" #1084.*

More information on these games is available by visiting the [Scratchers](#) section at ArizonaLottery.com

The following games were approved to end consistent with the Instant Scratch Game Ending Policy. Players have 180 days from the game-ending date to claim prizes.

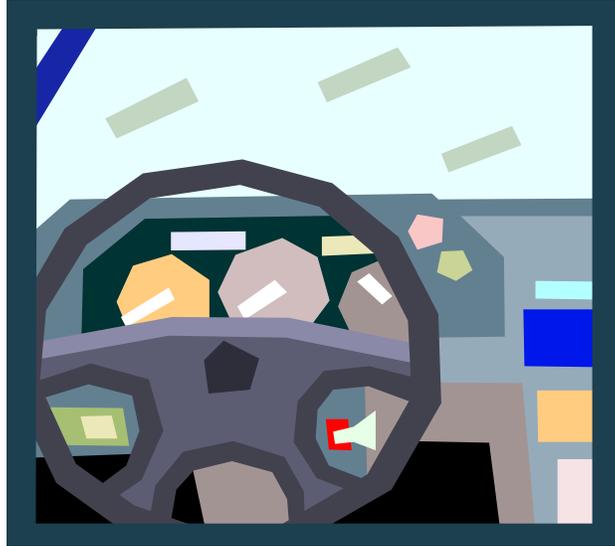
Date Ended	Price Point	Game No.	Game Name	Beginning Inventory	% Sold
1/5/17	\$3	1010	Super Joker Slingo®	1,762,300	94.1%
1/7/17	\$2	1058	Triple 7's	1,507,800	54.5%

Events/Sponsorships

Organization	Event / Program Name	Amount Awarded	Date(S)
CASA of Yavapai County	CASA Appreciation/Holiday Dinner	\$1,500.00	12/16/16
Boy Scouts	The Taste of Arizona Festival	\$4,500.00	12/3/16
ICAN	dreamBIG	\$4,500.00	12/2/16
Red Note Foundation	4 th Annual Christmas Concert	\$1,000.00	12/5/16

Organization	Event / Program Name	Amount Awarded	Date(S)
Arizona's Children Association	Dancing for Arizona's Children	\$1,000.00	12/3/16
Arizona Association of Counties	2016 Annual Conference & Mid-Year Conference	\$4,000.00	12/1/16
National Kidney Foundation of Arizona	2016 NKF Golf Classic, Dancing with the Stars Arizona, Kidney Walk	\$1,000.00	12/2/16
Central Arizona Dental Society Foundation	Arizona Dental Mission of Mercy	\$2,500.00	12/9/16-12/10/16
CASA Court Appointed Special Advocates	2017 Years of Service Recognition Even	\$1,500.00	1/26/17
Community Education Services	MLK Diversity and Educational Conference	\$1,000.00	1/26/17
Lodestar Day Resource Center at the Human Services Campus	I AM HOME Breakfast	\$2,000.00	12/9/16
CASA of Pima County	2017 Years of Service Recognition Even	\$1,500.00	1/26/17
Boys & Girls Club of Central Arizona	Inspiring Young Minds Breakfast	\$500.00	12/1/16
Arizona Game & Fish Department	SECC Campaign	\$0.00	12/6/16

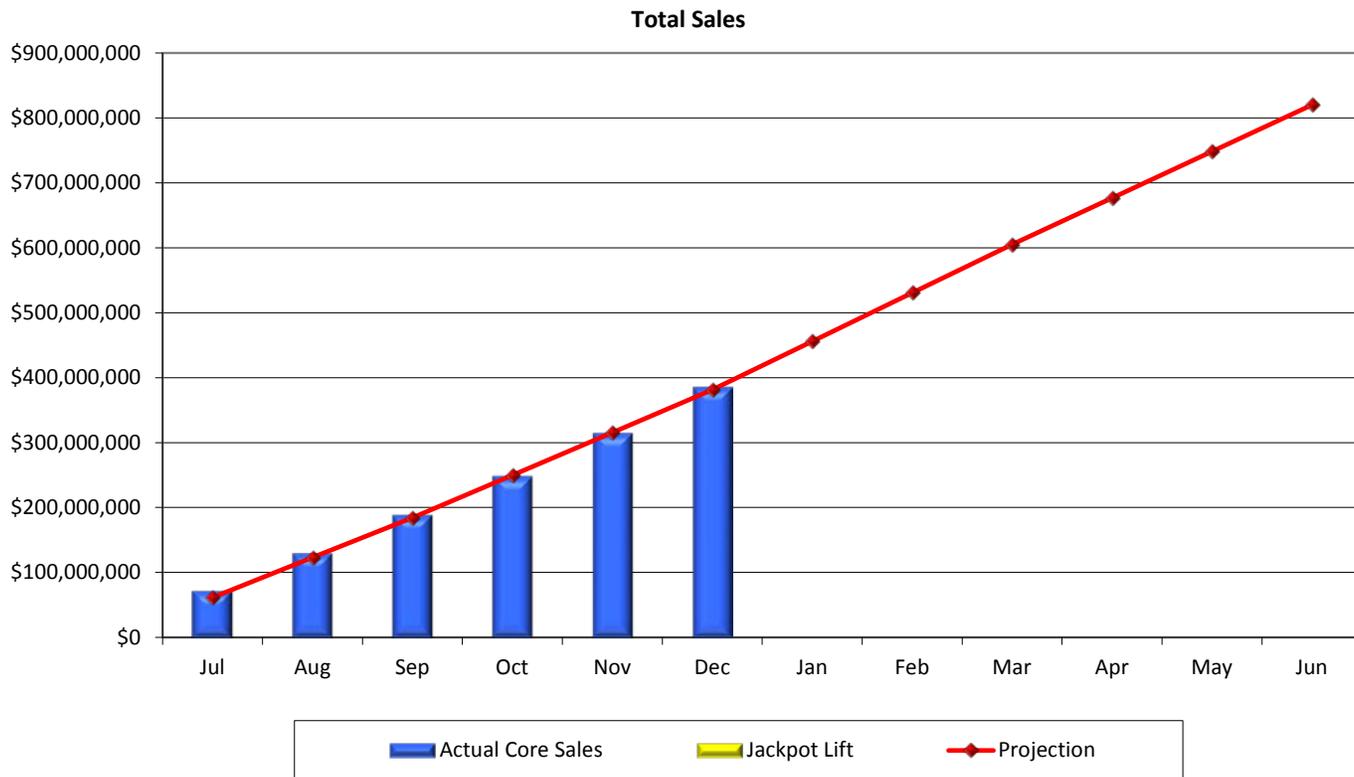
ATTACHMENT A



**Arizona Lottery
Dashboard
December 2016**

Fiscal Year 2017

**Arizona Lottery
FY 2017 Sales versus Projections**



Projection:	381,099,963
Actual Core:	385,290,613
Jackpot Lift:	0
Total Actual:	385,290,613
Difference:	4,190,650
% Difference:	1.1%

* Total sales are currently 1.1% ahead of projections.

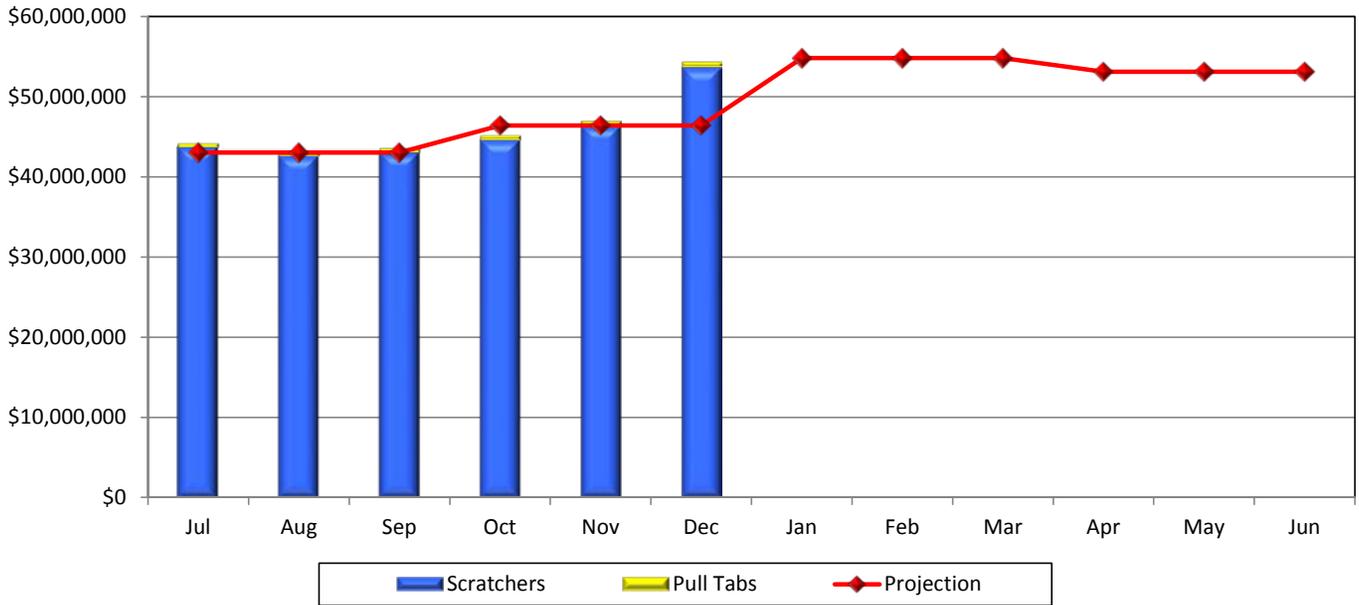
* The Instant product line (Scratchers & Pull-tabs) at \$278,303,172 are currently 3.7% ahead of projections.

* Total draw game sales of \$106,987,441 are currently 5.0% below projections.

* The Multi-State draw games are currently 6.0% below projections; in-state games are 2.9% below projections.

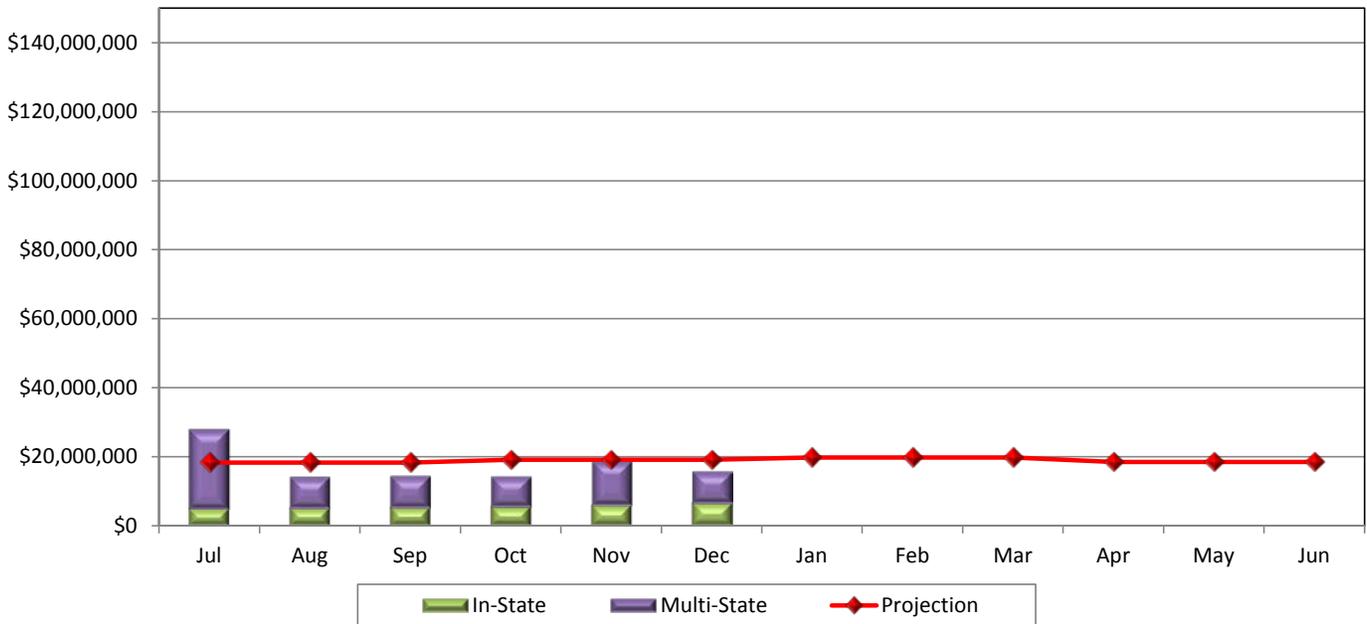
**Arizona Lottery
FY 2017 Sales versus Projections**

Instant Sales



Projection: 268,445,886
 Actual: 278,303,172
 Difference: 9,857,286
 % Difference: 3.7%

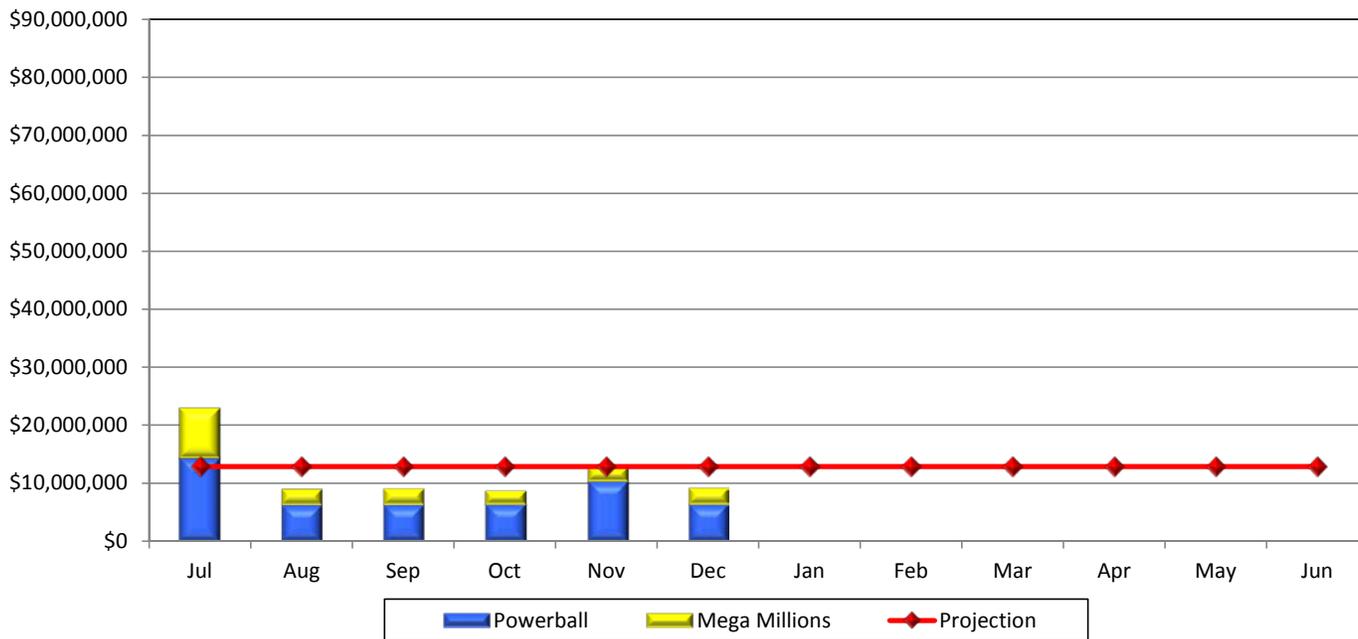
Total Draw Games



Projection: 112,654,077
 Actual: 106,987,441
 Difference: -5,666,636
 % Difference: -5.0%

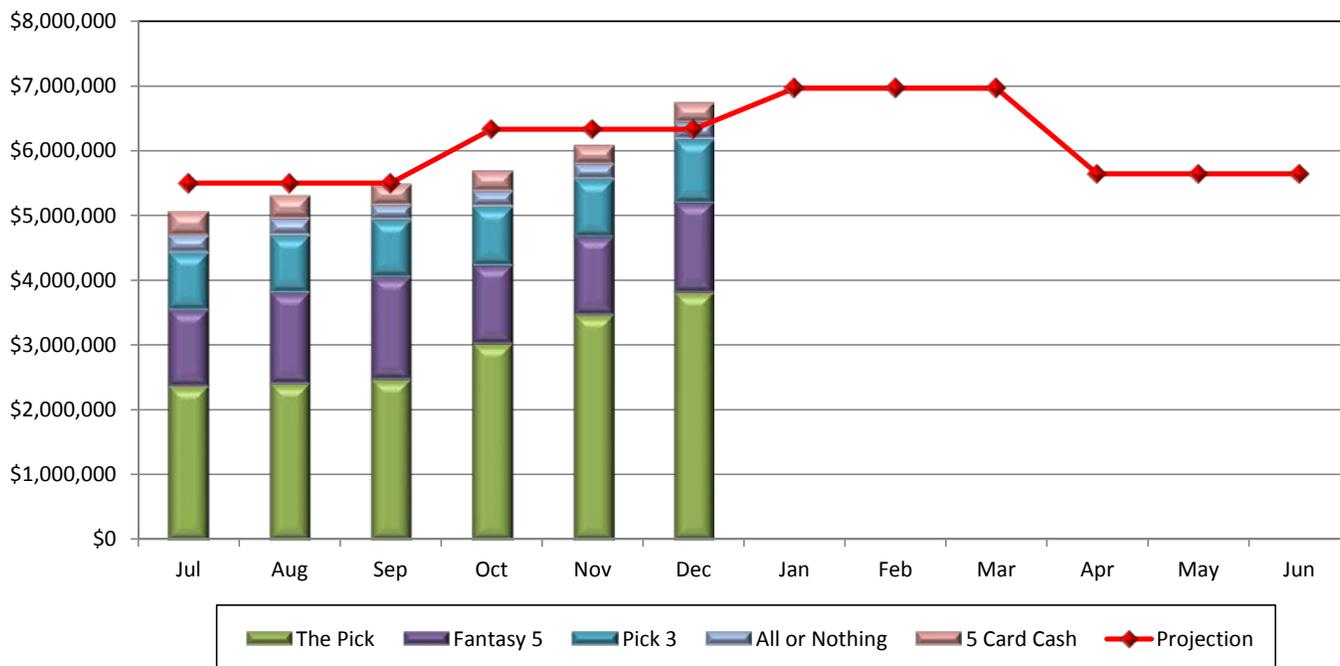
**Arizona Lottery
FY 2017 Sales versus Projections**

Multi-State Games



Projection: 77,164,416
 Actual: 72,527,629
 Difference: -4,636,787
 % Difference: -6.0%

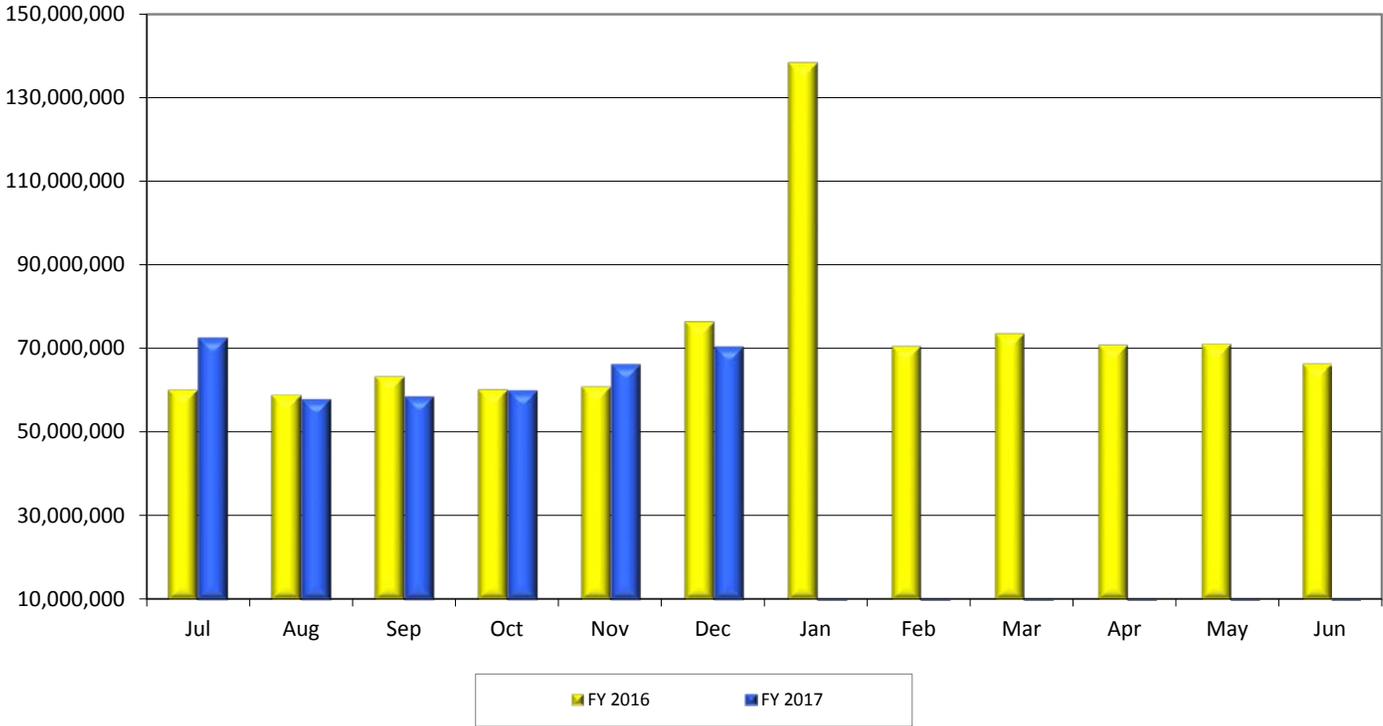
In-State Games



Projection: 35,489,661
 Actual: 34,459,812
 Difference: -1,029,849
 % Difference: -2.9%

**Arizona Lottery
FY 2017 versus FY 2016**

Total Sales



FY 2017	385,290,613
FY 2016	379,981,035
% Change	1.4%

* Total sales are currently 1.4% ahead of last year.

* The Instant product line (Scratchers & Pull-tabs) are currently 0.8% below last year.

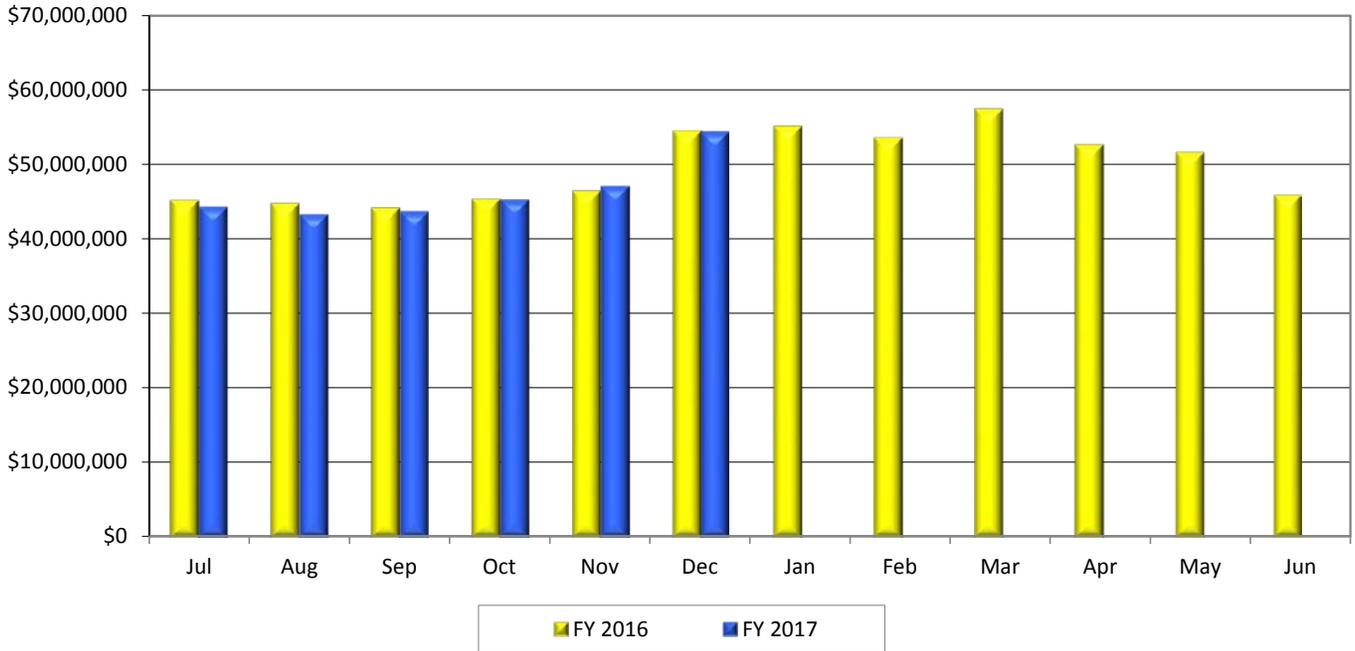
* Total draw game sales are currently 7.6% ahead of last year.

* Sales of the multi-state games, Powerball and Mega Millions are currently 9.5% ahead of last year.

* Sales of the in-state games are currently 3.8% ahead of last year.

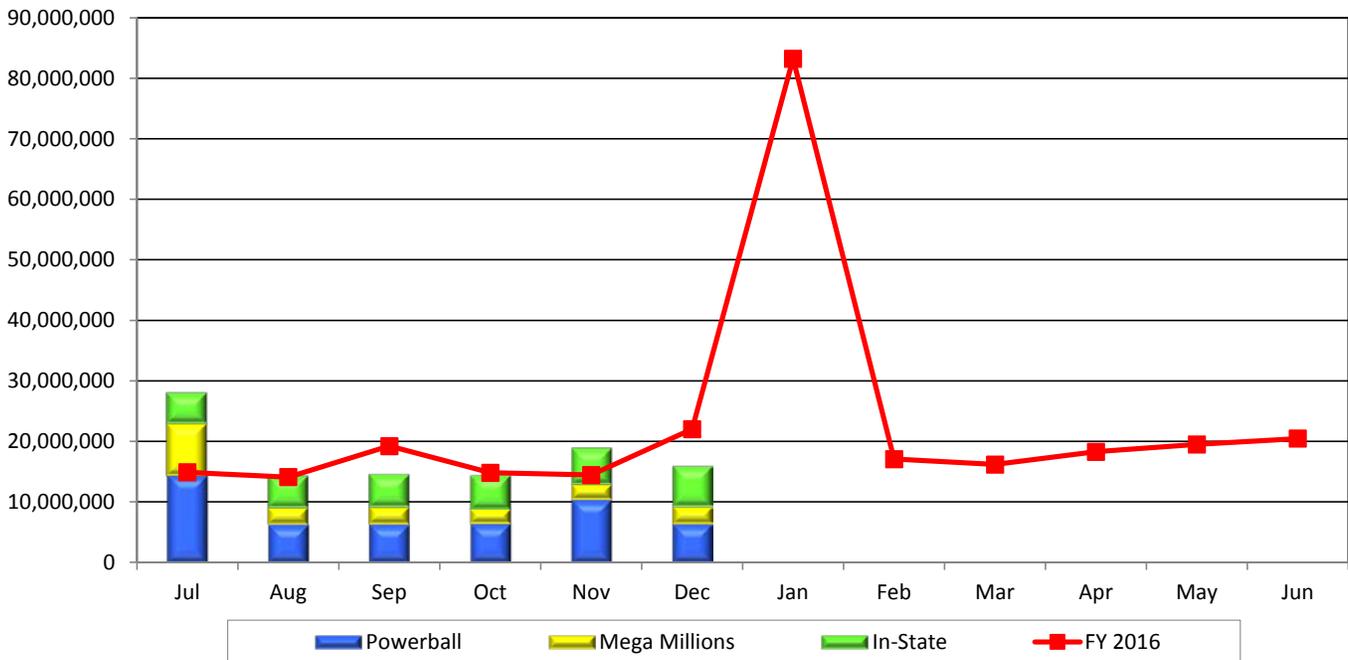
**Arizona Lottery
FY 2017 versus FY 2016**

Total Instant Games



FY 2017	278,303,172
FY 2016	280,531,614
% Change	-0.8%

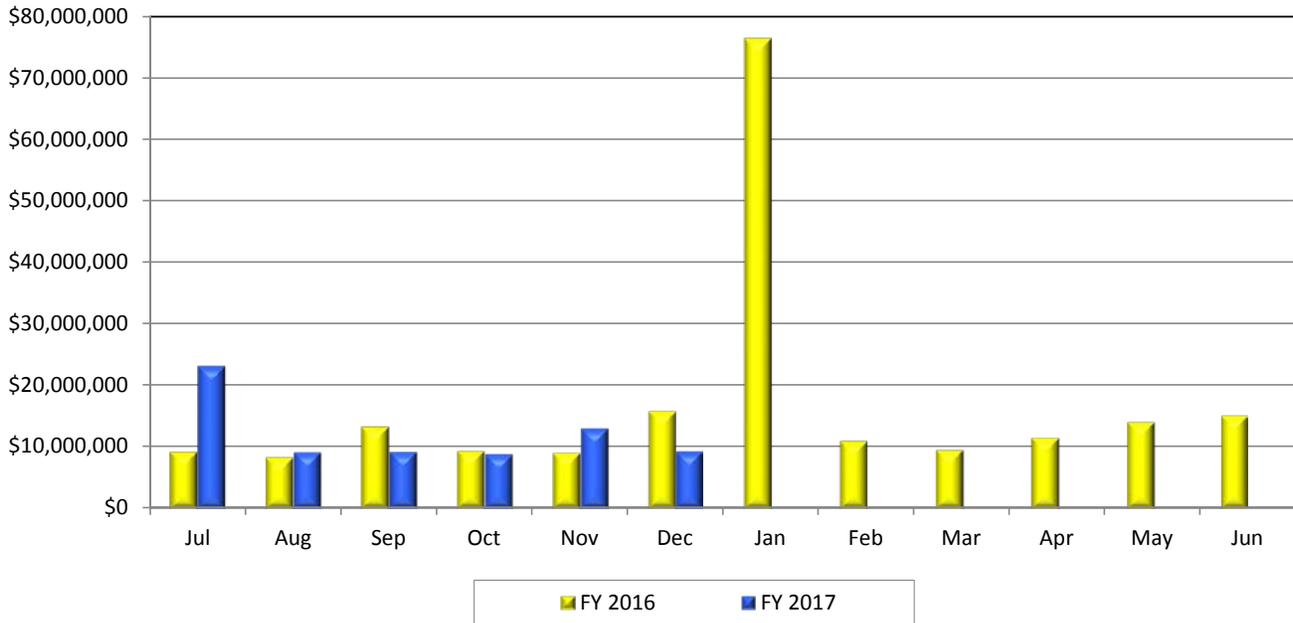
Total Draw Games



FY 2017	106,987,441
FY 2016	99,449,421
% Change	7.6%

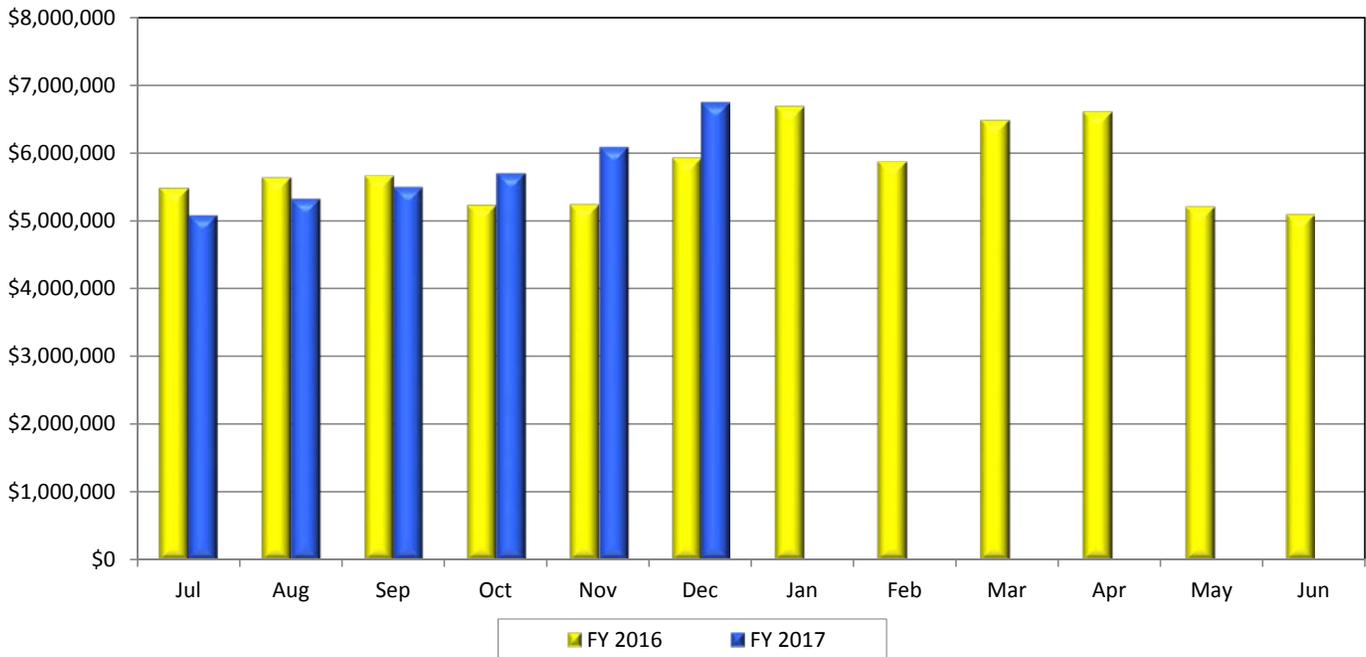
**Arizona Lottery
FY 2017 versus FY 2016**

Multi-State Jackpot Games



FY 2017	72,527,629
FY 2016	66,236,604
% Change	9.5%

Total In-State Games

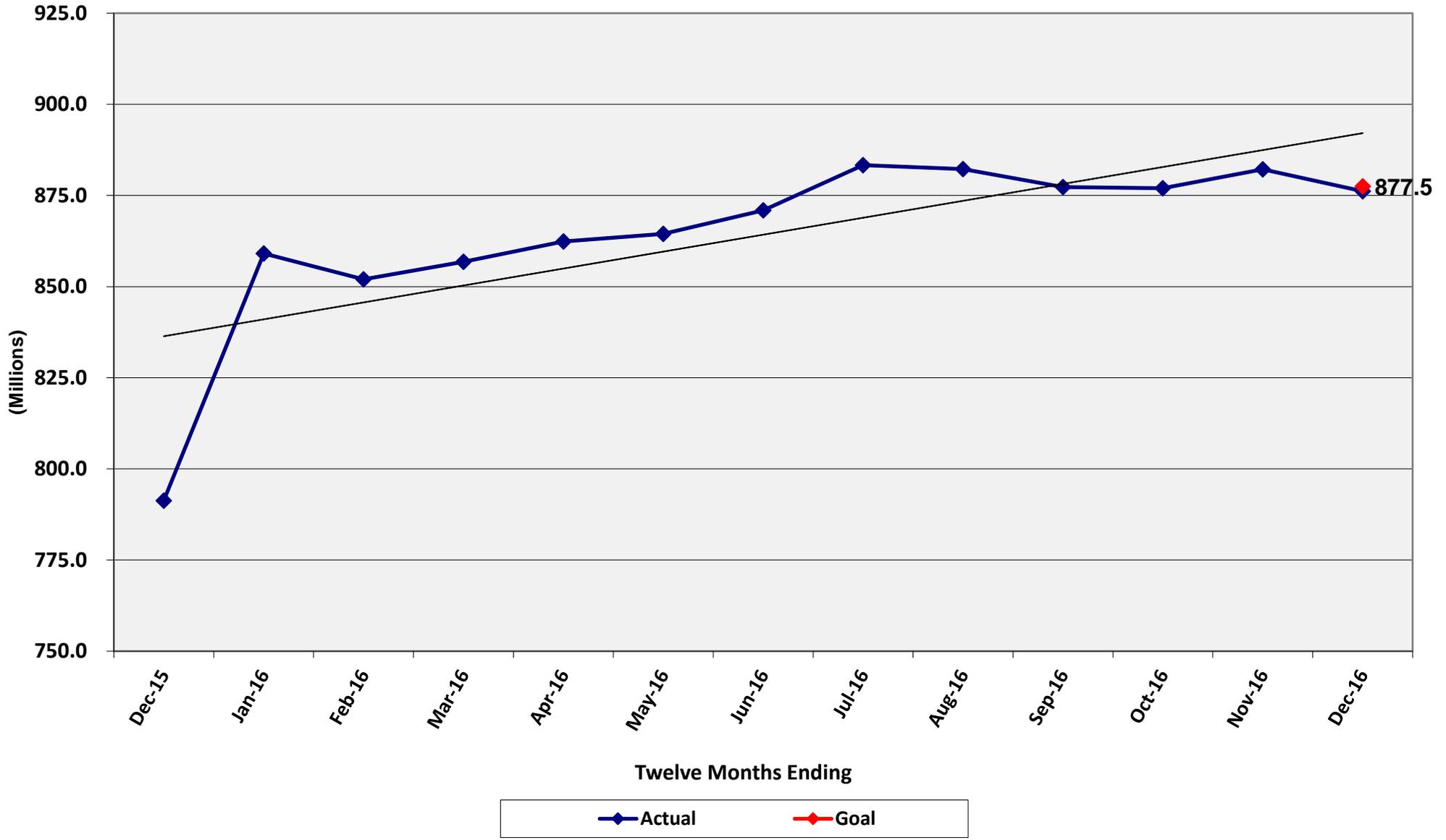


FY 2017	34,459,812
FY 2016	33,212,817
% Change	3.8%

**Arizona Lottery
Sales by Product - FY 2017**

Month	Scratchers	Instant Tabs - Charitable	Instant Tabs - Age Restricted	Total Instants	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	5 Card Cash	Total Draw Games	Total Sales
July	43,832,068	418,026	88,560	44,338,654	14,362,658	8,689,584	2,377,390	1,185,217	886,760	262,492	373,816	28,137,917	72,476,571
August	42,761,031	500,850	82,080	43,343,961	6,341,897	2,811,227	2,416,011	1,414,536	883,347	254,434	359,114	14,480,566	57,824,527
September	43,199,884	459,030	99,270	43,758,184	6,379,839	2,839,705	2,479,920	1,589,942	879,854	228,194	321,850	14,719,304	58,477,488
October	44,765,736	515,838	63,720	45,345,294	6,461,027	2,377,008	3,032,182	1,213,770	909,427	234,020	314,190	14,541,624	59,886,918
November	46,510,000	527,898	82,380	47,120,278	10,398,420	2,566,308	3,477,571	1,206,152	891,644	227,616	289,912	19,057,623	66,177,901
December	53,745,867	549,804	101,130	54,396,801	6,424,654	2,875,302	3,816,963	1,388,186	981,658	253,726	309,918	16,050,407	70,447,208
January													
February													
March													
April													
May													
June													
YTD Sales	274,814,586	2,971,446	517,140	278,303,172	50,368,495	22,159,134	17,600,037	7,997,803	5,432,690	1,460,482	1,968,800	106,987,441	385,290,613
YTD Rtlr Commissions	17,862,948	594,289	33,614	18,490,851	3,273,952	1,440,344	1,144,002	519,857	353,125	94,931	127,972	6,954,184	25,445,035
% of Sales	71.3%	0.77%	0.13%	72.2%	13.1%	5.8%	4.6%	2.1%	1.4%	0.4%	0.5%	27.8%	100.0%
Avg Mo Sales	45,802,431	495,241	86,190	46,383,862	8,394,749	3,693,189	2,933,340	1,332,967	905,448	243,414	328,133	17,503,107	64,215,102

Annual Sales Trailing 12 Month Periods



**Arizona Lottery
Transfers To Other State Funds**

Month	Heritage Game & Fish \$10M	Healthy Arizona \$20.7016M	State General Fund \$84.15M	Mass Transit LTAF II* \$11.5236M	Homeless Shelters \$1M	State General Fund II \$15.49M	Arizona Commerce Authority \$3.5M	Univ Capital Debt Service \$39,922,993.54	Dept of Gaming** \$0.3M	Internet Crimes & Victims' Rights*** \$1M	Tribal College Dual Enrollment \$0.250M	C.A.S.A. UNTL	Total Transfers
July			3,750,150								250,000		4,000,150
August			3,750,150										3,750,150
September	2,990,600	6,186,200	17,692,400	5,412,700						63,600		1,081,417	33,426,917
**Approp Transfer									300,000				300,000
October			3,750,150										3,750,150
November			3,750,150										3,750,150
December	3,025,400	6,260,300	21,742,450	4,687,900						58,200		1,054,412	36,828,662
January													
February													
March													
April													
May													
June													
YTD Transfers	6,016,000	12,446,500	54,435,450	10,100,600					300,000	121,800	250,000	2,135,829	85,806,179
FY16 Transfers	6,511,800	13,359,100	50,045,500	9,510,700					300,000		160,000	1,422,743	81,309,843

Estimated cap based

**Pursuant to Proposition 202 (Compulsive Gambling Treatment)

***Pursuant to HB2517 (Victims' Rights & Internet Crimes Against Children)

**Arizona Lottery
Transfers To Other State Funds
By Product - FY 2017**

1/10/2017

	Scratchers	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	5 Card Cash	Instant Tabs Charitable	Instant Tabs Age Restricted	Unclaimed Age Restricted	Unclaimed Prizes Tribal	Unclaimed Prizes C.A.S.A.	Total Transfers
July	2,714,750	468,200	229,700	129,100	85,300	48,700	31,000	17,700	25,700			250,000		4,000,150
August	2,714,750	468,200	229,700	129,100	85,300	48,700	31,000	17,700	25,700					3,750,150
September	14,948,100	8,164,100	4,359,200	2,185,800	1,237,300	793,200	188,400	319,200	86,600	63,600			1,081,417	33,426,917
Gaming Department	203,500	55,200	15,400	11,400	5,600	3,600	1,200	2,000	2,100					300,000
October	2,714,750	468,200	229,700	129,100	85,300	48,700	31,000	17,700	25,700					3,750,150
November	2,714,750	468,200	229,700	129,100	85,300	48,700	31,000	17,700	25,700					3,750,150
December	19,908,750	7,355,400	2,397,500	3,340,800	1,194,400	886,400	209,500	289,600	133,700	58,200			1,054,412	36,828,662
January														
February														
March														
April														
May														
June														
Final Profit Distribution														
YTD Transfers	45,919,350	17,447,500	7,690,900	6,054,400	2,778,500	1,878,000	523,100	681,600	325,200	121,800		250,000	2,135,829	85,806,179
Transfer % of Total Sales	11.9%	4.5%	2.0%	1.6%	0.7%	0.5%	0.1%	0.2%	0.1%	0.032%		0.06%	0.6%	22.3%
YTD Sales	274,814,586	50,368,495	22,159,134	17,600,037	7,997,803	5,432,690	1,460,482	1,968,800	2,971,446	517,140				385,290,613
% of Sales by Product	71.33%	13.07%	5.75%	4.57%	2.08%	1.41%	0.38%	0.51%	0.77%	0.13%				100.00%
% of Transfer by Product	16.71%	34.64%	34.71%	34.40%	34.74%	34.57%	35.82%	34.62%	10.94%	23.55%				21.72%

**FY17 Year-to-Date Budget Status
DECEMBER**



Date: 12/31/2016
Elapsed: 50%

	<u>Budget</u>	<u>Expenditures thru Dec.</u>	<u>Percent Expended</u>	<u>Balance</u>	<u>Comments</u>
Personal Services	4,533,300	1,837,100	41%	2,696,200	
ERE	1,972,000	714,700	36%	1,257,300	
Prof. & Outside Services	386,800	236,600	61%	150,200	contracted services for on-line conversion & building maint.
Travel - In State	271,600	86,500	32%	185,100	
Travel - Out of State	16,800	4,300	26%	12,500	
Other Operating / Equip.	1,173,200	499,300	43%	673,900	
Operating Subtotal:	\$ 8,353,700	\$ 3,378,500	40%	\$ 4,975,200	
Advertising 1/	15,500,000	3,310,800	21%	12,189,200	
% of sales { Instant Tickets	23,671,800	6,725,800	28%	16,946,000	
{ On-Line Vendor Fees	8,062,600	4,027,600	50%	4,035,000	
{ Charitable Commissions	1,215,800	594,300	49%	621,500	
{ Retailer Commissions	56,633,900	24,910,200	44%	31,723,700	
Total Budget:	\$ 113,437,800	\$ 42,947,200	38%	\$ 70,490,600	

1/ Advertising agency expenses are typically one month behind.

Notes on Sales-Related Line Items:

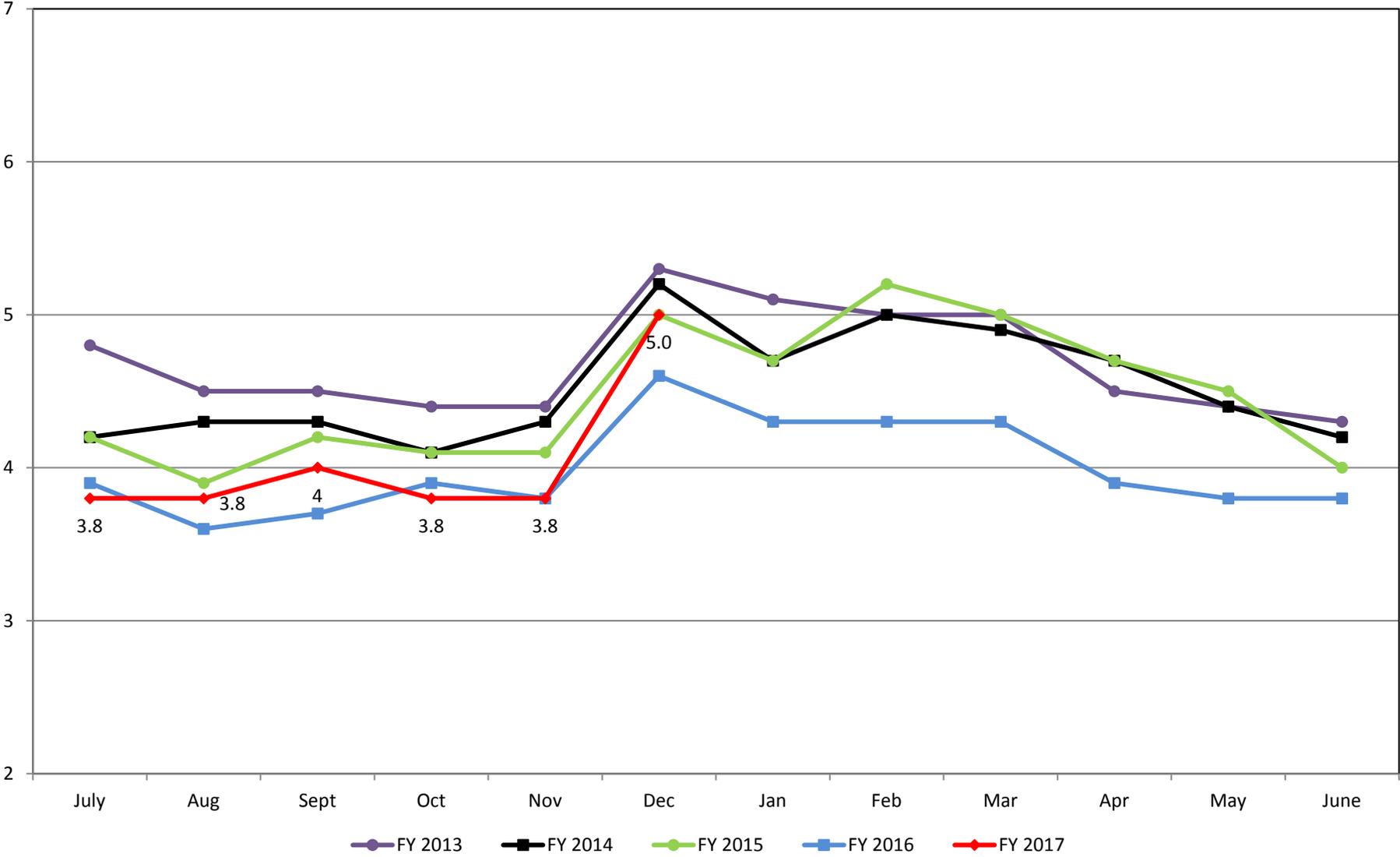
Instant Tickets: Appropriated based on 3.6% of sales. The budget corresponds to the JLBC instant sales estimate of \$657.6 million.

On-Line Vendor Fees: Appropriation based on percentage of on-line sales as determined by contract. The budget corresponds to the JLBC on-line sales estimate of \$193.8 million.

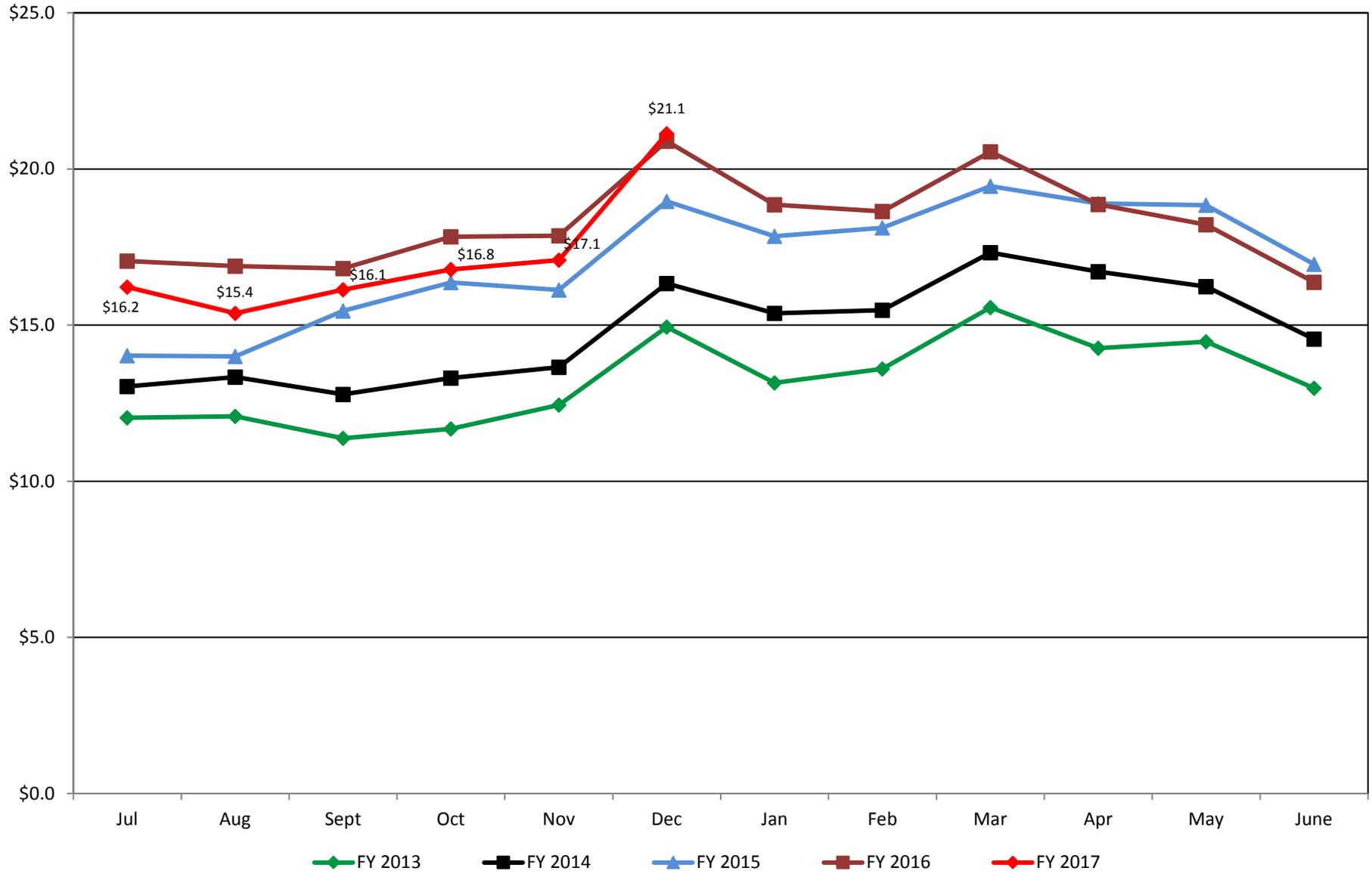
Charitable Commissions: The compensation rate is 20% of instant tab ticket sales. The budget corresponds to the JLBC sales estimate of \$6.08 million.

Retailer Commissions: The compensation rate is 6.5% plus up to an additional .5% based on performance criteria. The budget corresponds to the JLBC estimated compensation rate of 6.7% based on total sales of \$851.4 million.

**Arizona Lottery
Ticket Vending Machine - Monthly Out-of-Stock Averages**



**Arizona Lottery
Vending Machine Sales - Instant Tickets**



**Draw Games - Advertised Jackpot Comparisons
Dec FY2017 vs FY2016**

Powerball	FY2017 Jackpot			FY2016 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
12/03/16	\$40.0	\$54.0	\$1.22	\$110.0	\$128.0	\$1.54
12/10/16	\$67.0	\$85.0	\$1.33	\$145.0	\$164.0	\$1.67
12/17/16	\$100.0	\$119.0	\$1.62	\$180.0	\$202.0	\$2.24
12/24/16	\$40.0	\$50.0	\$1.42	\$227.0	\$260.0	\$3.55
12/31/16	\$60.0	\$70.0	\$1.43	\$300.0	\$334.0	\$6.48
Total Monthly Sales	\$6,424,654			\$12,514,149		

Mega Millions	FY2017 Jackpot			FY2016 Jackpot		
	Tue	Fri	Wkly Sales	Tue	Fri	Wkly Sales
12/03/16	\$25.0	\$30.0	\$0.53	\$39.0	\$47.0	\$0.64
12/10/16	\$35.0	\$43.0	\$0.56	\$57.0	\$66.0	\$0.65
12/17/16	\$51.0	\$59.0	\$0.61	\$74.0	\$85.0	\$0.73
12/24/16	\$67.0	\$76.0	\$0.70	\$94.0	\$104.0	\$0.88
12/31/16	\$85.0	\$96.0	\$0.74	\$117.0	\$134.0	\$1.15
Total Monthly Sales	\$2,875,302			\$3,553,725		

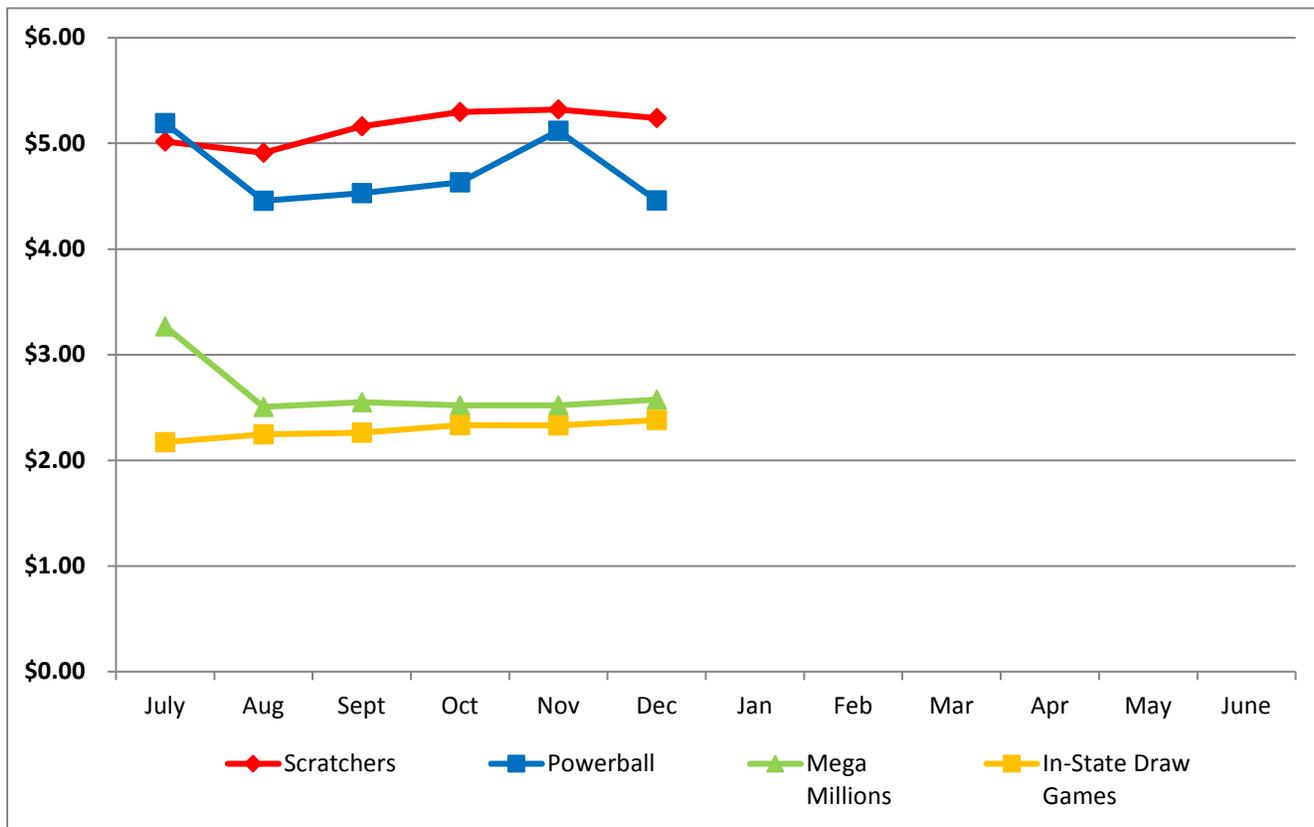
The Pick	FY2017 Jackpot			FY2016 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
12/03/16	\$7.1	\$7.2	\$0.88	\$1.5	\$1.6	\$0.49
12/10/16	\$7.5	\$7.7	\$0.90	\$1.7	\$1.8	\$0.50
12/17/16	\$7.8	\$8.0	\$0.97	\$1.9	\$2.0	\$0.54
12/24/16	\$8.2	\$8.3	\$1.03	\$2.1	\$2.2	\$0.59
12/31/16	\$1.0	\$1.0	\$0.49	\$2.4	\$2.5	\$0.66
Total Monthly Sales	\$3,816,963			\$2,439,498		

Jackpot and weekly sales amounts are in millions

High jackpot for the period

**Arizona Lottery
Average Wager Transactions - By Game**

	Scratchers	Powerball	Mega Millions	In-State Draw Games
July	\$5.02	\$5.19	\$3.27	\$2.17
Aug	\$4.91	\$4.46	\$2.51	\$2.25
Sept	\$5.16	\$4.53	\$2.55	\$2.26
Oct	\$5.30	\$4.63	\$2.52	\$2.33
Nov	\$5.32	\$5.12	\$2.52	\$2.33
Dec	\$5.24	\$4.46	\$2.57	\$2.38
Jan				
Feb				
Mar				
Apr				
May				
June				
Average	\$5.16	\$4.73	\$2.66	\$2.29



ATTACHMENT B

FY17 Mid-Year Product and Sales Report

The first section of this report focuses on individual product performance and is provided by the Products team. In the second section, Raynie Hosto, Director of Sales, has provided information on retailer sales and rankings in several different categories.

Sales through the first half of the fiscal year were \$385,290,613, an increase of 1.4% over the same period last year.

Sales breakdown by product line are:

<u>Product</u>	<u>Sales</u>	<u>Market Share</u>
Scratchers®	\$274,814,586	71.30%
Draw Games	\$106,987,441	27.80%
Charitable Pull-Tabs	\$2,971,446	0.77%
Age Restricted Pull-Tabs	\$517,140	0.13%

Chain and independent convenience stores account for 68.7% of total sales, with grocery store category accounting for 26.6% of sales.

More detail is provided in the attached report, and staff is available to answer any questions the Commission may have. These reports are detailed in Attachment B.

Arizona Lottery
FY2017 – Product Review
Mid-Year Review – July 2016 through December 2016

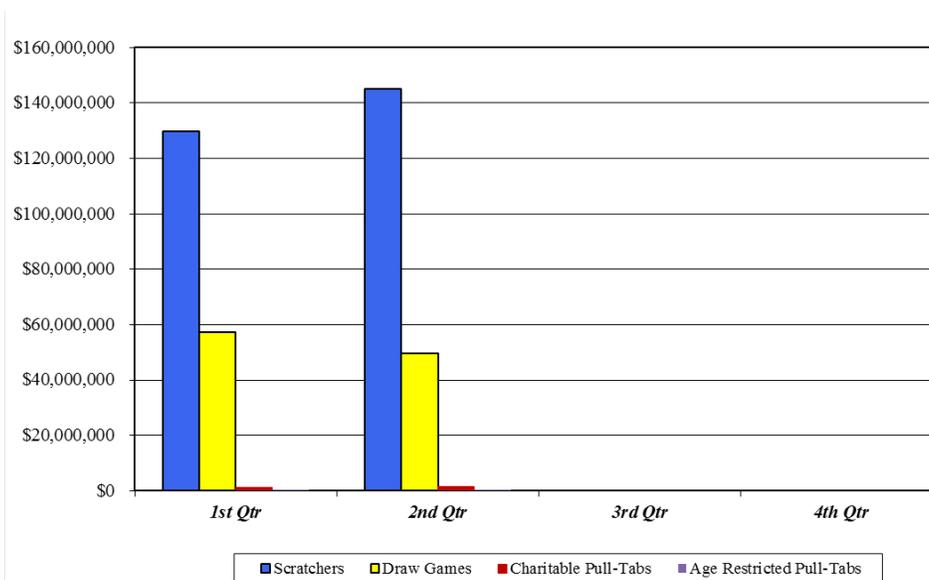
As part of a quarterly review process, we will report to the agency on the performance of the individual lottery products including both draw and instant games. The information contained in this report includes the following:

- General overview midway through the fiscal year
- A top line review of sales performance of each product
- A summary review by price point for the instant games
- A top down look at the top performing games by revenue and tickets
- A review of new game introductions and game endings

General Overview

Sales midway through FY17 reached \$385,290,613, an increase of 1.4% over the same period last fiscal year. The breakdown by product is as follows:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>Total</u>	<u>Mkt Share</u>
<i>Scratchers^{®1}</i>	\$129,792,983	\$145,021,603	\$274,814,586	71.30%
<i>Draw Games</i>	\$57,337,787	\$49,649,654	\$106,987,441	27.80%
<i>Charitable Pull-Tabs</i>	\$1,377,906	\$1,593,540	\$2,971,446	0.77%
<i>Age Restricted Pull-Tabs</i>	\$269,910	\$247,230	\$517,140	0.13%
Total	\$188,778,586	\$196,512,027	\$385,290,613	



As indicated in the chart above, the Scratchers contribution to total sales in the first half of the year represented 71.30%. The market share for draw games started the fiscal year at 30.37% of sales, an increase over the same quarter last fiscal year. Pull-tabs, representing 0.90% of total sales, have had a slight increase so far this fiscal year due to an increase in charitable pull-tab sales and the addition of age-restricted locations. Sales detail by game is provided in Attachments A and B.

¹ Scratchers® is a registered service mark of the California Lottery.

Charitable Pull-Tabs

The charitable games program, first introduced in January 2011, continues to be strong with 131 organizations currently licensed and selling tickets. Sales remain strong so far this fiscal year having already surpassed the \$2.9 million mark, 14.9% ahead of the same period last fiscal year.

Age Restricted Pull-Tabs

The age restricted games program began licensing retailers in February 2016. Currently there are 34 retailers licensed and selling tickets. Sales reached \$101,130 for the month of December, the highest monthly sales for the product to date.

Scratchers Games

Sales for Scratchers at \$274.8 million are slightly down 1.1% over the same period last fiscal year.

Based on validations, players have earned more than \$196.2 million in prizes. The prizes paid calculated against the sales revenues equate to an average payout of 71.4%.

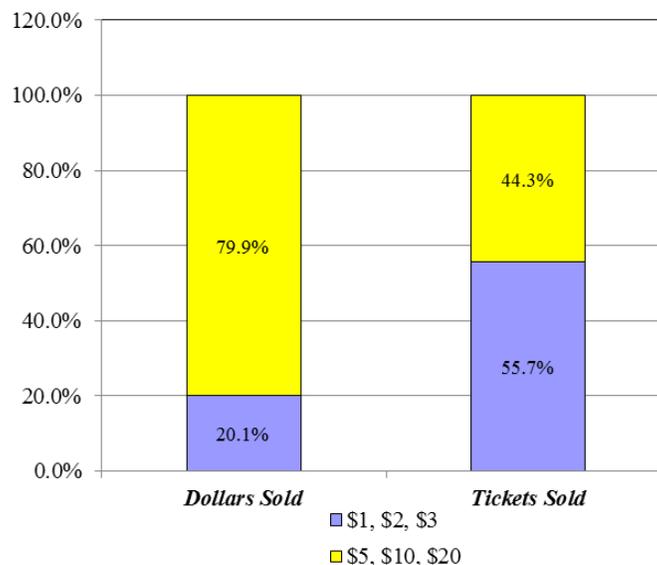
A total of 30 new games were introduced in the first half of the year. Combined with the games carried forward, a total of 98 games contributed to the sales revenues.

Price Point	\$1	\$2	\$3	\$5	\$10	\$20
# New Games	6	6	2	8	6	2
Carried Forward	14	16	5	17	12	4

During this same period 39 games were ended. Nine of the games were ended because the last top prize had been redeemed. The remaining games were ended as part of the standard quarterly game ending process, either because the games were out of inventory or the intended sales period had expired.

Sales by price point

The total number of tickets at the \$1, \$2 and \$3 price points continues to represent the largest volume of tickets sold with 55.7% but represent only 20.1% of the revenues. During this same period the \$5, \$10 and \$20 games accounted for 44.3% of the tickets sold and 79.9% of the revenues. The largest increase is at the \$20 price point, from 29.6% of the market at the end of last year to 33.0% mid-way through this year. The chart below shows the breakdown of tickets and dollars for FY17. The charts on Attachment C show a comparable breakdown across all price points for the most recent five years.



Top 10 games

The Crossword and Bingo style games continue to be strong in the market with more than \$76.4 million in sales, representing 27.8% of total instant sales. In terms of both dollars and tickets sold, five of the top ten games are Crossword or Bingo style games. The top performer of the first quarter with more than \$48.4 million in sales was the \$20 spotlight game, *\$200 Million Cash Explosion* (#1080). This game represented 17.6% of the total instant sales. The game has been in market since September 2016 and, along with its predecessor, *#185 Million Cash Explosion* (#950) to date has sold more than \$70.9 million this fiscal year, representing 25.8% of the total instant sales.

The table below identifies the top 10 games in terms of sales revenue generated and total tickets sold through the first quarter.

Top 10 games in sales revenue			Top 10 games in tickets sold		
	<u>Game</u>	<u>Sales Revenue</u>		<u>Game</u>	<u>Tickets Sold</u>
\$20	1080 \$200 Million Cash Explosion	\$48,414,920	\$2	1061 Crossword	6,485,042
\$20	950 \$185 Million Cash Explosion	\$22,475,340	\$5	1050 Money Bag Crossword	3,246,375
\$10	1046 Superstar Crossword	\$16,511,550	\$20	1080 200 Million Cash Explosion	2,420,746
\$5	1050 Money Bag Crossword	\$16,231,875	\$10	1046 Superstar Crossword	1,651,155
\$2	1061 Crossword	\$12,970,084	\$2	980 Bingo	1,641,778
\$10	1069 Jumbo Bucks	\$10,311,050	\$2	1060 Bingo	1,588,014
\$20	975 Diamond 7	\$10,219,320	\$2	1067 Red Hot 7's	1,287,952
\$10	1035 Hundred Grand Cash	\$8,041,030	\$3	983 Lucky Line Crossword	1,233,744
\$5	1021 Bingo Blast	\$5,926,810	\$1	1075 Letter To Santa	1,220,329
\$20	1074 \$250,000 Crossword	\$5,720,860	\$5	1021 Bingo Blast	1,185,362

Second Chance Drawing Promotion

Games offering second chance opportunities for players to win cash or merchandise prizes have become very popular. In 2016, in celebration of the Lottery's 35th anniversary, a series of second chance drawings were planned: four regular drawings and one Grand Prize drawing. Prize money from ten designated games was consolidated for the promotion, giving players the chance to win from \$500 to \$150,000. In the promotion, 197 players collectively won \$612,000. The Grand Prize was held at a celebratory event on December 9, 2016.

In September 2016, the Arizona Lottery introduced an Arizona Cardinals instant scratch ticket in conjunction with the Arizona Cardinals football season. In addition to the traditional instant-win cash prizes, this ticket gave players the opportunity to win second chance prizes: an away-game trip for two, season tickets, Arizona Cardinals memorabilia, and tickets to Arizona Cardinals home games. Three regular drawings and one Grand Prize drawing were held. In the promotion, a total of 282 prizes were awarded to players.

Player's Rewards

The Player Rewards promotion began in late March, and represents the first step in creating a Player Loyalty Club. Players enter non-winning tickets from the \$1, \$2 and \$3 games to earn entries into a monthly drawing to win a cash prize or prize points to spend on merchandise in the online prize store. The promotion includes a mobile app allowing players to scan their tickets into the drawings. The promotion continues through the second quarter of fiscal year 2017. At the end of the promotion a Grand Prize of \$30,000 will be awarded.

Draw Games

Total sales of draw games for the first half of the year reached \$106,987,441, an increase of 7.6% over the same period last year.

Powerball – Sales through the first half of the year for *Powerball* totaled \$50,368,495, an increase of 7.6% over the prior year.

Mega Millions – Sales through the first half of the year for *Mega Millions* totaled \$22,159,134, an increase of 14.0% from the prior year. The highest jackpot reached through the first half of the fiscal year was \$540 million in early July.

Combined sales for the multi-state games are 9.5% over the previous year.

Draw Games – In-State Games

The Pick™ – Sales through the first half of the year for *The Pick* were \$17,600,037, an increase of 17.0% over the same period last year. The Pick jackpot began to build in mid-May and continued to grow until it was won on December 24, 2016 for \$8.3 million.

Fantasy 5™ – Sales through the first half of the year for *Fantasy 5* were \$7,997,803, a decrease of 4.5% over the same period last year. The highest jackpot through the first quarter of the fiscal year was \$299,000 at the end of September.

Pick 3™ – Sales through the first half of the year for *Pick 3* were \$5,432,690, an increase of 9.0% over the same period last year. Sales for this game remain consistent with a slight increase year over year. Currently the game is averaging approximately \$900,000 per month.

5 Card Cash™ – Sales through the first half of the year for *5 Card Cash* were \$1,968,800. Because sales for this game began in October 2015, there is no sales comparison yet available from the previous fiscal year.

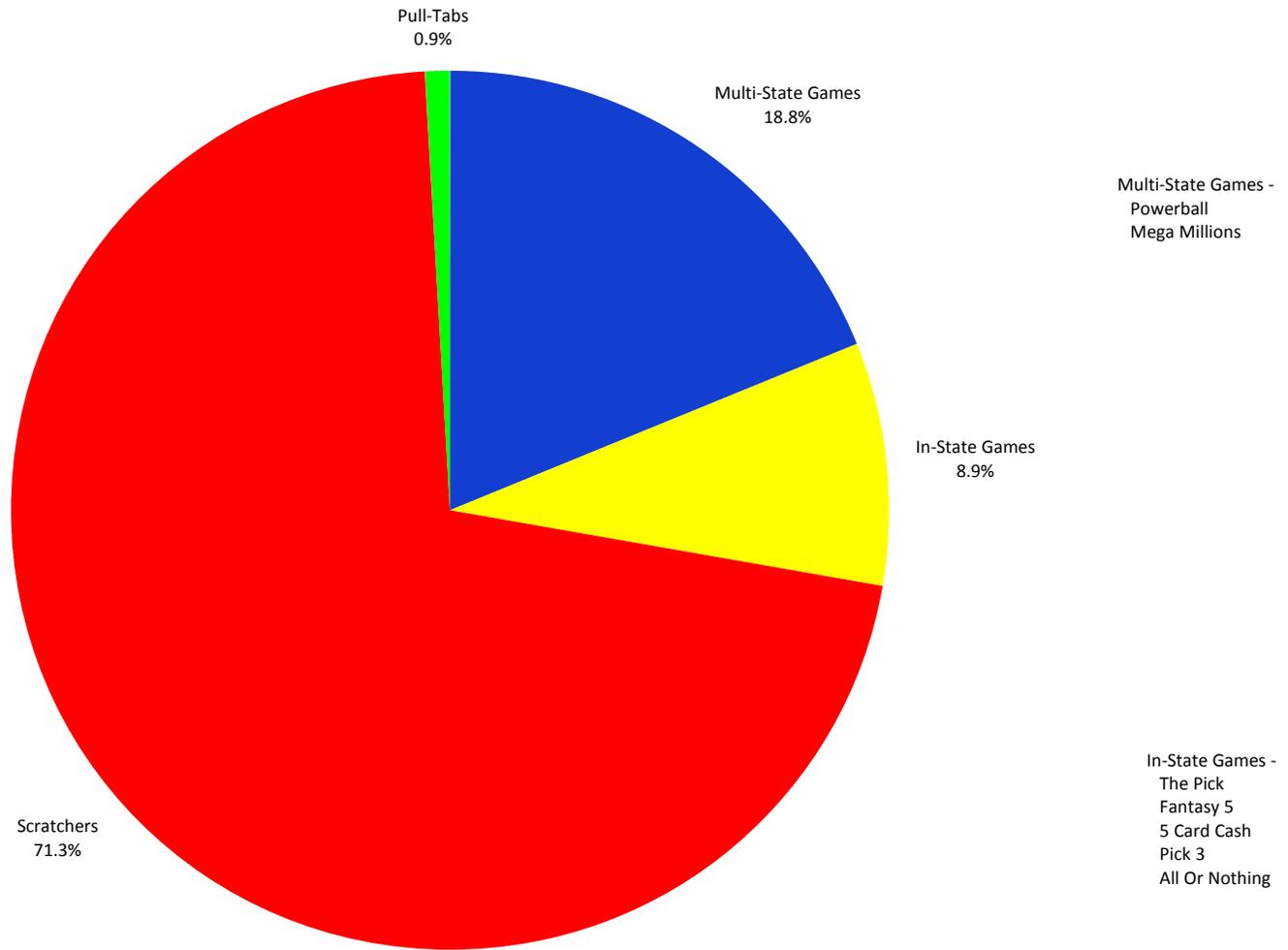
All Or Nothing™ – Sales for *All or Nothing* were \$1,460,482, a decrease of 22.7% from the same period last year

Combined sales for the in-state games are 3.8% above the previous year.

ARIZONA LOTTERY
QUARTERLY SALES BY PRODUCT
Fiscal Year 2017 - July 2016 through December 2016

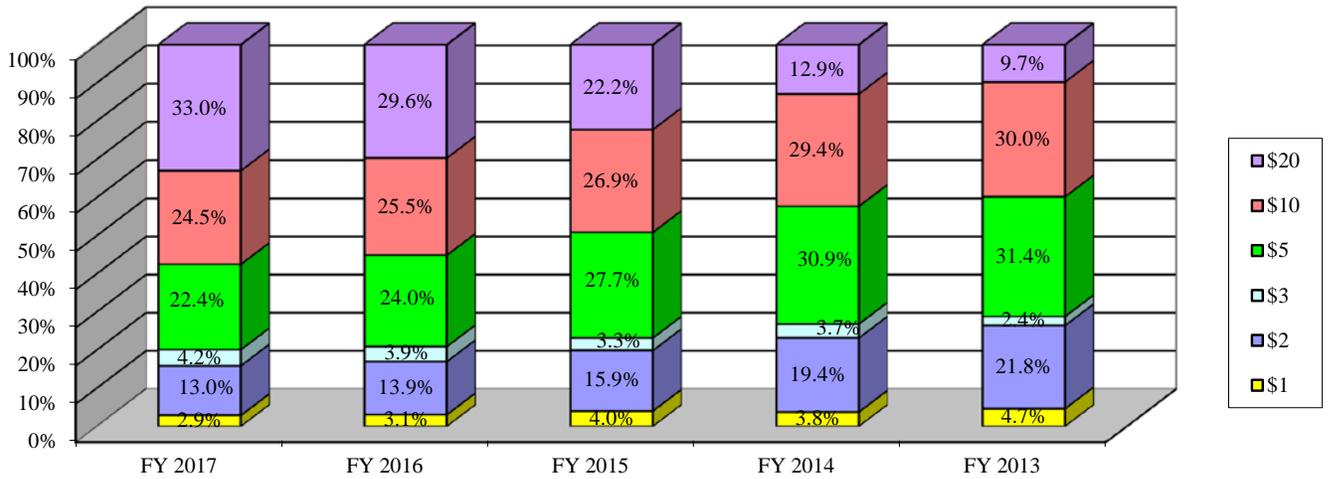
<i>Month</i>	<i>Powerball</i>	<i>Mega Millions</i>	<i>The Pick</i>	<i>Fantasy 5</i>	<i>Pick 3</i>	<i>All Or Nothing</i>	<i>5 Card Cash</i>	<i>Total Draw Games</i>	<i>Scratchers</i>	<i>Charitable Pull-Tabs</i>	<i>Age Restricted Pull-Tabs</i>	<i>Total Instant Games</i>	<i>Total</i>	<i>Market Share</i>
<i>July</i>	\$14,362,658	\$8,689,584	\$2,377,390	\$1,185,217	\$886,760	\$262,492	\$373,816	\$28,137,917	\$43,832,068	\$418,026	\$88,560	\$44,338,654	\$72,476,571	18.8%
<i>August</i>	\$6,341,897	\$2,811,227	\$2,416,011	\$1,414,536	\$883,347	\$254,434	\$359,114	\$14,480,566	\$42,761,031	\$500,850	\$82,080	\$43,343,961	\$57,824,527	15.0%
<i>September</i>	\$6,379,839	\$2,839,705	\$2,479,920	\$1,589,942	\$879,854	\$228,194	\$321,850	\$14,719,304	\$43,199,884	\$459,030	\$99,270	\$43,758,184	\$58,477,488	15.2%
<i>1st Quarter</i>	\$27,084,394	\$14,340,516	\$7,273,321	\$4,189,695	\$2,649,961	\$745,120	\$1,054,780	\$57,337,787	\$129,792,983	\$1,377,906	\$269,910	\$131,440,799	\$188,778,586	49.0%
<i>October</i>	\$6,461,027	\$2,377,008	\$3,032,182	\$1,213,770	\$909,427	\$234,020	\$314,190	\$14,541,624	\$44,765,736	\$515,838	\$63,720	\$45,345,294	\$59,886,918	15.5%
<i>November</i>	\$10,398,420	\$2,566,308	\$3,477,571	\$1,206,152	\$891,644	\$227,616	\$289,912	\$19,057,623	\$46,510,000	\$527,898	\$82,380	\$47,120,278	\$66,177,901	17.2%
<i>December</i>	\$6,424,654	\$2,875,302	\$3,816,963	\$1,388,186	\$981,658	\$253,726	\$309,918	\$16,050,407	\$53,745,867	\$549,804	\$101,130	\$54,396,801	\$70,447,208	18.3%
<i>2nd Quarter</i>	\$23,284,101	\$7,818,618	\$10,326,716	\$3,808,108	\$2,782,729	\$715,362	\$914,020	\$49,649,654	\$145,021,603	\$1,593,540	\$247,230	\$146,862,373	\$196,512,027	51.0%
<i>January</i>														
<i>February</i>														
<i>March</i>														
<i>3rd Quarter</i>														
<i>April</i>														
<i>May</i>														
<i>June</i>														
<i>4th Quarter</i>														
<i>2017</i>	\$50,368,495	\$22,159,134	\$17,600,037	\$7,997,803	\$5,432,690	\$1,460,482	\$1,968,800	\$106,987,441	\$274,814,586	\$2,971,446	\$517,140	\$278,303,172	\$385,290,613	
<i>Mkt Share</i>	13.1%	5.8%	4.6%	2.1%	1.4%			27.8%	71.3%	0.77%	0.13%	72.23%		
<i>2016</i>	\$46,792,000	\$19,444,604	\$15,037,329	\$8,378,751	\$4,982,991	\$1,889,778	\$2,179,480	\$99,449,421	\$277,945,794	\$2,585,820		\$280,531,614	\$379,981,035	
<i>% of Change</i>	7.6%	14.0%	17.0%	-4.5%	9.0%	-22.7%		7.6%	-1.1%	14.9%		-0.8%	1.4%	

ARIZONA LOTTERY
QUARTERLY SALES BY PRODUCT
Fiscal Year 2017 - July 2016 through December 2016



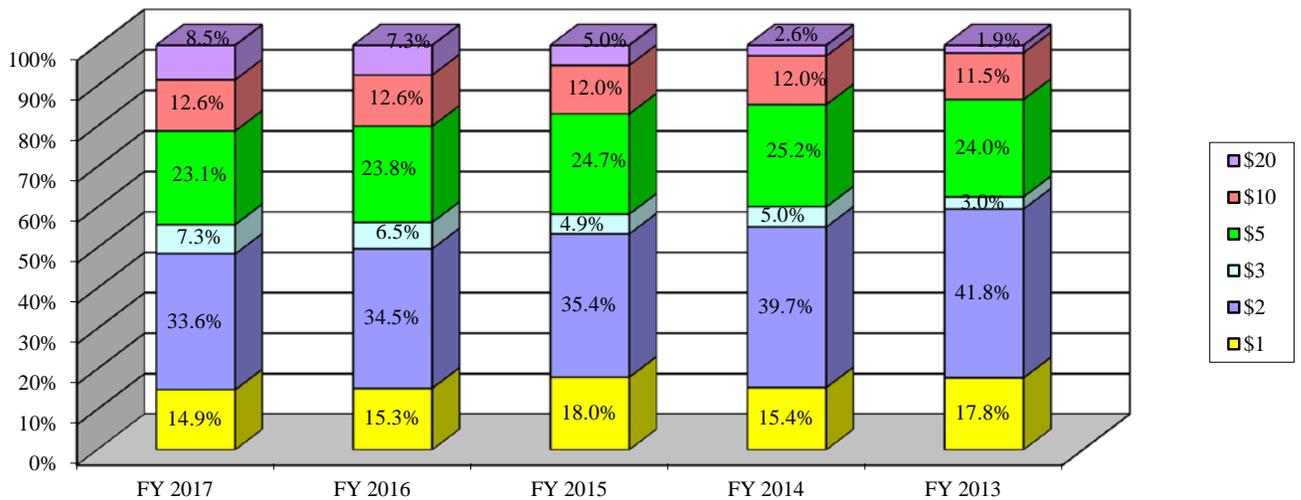
Arizona Lottery 5-Year Review by Price Point

Based on Dollars Sold



	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
\$1	\$7,923,951	\$18,183,806	\$21,852,857	\$20,900,842	\$19,945,234
\$2	\$35,809,392	\$82,257,128	\$86,110,390	\$92,970,362	\$92,194,924
\$3	\$11,590,683	\$23,323,455	\$17,793,777	\$15,624,093	\$13,626,693
\$5	\$61,526,300	\$141,578,675	\$150,203,925	\$153,051,335	\$137,111,780
\$10	\$67,377,580	\$150,398,690	\$145,784,060	\$140,218,320	\$122,702,850
\$20	\$90,586,680	\$174,963,960	\$120,285,280	\$61,130,860	\$51,018,120
Total	\$274,814,586	\$590,705,714	\$542,030,289	\$483,895,812	\$436,599,601

Based on Tickets Sold



	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
\$1	7,923,951	18,183,806	21,852,857	20,900,842	19,945,234
\$2	17,904,696	41,128,564	43,055,195	46,485,181	46,097,462
\$3	3,863,561	7,774,485	5,931,259	5,208,031	4,542,231
\$5	12,305,260	28,315,735	30,040,785	30,610,267	27,422,356
\$10	6,737,758	15,039,869	14,578,406	14,021,832	12,270,285
\$20	4,529,334	8,748,198	6,014,264	3,056,543	2,550,906
Total	53,264,560	119,190,657	121,472,766	120,282,696	112,828,474

Arizona Lottery
FY2017 2nd Quarter – Retailer Sales Review

LXP/ITVM Sales (Chart E)

Scratchers sales through the vending machines for the second quarter of FY17 were \$54,988,513. This was a decrease of 2.8% compared to the same period last year and represents 37.9% of Scratchers sales. Total vending machine sales declined 7.9% in the first half of FY17. The decrease of over \$8.9 million is due in part to loss of draw game sales through the vending machine.

Historically, out-of-stocks increase during the December holiday season due to the gift giving nature of the product and this year was no different with out-of-stocks at 5.03%. On the bright side, we recorded the highest ever December Scratchers sales through vending machines at \$21.1 million in December of 2016. The out-of-stock average for the second quarter was 4.2% compared to 4.1% in FY16.

Corporate Account Review (Chart F)

There was little change in the corporate account categories for the second quarter of FY17.

- Major retail chains represent 56.8% of all lottery accounts. Convenience stores represent 42.9% of total accounts, while chain food stores represent 13.9%.
- Major retail chains comprise 75.7% of the total market share at the Lottery with convenience stores and food stores accounting for 50.2% and 25.5% respectively.
- Fry's food stores continue to lead with the highest per store average of \$357,887. QuikTrip, Albertsons, and Safeway follow with per store average sales of \$313,042, \$259,252 and \$240,917 respectively. Walmart produced the largest per store average increase of 15.7% compared to FY16.

Business Classification Review (Charts G and H)

Collectively, chain and independent convenience stores account for 72.9% of total Lottery accounts and 68.7% of the market share in sales. Chain and independent grocery stores account for 16.0% of total Lottery accounts and 26.6% total sales. These figures remain consistent with the previous fiscal year.

County Review (Charts I and J)

- For first half of FY17, the estimated per capita weekly sales were \$2.30, which is a slight increase from the same period in FY16 when the per capita sales were \$2.27.
- Maricopa and Pima counties held a market share of 76.1% of total sales. The remaining counties represent 23.9% of sales.
- Greenlee County remained the leader with the highest weekly per capita sales of \$3.90, followed by Mohave at \$3.63 and La Paz at \$3.49.

Arizona Lottery							
Lottery Express / ITVM Review							
FY 2017							
	# of Units (Qtly Avg)	Per Unit Game Capacity	Instant Sales	Draw Sales	Total Sales	Per Unit Average	Average Out-of-Stock Percentage
<i>Lottery Express</i>	743	24	\$ 44,920,736	\$ 2,664,653	\$ 47,585,389	\$ 64,045	
<i>ITVM</i>	96	24	\$ 2,807,194		\$ 2,807,194	\$ 29,242	
1st Quarter Total	839		\$ 47,727,930	\$ 2,664,653	\$ 50,392,583		3.9%
% of Lottery Sales			36.8%	4.6%	26.9%		
<i>Lottery Express</i>	748	24	\$ 51,803,872	\$ -	\$ 51,803,872	\$ 69,257	
<i>ITVM</i>	95	24	\$ 3,184,641		\$ 3,184,641	\$ 33,523	
2nd Quarter Total	843		\$ 54,988,513	\$ -	\$ 54,988,513		4.2%
% of Lottery Sales			37.9%	0.0%	28.2%		
<i>Lottery Express</i>		24			\$ -	#DIV/0!	
<i>ITVM</i>		24			\$ -	#DIV/0!	
3rd Quarter Total			\$ -	\$ -	\$ -		
% of Lottery Sales			#DIV/0!	#DIV/0!	#DIV/0!		
<i>Lottery Express</i>		24			\$ -	#DIV/0!	
<i>ITVM</i>		24			\$ -	#DIV/0!	
4th Quarter Total			\$ -	\$ -	\$ -		
% of Lottery Sales			#DIV/0!	#DIV/0!	#DIV/0!		
Total Lottery Express			\$ 96,724,608	\$ 2,664,653	\$ 99,389,261		
Total ITVM			\$ 5,991,835	\$ -	\$ 5,991,835		
Total Fiscal Year			\$ 102,716,443	\$ 2,664,653	\$ 105,381,096		
% of Total Sales			37.4%	2.5%	27.6%		

Chart E

ARIZONA LOTTERY
CORPORATE ACCOUNT REVIEW
Fiscal Year 2017
July 2016 through December 2016

			<i>Total Draw Games</i>			<i>Scratchers</i>			<i>All Products Combined</i>			<i>Commission</i>
	<i># of</i>	<i>% of</i>	<i>Market</i>	<i>Per Store</i>		<i>Market</i>	<i>Per Store</i>		<i>Market</i>	<i>Per Store</i>	<i>Earned</i>	
	<i>Accts</i>	<i>Accts</i>	<i>Sales</i>	<i>Share</i>	<i>Average</i>	<i>Sales</i>	<i>Share</i>	<i>Average</i>	<i>Sales</i>	<i>Share</i>	<i>Average</i>	<i>To Date</i>
<i>4 Sons</i>	21	0.7%	\$1,253,133	1.2%	\$59,673	\$2,616,574	1.0%	\$124,598.76	\$3,869,707	1.0%	\$184,272	\$251,531
<i>7-Eleven</i>	63	2.2%	\$1,830,808	1.7%	\$29,060	\$6,685,162	2.4%	\$106,114	\$8,515,970	2.2%	\$135,174	\$553,538
<i>Carioca</i>	34	1.2%	\$887,981	0.8%	\$26,117	\$2,126,074	0.8%	\$62,532	\$3,014,055	0.8%	\$88,649	\$195,914
<i>Circle K</i>	580	20.1%	\$23,771,762	22.2%	\$40,986	\$71,108,113	25.9%	\$122,600	\$94,879,875	24.9%	\$163,586	\$6,167,192
<i>Cobblestone</i>	9	0.3%	\$338,300	0.3%	\$37,589	\$625,318	0.2%	\$69,480	\$963,618	0.3%	\$107,069	\$62,635
<i>CST Brands</i>	60	2.1%	\$3,178,837	3.0%	\$52,980.62	\$8,229,651	3.0%	\$137,161	\$11,408,488	3.0%	\$190,141	\$741,552
<i>Express Stop</i>	1	0.0%	\$11,889	0.0%	\$11,889	\$27,782	0.0%	\$27,782	\$39,671	0.0%	\$39,671	\$2,579
<i>Giant</i>	87	3.0%	\$2,604,453	2.4%	\$29,936	\$7,555,151	2.7%	\$86,841	\$10,159,604	2.7%	\$116,777	\$660,374
<i>Good 2 Go</i>	17	0.6%	\$332,647			\$812,800			\$1,145,447	0.3%	\$67,379.24	\$74,454
<i>Jackson's Food Stores</i>	12	0.4%	\$662,253	0.6%	\$55,188	\$1,158,158	0.4%	\$96,513	\$1,820,411	0.5%	\$151,701	\$118,327
<i>Loves</i>	12	0.4%	\$280,205	0.3%	\$23,350	\$739,132	0.3%	\$61,594.33	\$1,019,337	0.3%	\$84,945	\$66,257
<i>Maverik</i>	19	0.7%	\$931,614	0.9%	\$49,032	\$1,822,292	0.7%	\$95,910	\$2,753,906	0.7%	\$144,942	\$179,004
<i>Pilot Travel Centers</i>	12	0.4%	\$273,731	0.3%	\$22,811	\$861,478	0.3%	\$71,790	\$1,135,209	0.3%	\$94,601	\$73,789
<i>Quik Mart</i>	26	0.9%	\$813,875	0.8%	\$31,303	\$2,444,209	0.9%	\$94,008	\$3,258,084	0.9%	\$125,311	\$211,775
<i>QuikTrip</i>	110	3.8%	\$9,225,090	8.6%	\$83,864.45	\$25,209,487	9.2%	\$229,177	\$34,434,577	9.0%	\$313,042	\$2,238,248
<i>Shay's</i>	19	0.7%	\$570,113	0.5%	\$30,006	\$1,769,537	0.6%	\$93,134	\$2,339,650	0.6%	\$123,139	\$152,077
<i>Superpumper</i>	12	0.4%	\$684,083	0.6%	\$57,007	\$1,683,361	0.6%	\$140,280	\$2,367,444	0.6%	\$197,287	\$153,884
<i>Terribles</i>	8	0.3%	\$159,100	0.1%	\$19,887.50	\$528,165	0.2%	\$66,021	\$687,265	0.2%	\$85,908	\$44,672
<i>Woody's</i>	17	0.6%	\$266,123	0.2%	\$15,654	\$817,740	0.3%	\$48,102	\$1,083,863	0.3%	\$63,757	\$70,451
<i>Safeway Gas</i>	30	1.0%	\$696,383	0.7%	\$23,212.77	\$1,630,385	0.6%	\$54,346.17	\$2,326,768	0.6%	\$77,558.93	\$151,240
<i>Fry's Gas</i>	90	3.1%	\$1,313,154	1.2%	\$14,591	\$3,271,587	1.2%	\$36,351	\$4,584,741	1.2%	\$50,942	\$298,008
<i>Convenience Total</i>	1239	42.9%	\$50,085,534	46.8%	\$40,424	\$141,722,156	51.6%	\$114,384	\$191,807,690	50.2%	\$154,808	\$12,467,500
<i>Albertson's</i>	36	1.2%	\$3,124,512	2.9%	\$86,792.00	\$6,208,571	2.3%	\$172,460	\$9,333,083	2.4%	\$259,252	\$606,650
<i>Bashas'</i>	50	1.7%	\$3,338,328	3.1%	\$66,767	\$6,269,705	2.3%	\$125,394	\$9,608,033	2.5%	\$192,161	\$624,522
<i>Bashas' Food City</i>	45	1.6%	\$299,334	0.3%	\$6,652	\$2,997,552	1.1%	\$66,612.27	\$3,296,886	0.9%	\$73,264	\$214,298
<i>Fry's</i>	124	4.3%	\$15,688,334	14.7%	\$126,519	\$28,689,674	10.4%	\$231,368	\$44,378,008	11.6%	\$357,887	\$2,884,571
<i>Los Altos Ranch Market</i>	7	0.2%	\$74,951	0.1%	\$10,707	\$694,433	0.3%	\$99,205	\$769,384	0.2%	\$109,912	\$50,010
<i>Safeway</i>	112	3.9%	\$9,907,057	9.3%	\$88,456	\$17,075,622	6.2%	\$152,461	\$26,982,679	7.1%	\$240,917	\$1,753,874
<i>Walmart</i>	28	1.0%	\$611,150	0.6%	\$21,827	\$2,345,241	0.9%	\$83,759	\$2,956,391	0.8%	\$105,585	\$192,165
<i>Food Store Total</i>	402	13.9%	\$33,043,666	30.9%	\$82,198	\$64,280,798	23.4%	\$159,902	\$97,324,464	25.5%	\$242,101	\$6,326,090
<i>Major Chains</i>	1641	56.8%	\$83,129,200	77.7%	\$50,658	\$206,002,954	75.0%	\$125,535	\$289,132,154	75.7%	\$176,193	\$18,793,590
<i>All Stores</i>	2891		\$106,987,441		\$37,007	\$274,814,586		\$95,059	\$381,802,027		\$132,066	\$24,817,132

ARIZONA LOTTERY
BUSINESS CODE REVIEW
Fiscal Year 2017
July 2016 through December 2016

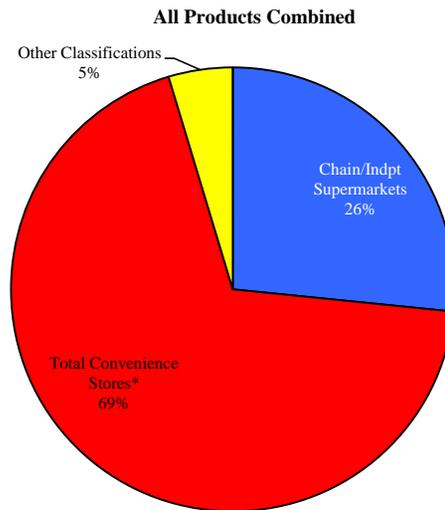
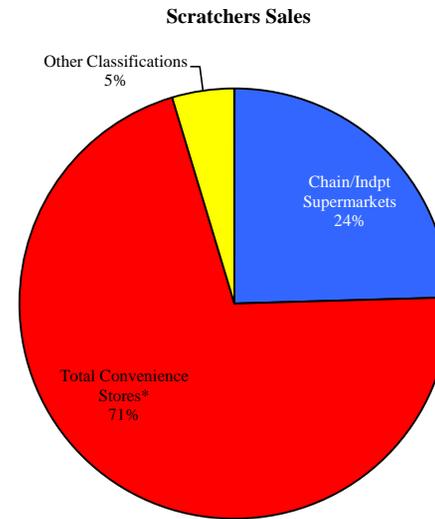
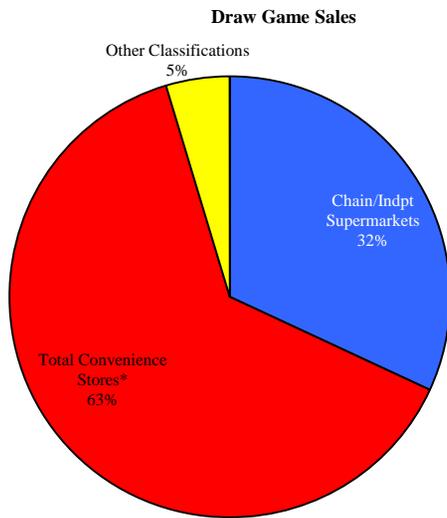
<i>Business Classification</i>	<i># of Accts</i>	<i>% of Accts</i>	<i>Total Draw Games</i>			<i>Scratchers</i>			<i>All Products Combined</i>			<i>Commission Earned To Date</i>
			<i>Sales</i>	<i>Market Share</i>	<i>Per Store Average</i>	<i>Sales</i>	<i>Market Share</i>	<i>Per Store Average</i>	<i>Sales</i>	<i>Market Share</i>	<i>Per Store Average</i>	
Shopping Malls	3	0.1%	\$52,688	0.0%	\$17,563	\$69,370	0.0%	\$23,123	\$122,058	0.0%	\$40,686	\$7,934
Smoke/Gift Shops - Newstands	77	2.7%	\$773,030	0.7%	\$10,039	\$2,683,934	1.0%	\$34,856	\$3,456,964	0.9%	\$44,896	\$224,703
Chain Supermarkets	395	13.7%	\$33,190,566	31.0%	\$84,027	\$63,900,360	23.3%	\$161,773	\$97,090,926	25.4%	\$245,800	\$6,310,910
Independent Supermarkets	67	2.3%	\$972,541	0.9%	\$14,516	\$3,533,677	1.3%	\$52,741	\$4,506,218	1.2%	\$67,257	\$292,904
Chain Convenience Stores	1097	37.9%	\$47,635,046	44.5%	\$43,423	\$135,449,495	49.3%	\$123,473	\$183,084,541	48.0%	\$166,896	\$11,900,495
Independent Convenience	862	29.8%	\$17,630,094	16.5%	\$20,453	\$52,615,326	19.1%	\$61,039	\$70,245,420	18.4%	\$81,491	\$4,565,952
Liquor Stores	90	3.1%	\$707,079	0.7%	\$7,856	\$3,490,979	1.3%	\$38,789	\$4,198,058	1.1%	\$46,645	\$272,874
Drug Stores	1	0.0%	\$8,135	0.0%	\$8,135	\$15,910	0.0%	\$15,910	\$24,045	0.0%	\$24,045	\$1,563
Auto/Gas Stations	149	5.2%	\$2,572,377	2.4%	\$17,264	\$6,483,908	2.4%	\$43,516	\$9,056,285	2.4%	\$60,780	\$588,659
Truck Service Centers	39	1.3%	\$924,502	0.9%	\$23,705	\$2,459,905	0.9%	\$63,074	\$3,384,407	0.9%	\$86,780	\$219,986
Bars/Restaurants	34	1.2%	\$950,405	0.9%	\$27,953	\$1,392,859	0.5%	\$40,966	\$2,343,264	0.6%	\$68,920	\$152,312
Spec Non-Grocery	54	1.9%	\$1,071,036	1.0%	\$19,834	\$1,697,854	0.6%	\$31,442	\$2,768,890	0.7%	\$51,276	\$179,978
Check Cashing Centers	1	0.0%	\$2,501	0.0%	\$2,501	\$5,884	0.0%	\$5,884	\$8,385	0.0%	\$8,385	\$545
Bowling Centers	4	0.1%	\$23,931	0.0%	\$5,983	\$90,912	0.0%	\$22,728	\$114,843	0.0%	\$28,711	\$7,465
Mass Merchandise	10	0.3%	\$47,554	0.0%	\$4,755	\$211,643	0.1%	\$21,164	\$259,197	0.1%	\$25,920	\$16,848
In-House & Promotional	8	0.3%	\$425,956	0.4%	\$53,245	\$712,570	0.3%	\$89,071	\$1,138,526	0.3%	\$142,316	\$74,004
Total	2891	100%	\$106,987,441	100%	\$37,007	\$274,814,586	100%	\$95,059	\$381,802,027	100%	\$132,066	\$24,817,132

Summary Recap

Chain/Indpt Supermarkets	462	16.0%	\$34,163,107	31.9%	\$73,946	\$67,434,037	24.5%	\$145,961	\$101,597,144	26.6%	\$219,907	\$6,603,814
Total Convenience Stores*	2,108	72.9%	\$67,837,517	63.4%	\$32,181	\$194,548,729	70.8%	\$92,291	\$262,386,246	68.7%	\$124,472	\$17,055,106
Other Classifications	321	11.1%	\$4,986,817	4.7%	\$15,535	\$12,831,820	4.7%	\$39,975	\$17,818,637	4.7%	\$55,510	\$1,158,211
Total All Classifications	2,891	100%	\$106,987,441	100%	\$37,007	\$274,814,586	100%	\$95,059	\$381,802,027	100%	\$132,066	\$24,817,132

*Includes chain/independent convenience stores and stores whose business is primarily gas with convenience

ARIZONA LOTTERY
BUSINESS CODE REVIEW
Fiscal Year 2017
July 2016 through December 2016



**ARIZONA LOTTERY
COUNTY SALES REVIEW**

Fiscal Year 2017

July 2016 through December 2016

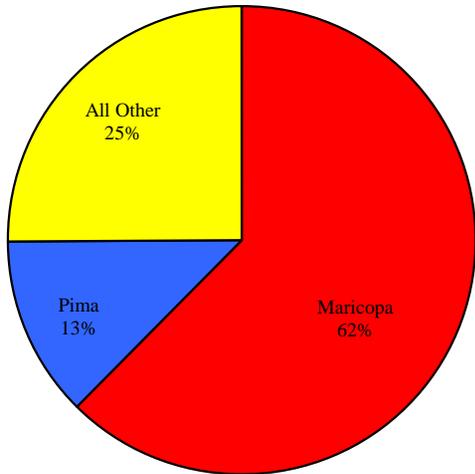
County	# of Accts	% of Accts	Total Draw Games			Scratchers			All Products Combined			Estimated Per Capita Wkly Sales
			Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	
Apache	13	0.4%	\$205,775	0.2%	\$15,829	\$529,906	0.2%	\$40,762	\$735,681	0.2%	\$56,591	\$0.40
Cochise	70	2.4%	\$2,050,322	1.9%	\$29,290	\$7,381,026	2.7%	\$105,443	\$9,431,348	2.5%	\$134,734	\$2.76
Coconino	94	3.3%	\$2,139,356	2.0%	\$22,759	\$5,497,948	2.0%	\$58,489	\$7,637,304	2.0%	\$81,248	\$2.19
Gila	40	1.4%	\$897,066	0.8%	\$22,427	\$2,830,998	1.0%	\$70,775	\$3,728,064	1.0%	\$93,202	\$2.68
Graham	20	0.7%	\$313,441	0.3%	\$15,672	\$1,983,099	0.7%	\$99,155	\$2,296,540	0.6%	\$114,827	\$2.37
Greenlee	9	0.3%	\$116,362	0.1%	\$12,929	\$738,391	0.3%	\$82,043	\$854,753	0.2%	\$94,973	\$3.90
La Paz	36	1.2%	\$560,630	0.5%	\$15,573	\$1,298,393	0.5%	\$36,066	\$1,859,023	0.5%	\$51,640	\$3.49
Maricopa	1633	56.5%	\$66,788,850	62.4%	\$40,899	\$176,197,839	64.1%	\$107,898.25	\$242,986,689	63.6%	\$148,798	\$2.45
Mohave	146	5.1%	\$7,928,713	7.4%	\$54,306	\$10,953,661	4.0%	\$75,025	\$18,882,374	4.9%	\$129,331	\$3.63
Navajo	51	1.8%	\$1,170,708	1.1%	\$22,955	\$3,654,367	1.3%	\$71,654	\$4,825,075	1.3%	\$94,609	\$1.73
Pima	401	13.9%	\$13,364,562	12.5%	\$33,328	\$34,179,941	12.4%	\$85,237	\$47,544,503	12.5%	\$118,565	\$1.87
Pinal	140	4.8%	\$4,735,224	4.4%	\$33,823	\$13,624,174	5.0%	\$97,316	\$18,359,398	4.8%	\$131,139	\$1.88
Santa Cruz	21	0.7%	\$857,780	0.8%	\$40,847	\$1,526,191	0.6%	\$72,676	\$2,383,971	0.6%	\$113,522	\$1.93
Yavapai	114	3.9%	\$3,901,083	3.6%	\$34,220	\$8,662,429	3.2%	\$75,986	\$12,563,512	3.3%	\$110,206	\$2.29
Yuma	103	3.6%	\$1,957,569	1.8%	\$19,006	\$5,756,223	2.1%	\$55,886	\$7,713,792	2.0%	\$74,891	\$1.52
Total	2891	100%	\$106,987,441	100%	\$37,007	\$274,814,586	100%	\$95,059	\$381,802,027	100%	\$132,066	\$2.30

Summary Recap

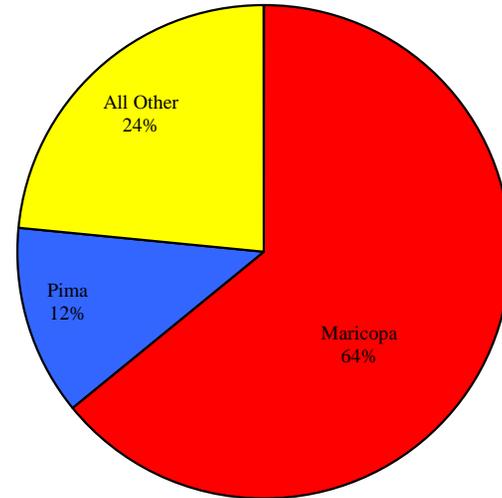
Maricopa and Pima Counties	2034	70.4%	\$80,153,412	74.9%	\$39,407	\$210,377,780	76.6%	\$103,431	\$290,531,192	76.1%	\$142,837	\$2.33
All Other Counties	857	29.6%	\$26,834,029	25.1%	\$31,312	\$64,436,806	23.4%	\$75,189	\$91,270,835	23.9%	\$106,500	\$2.20

ARIZONA LOTTERY
COUNTY SALES REVIEW
Fiscal Year 2017
July 2016 through December 2016

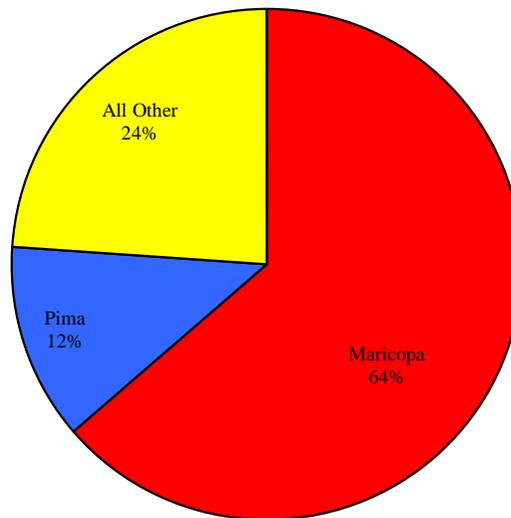
Draw Game Sales



Scratchers Sales



All Products Combined



New Business Item #1
Instant Scratch Game Profiles
Report to Arizona Lottery Commission
January 20, 2017

This report has been provided to the Lottery Commission regarding instant scratch game profiles planned for Arizona Lottery instant scratch games. The Commission is requested to approve these game profiles. After Commission approval, staff will commence with plans for printing, distribution, and sales of these games.

NEW GAME PROFILES

Attached for the Lottery Commission's action are new instant scratch game profiles: *Crossword #1111* and *Round Robin Bingo #1112*.

Crossword #1111. This \$2 game has a top prize of \$10,000 and will be printed at a quantity of approximately 15 million tickets.

Round Robin Bingo #1112. This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 2.8 million tickets.

Attachments (Commissioners only)