



APRIL 22, 2016
COMMISSION
REPORT

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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 April 22, 2016, at 10 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 March 18, 2016, Public Meeting

Agency Reports

1. Arizona Lottery Director's Vision
2. Director's Presentation
3. Marketing/Products Update
4. Airport Update
5. Conversion Update
6. Brand Tracking Review
7. 3rd Quarter Product and Sales Report (No Presentation)

New Business

1. Discussion and Action on Instant Scratch Game Profiles: *Funky 5's* #1066, *Stacks of Cash* #1070, *Gold Rush* #1071, and *\$100,000 Fortune* #1073.

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 May 20, 2016, 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 15th day of April, 2016

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 MARCH 18, 2016**

PRESIDING Chair Frank Conley

COMMISSIONERS Michael Love, Jeff Weintraub, Andy Anderson, and Kristine Burnett

LOTTERY Kevin Donnellan, Interim Director; Michael Schiefelbein, Director of Products; Raynie Hosto, Director of Sales; Steve O’Ney, Director of IT; LaTrina Rosemond, Director of Audit and Accounting; and Brian Townsend, Deputy Director
Kimberly Siddall, Ivy Gilio, Brett Moulton, Pam DiNunzio, Robin Peters, Shelby Alessi, Monica Godek, and Jacqui Ayala

GUESTS GTECH Representatives: Russ Harben, Maryanne Manning, and Serena Arlotta
Scientific Games Representatives: Topper Wilson, and Cory Bonogofsky
LaneTerralever Representatives: Jody Alexander, Amy Raymer, and Bill Woodward
Attorney General Representative: Deanie Reh

PUBLIC Dan Rozsa, Shawn Summers, Brent Stephens, and Gregg Edgar

Call to Order Pursuant to the Public Notice dated March 14, 2016, the Public Meeting of the Arizona State Lottery Commission was called to order at 9:00 a.m. by Chair Conley. A quorum was present.

Chair Conley entertained a motion to approve the minutes of the February 19, 2015, Public meeting; Commissioner Burnett moved, Commissioner Anderson seconded. All members voting aye, motion carried.

Director’s Presentation Interim Director Kevin Donnellan announced that Mr. Gregg Edgar has been appointed by the Governor as the next Executive Director of the Lottery beginning Monday. Mr. Edgar introduced himself and shared a little of his background that is primarily in Public Relations.

Deputy Director Townsend presented a PowerPoint overview of the Director’s Presentation. The Director’s Presentation is attached for the official minutes.

Keep ‘Em Full Presentation Ms. Robin Peters provided an update on the Keep ‘Em Full Incentive that ran in December and January.

Chair Conley asked if we could expand the Keep ‘Em Full Incentive for next year to run through March or April. Ms. Peters said we could certainly look at that. Commissioner

Weintraub said he likes the idea of concentrating on those retailers that are not compliant.

Chair Conley asked where we stand with the conversion coming up. Mr. Schiefelbein said we have planned to provide an update during our next meeting, but said that overall, things are on track.

Chair Conley asked for an update on the airport retail space. Interim Director Donnellan said we just met with the Department of Administration's Procurement group because there were some architectural issues that were resulting in higher costs. He said we are going back to the construction partner to look at alternate materials and opportunities to dial back some of the costs. He said we are presenting the plan to JCCR for their approval of the capital expenditure on April 5 since the City of Phoenix has already approved the plans, designs, and construction. He said that after that meeting, we should have a better idea of breakdown and target date for opening.

New Business Chair Conley asked if any members of the public would like to address the Commission regarding new instant scratch game profiles: *GHOSTBUSTERS*^{TM 1} #1055, *Happy Camper* #1059, *Bingo* #1060, and *Black Pearls* #1072. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding new instant scratch game profiles: #1055, #1059, #1060, and #1072. Vice-Chair Love moved; Commissioner Weintraub seconded. All members voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding Amended Promotion Profile #54 - Player Program and Amended Promotion Profile # 56 – Retailer Program. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding Amended Promotion Profiles #54 and # 56. Vice-Chair Love moved; Commissioner Burnett seconded. All members voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding amended promotion profile #78, Player Rewards – Second Chance Drawings. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding amended promotion profile #78. Commissioner Weintraub moved; Commissioner Anderson seconded. All members voting aye, the motion carried.

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Call to the Public Chair Conley invited members of the public to speak before the Commission. No one from the public requested to speak.

Announcements The next Commission meeting will be held April 22, 2016, at 10:00 a.m.

Adjournment Chair Conley entertained a motion to adjourn, Commissioner Anderson moved; Commissioner Burnett seconded. All members voting aye, motion carried. Meeting adjourned at 10:22 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
April 22, 2016

Arizona Lottery Director's Vision

Director's Presentation

Marketing/Products Update

Airport Update

Conversion Update

Brand Tracking Review

3rd Quarter Product and Sales Report (No Presentation)

New Games Introduction

The following games were introduced since the last commission meeting: *Electric 8s* #1031, *Hundred Grand Cash* #1035, *Fireball 5's* #1045, *Diamonds & Gold Doubler* #1049, and *Crossword* #1061.

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.

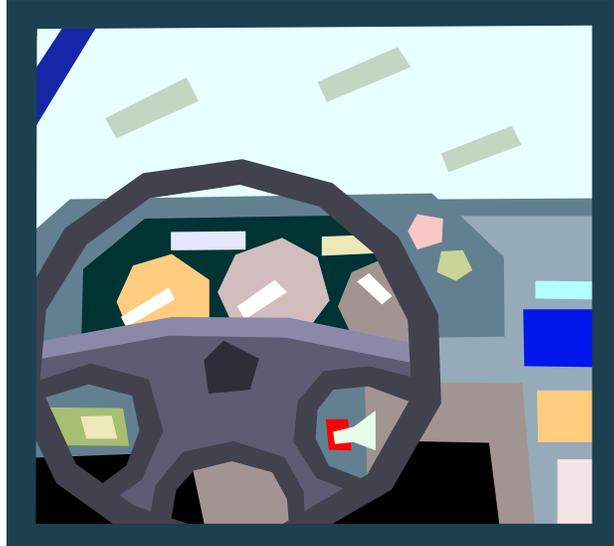
Date Ended	Price Point	Game No.	Game Name	Beginning Inventory	% Sold through 04/09/16
04/05/16	\$10	982	Jumbo Bucks	1,762,800	97.9%
04/05/16	\$1	1012	Fast Jacks	1,478,100	84.9%
04/05/16	\$2	1013	Wild Money Doubler	1,508,400	93.7%
04/05/16	\$5	1016	Amethyst 7's	1,258,440	98.2%
04/05/16	\$10	1018	Double Cash Doubler	1,692,900	97.7%
04/05/16	\$5	1019	Aces and 8s	1,259,340	94.9%
04/05/16	\$5	1020	\$ (Dollar Sign)	1,259,580	93.7%
04/05/16	\$10	1023	Director's Edition	2,330,460	41.2%
04/05/16	\$1	1026	Super 7's	1,762,200	83.5%
04/06/16	\$5	1027	Slingo® Trio	1,972,020	84.9%

Date Ended	Price Point	Game No.	Game Name	Beginning Inventory	% Sold through 04/09/16
04/12/16	\$1	1025	Bacon Bucks	1,758,000	78.6%

Events/Sponsorships

April & May		
Event Date	Event Organization	Event Name
4/2/2016	National Alliance on Mental Illness	2016 NAMI Walks Southern AZ
4/3/2016	Arizona Humane Society	Paws in Paradise
4/7/2016	Phoenix Film Foundations	Phoenix Film Festival
4/8/2016	Down Syndrome Network of Arizona	Lights, Camera, Auction
4/9/2016	STARS	Fiesta Stars & Fashion Show
4/9/2016	American Liver Foundation	Liver Life Walk
4/22/2016	Southwest Autism Research & Resource Center	Community Breakfast
4/24/2016	Cystic Fibrosis Foundation	Great Strides
4/28/2016	The State of Black Arizona	Community Luminary Ceremony
4/30/2016	NAMI Southeastern Arizona	March for Mental Health
4/30/2016	Fresh Start for Women's Foundation	Wake, Shake, & Mingle: A Fitness Fundraiser
5/1/2016	Emerge! Center Against Domestic Abuse	Mother of the Year Luncheon
5/1/2016	Arizona Coalition to End Sexual and Domestic Violence	Thrive Gala and Awards Dinner
5/1/2016	Duet	Duet Cabaret
5/1/2016	Phoenix Youth Symphony	Season Finale Concert
5/14/2016	Rosie's House	20th Anniversary May Gala Concert

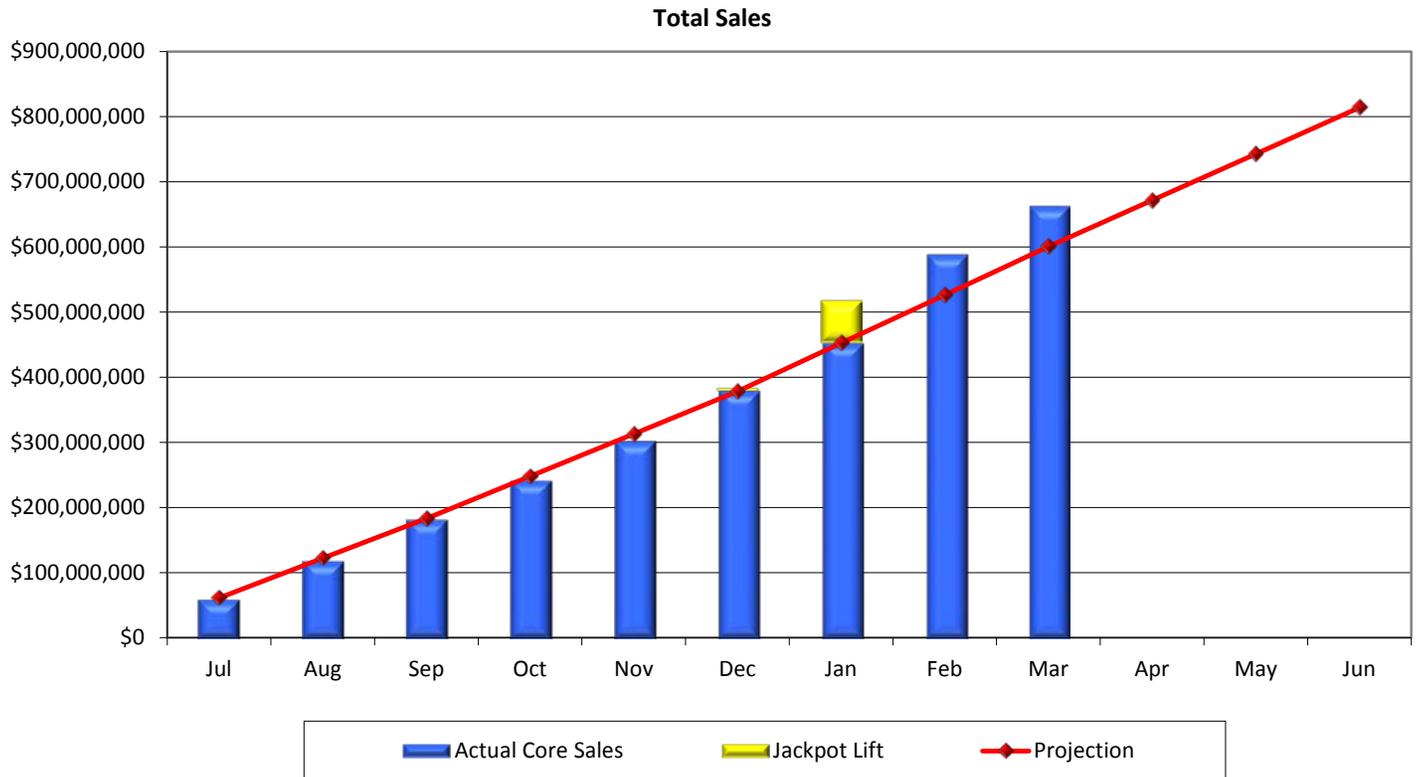
ATTACHMENT A



**Arizona Lottery
Dashboard
March 2016**

Fiscal Year 2016

**Arizona Lottery
FY 2016 Sales versus Projections**



Projection:	600,261,800
Actual Core:	592,598,741
Jackpot Lift:	70,000,000
Total Actual:	662,598,741
Difference:	62,336,941
% Difference:	10.4%

* Total sales are currently 10.4% above projections

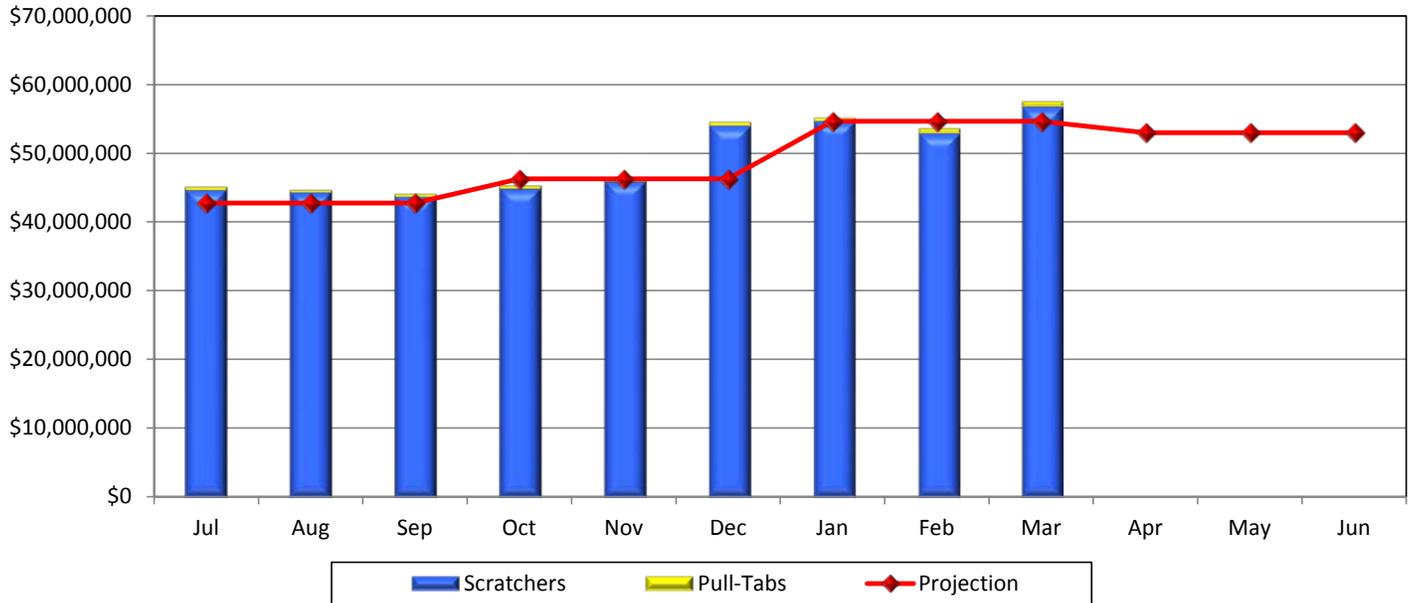
* The Instant product line (Scratchers & Pull-tabs) at \$446,657,250, currently 3.6% above projections.

* Total draw game sales of \$215,941,491, currently 27.6% above projections.

* The Multi-State draw games are currently 35.5% above projections; in-state games are 6.9% above projections.

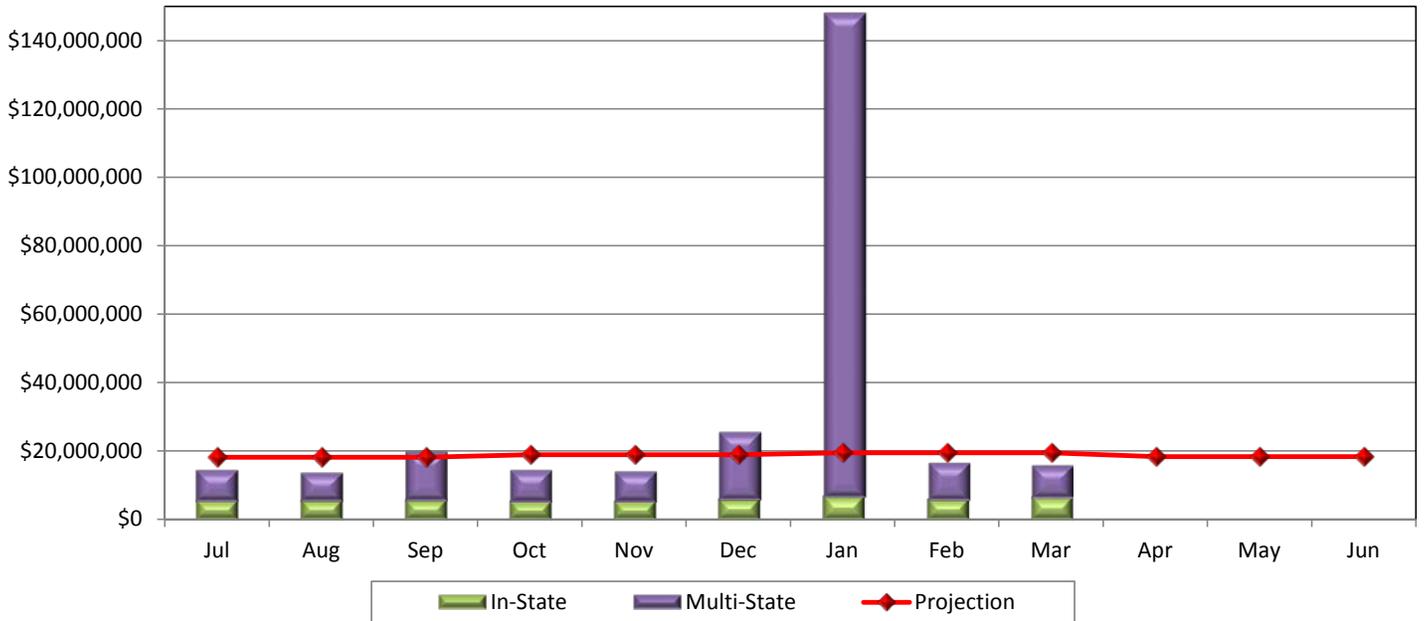
**Arizona Lottery
FY 2016 Sales versus Projections**

Instant Sales



Projection: 430,989,800
 Actual: 446,657,250
 Difference: 15,667,450
 % Difference: 3.6%

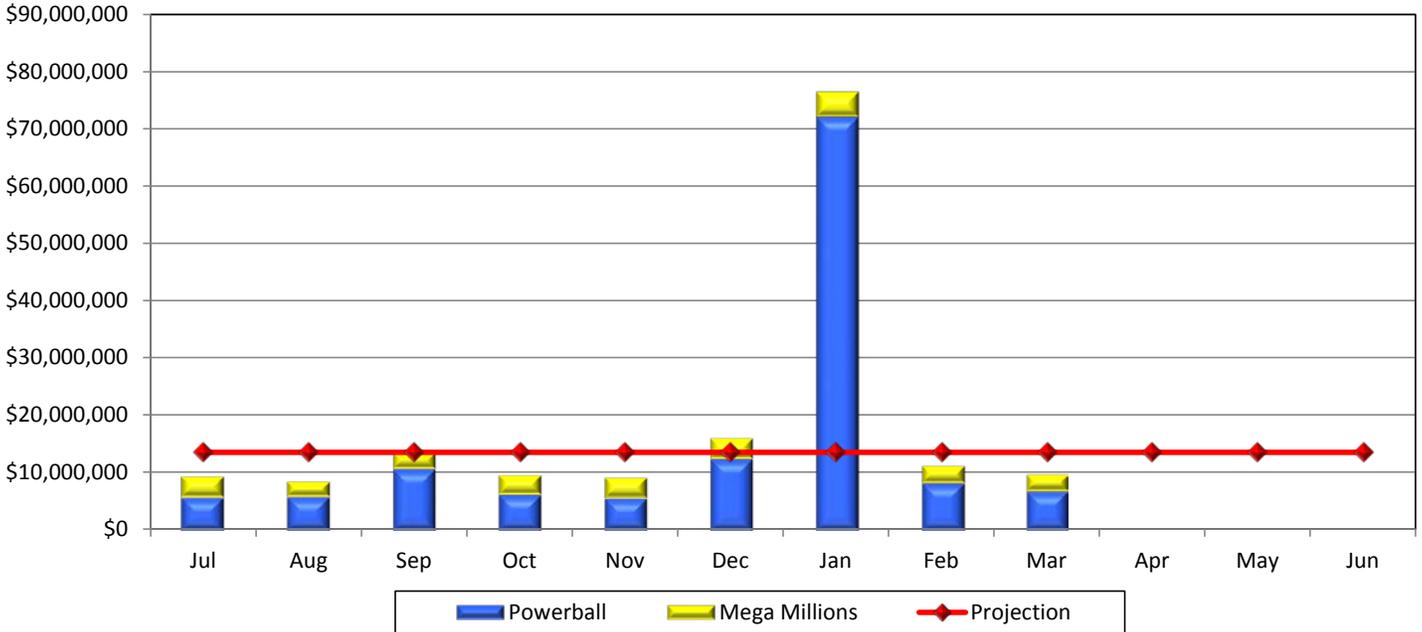
Total Draw Games



Projection: 169,272,000
 Actual: 215,941,491
 Difference: 46,669,491
 % Difference: 27.6%

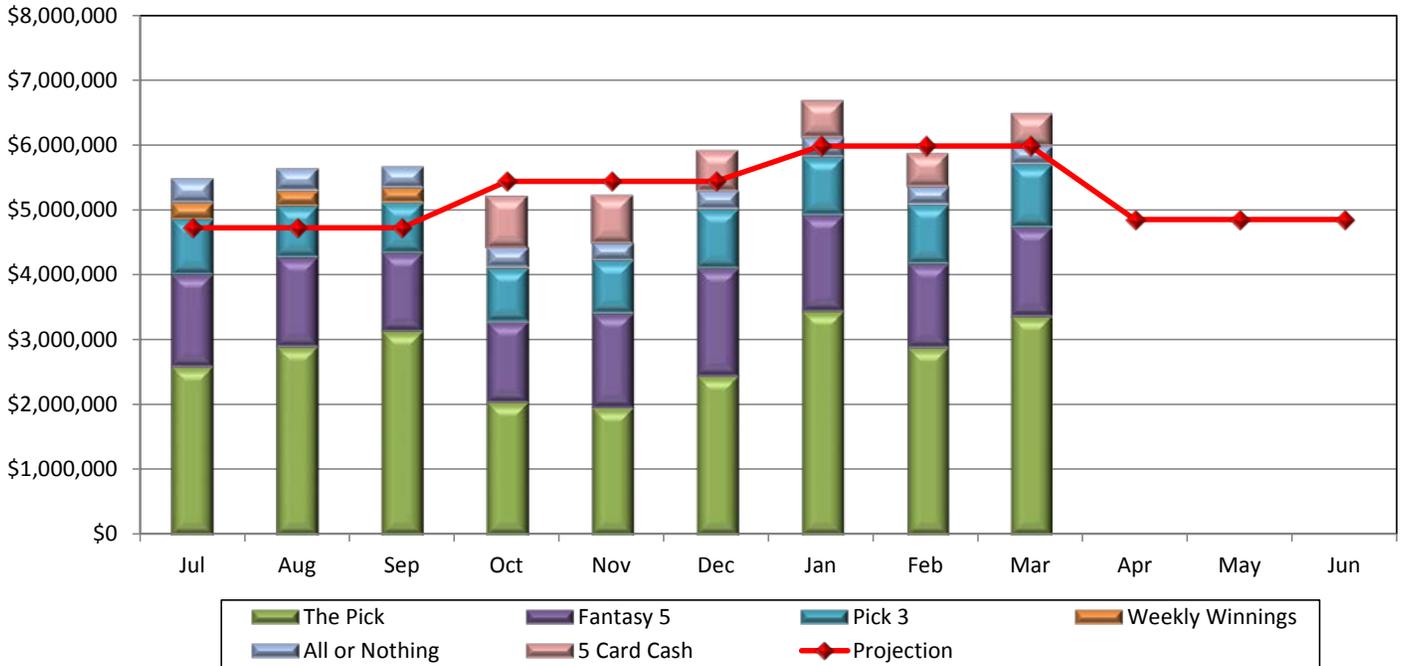
**Arizona Lottery
FY 2016 Sales versus Projections**

Multi-State Games



Projection: 120,825,000
 Actual: 163,674,773
 Difference: 42,849,773
 % Difference: 35.5%

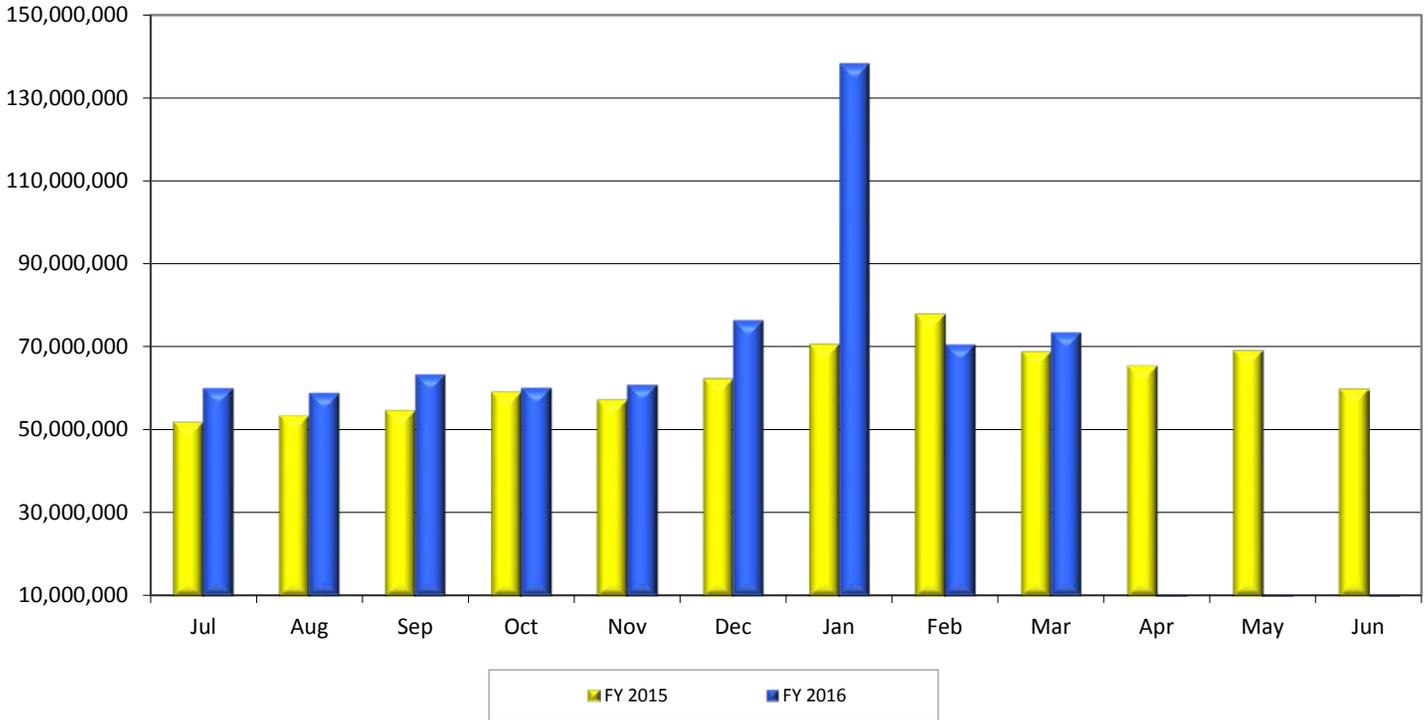
In-State Games



Projection: 48,447,000
 Actual: 51,768,624
 Difference: 3,321,624
 % Difference: 6.9%

**Arizona Lottery
FY 2016 versus FY 2015**

Total Sales

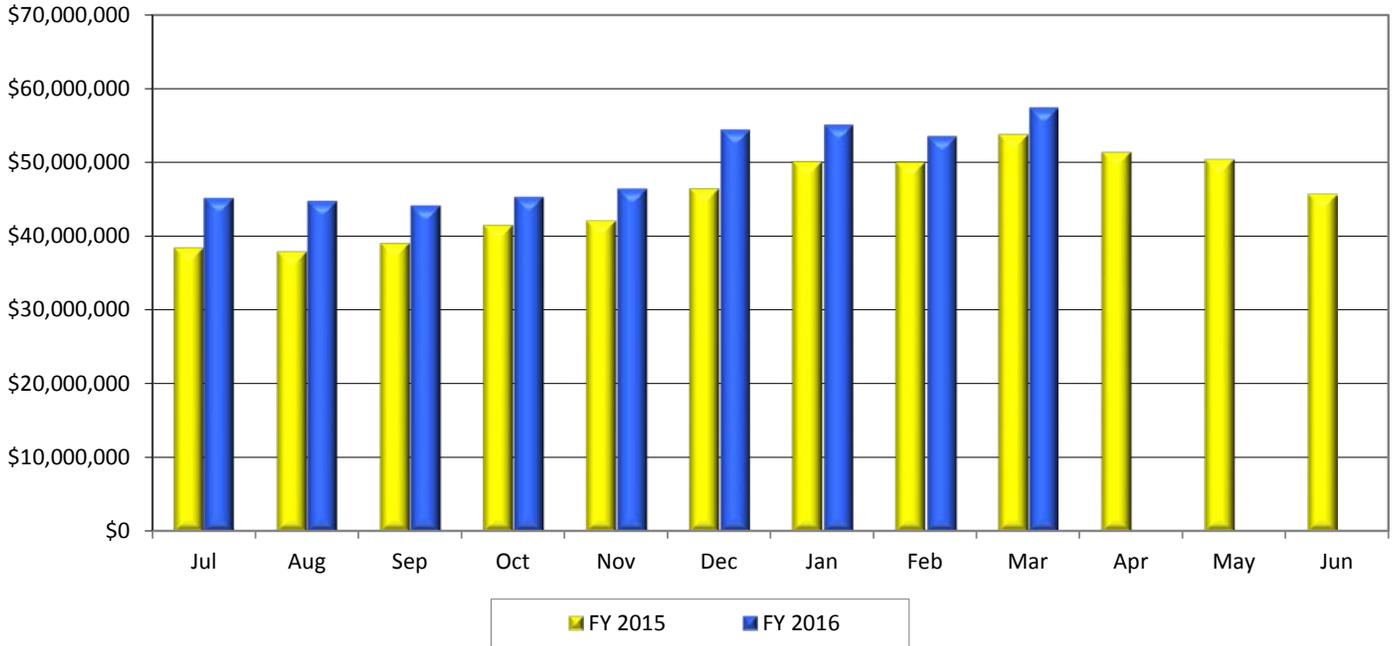


FY 2016	662,598,741
FY 2015	555,727,300
% Change	19.2%

- * Total sales are currently 19.2% ahead of last year.
- * The Instant product line (Scratchers & Pull-tabs) are 11.8% ahead of last year.
- * Total draw game sales are 38.3% ahead of last year.
- * Sales of the multi-state games, Powerball and Mega Millions are currently 49.8% ahead of last year.
- * Sales of the in-state games are currently 11.4% ahead of last year.

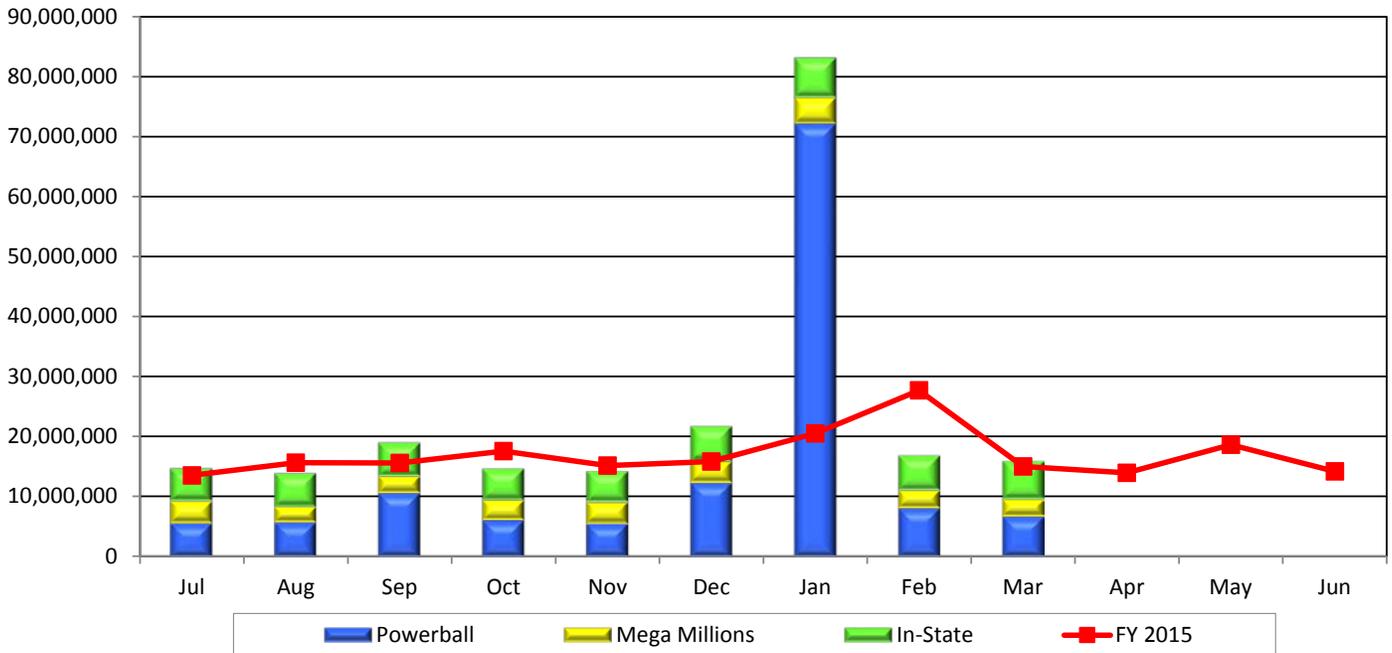
**Arizona Lottery
FY 2016 versus FY 2015**

Total Instant Games



FY 2016	446,657,250
FY 2015	399,541,252
% Change	11.8%

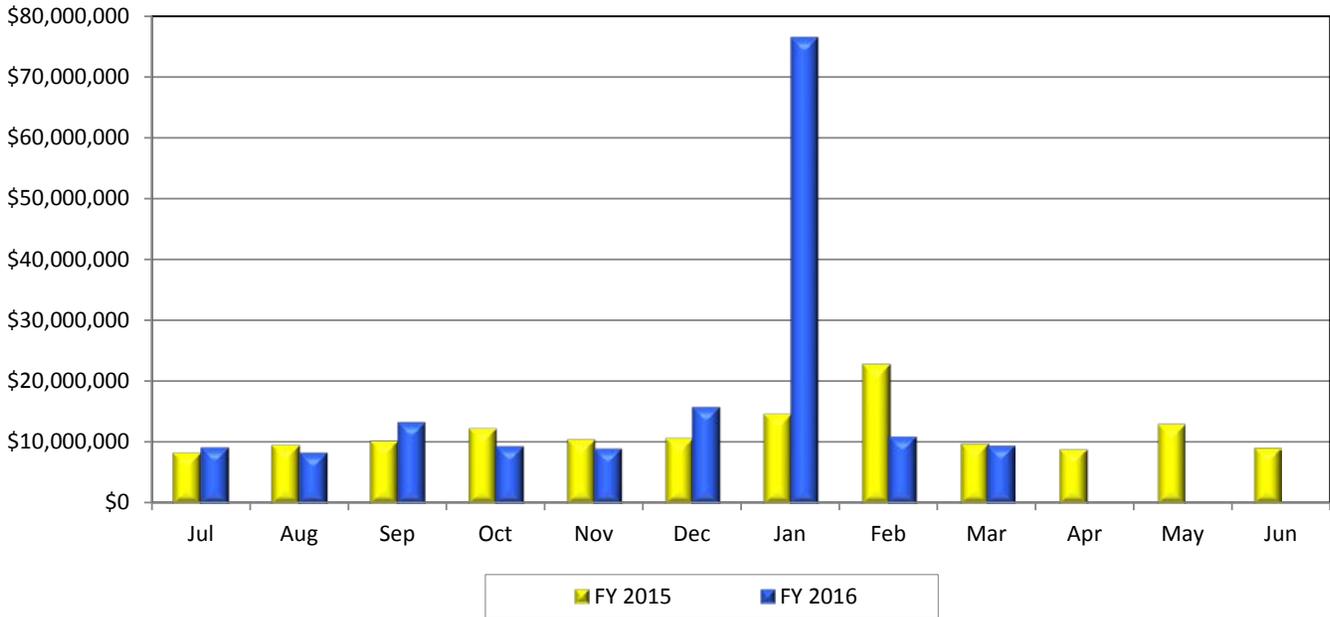
Total Draw Games



FY 2016	215,941,491
FY 2015	156,186,048
% Change	38.3%

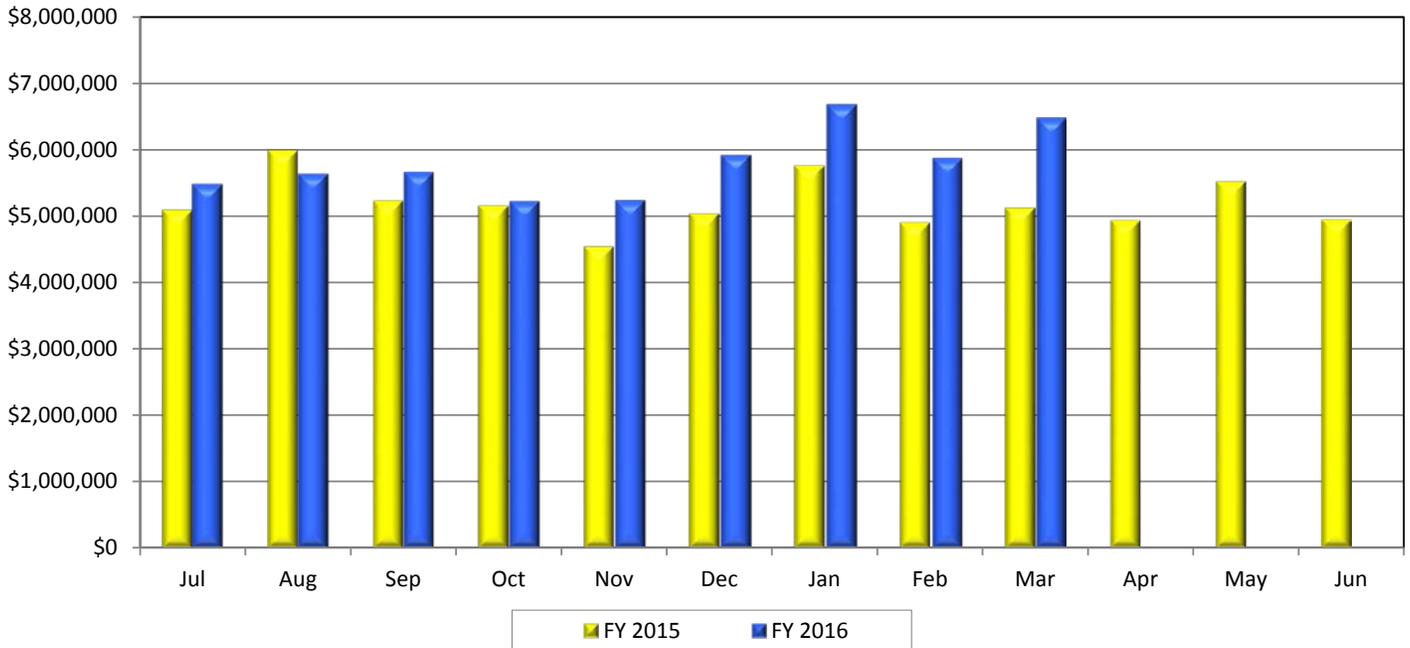
**Arizona Lottery
FY 2016 versus FY 2015**

Multi-State Jackpot Games



FY 2016	163,674,773
FY 2015	109,271,671
% Change	49.8%

Total In-State Games

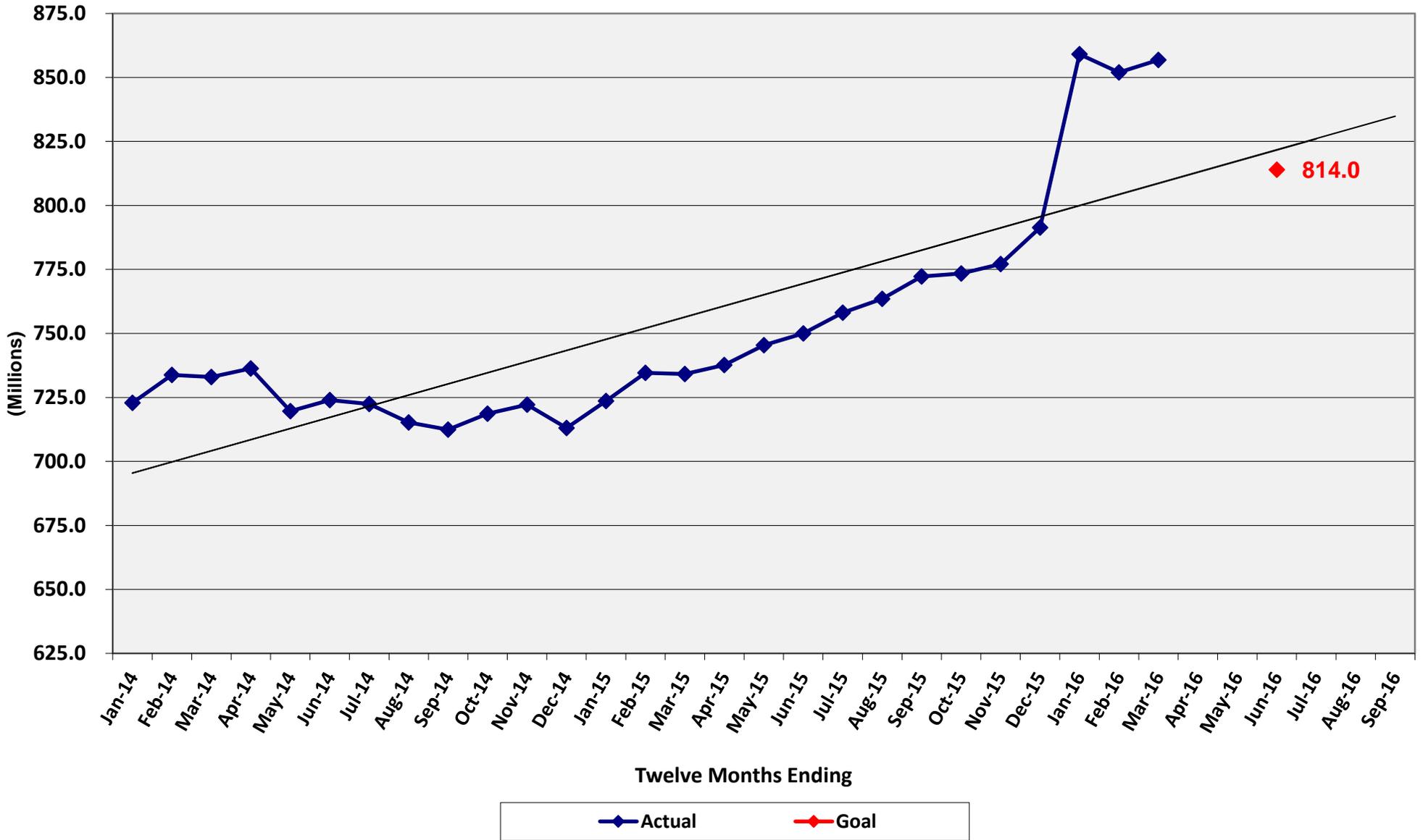


FY 2016	52,266,718
FY 2015	46,914,377
% Change	11.4%

**Arizona Lottery
Sales by Product - FY 2016**

Month	Scratchers	Instant Tabs	Total Instants	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	Weekly Winnings	5 Card Cash	Total Draw Games	Total Sales
July	44,762,330	450,366	45,212,696	5,763,799	3,627,153	2,582,698	1,425,781	852,825	363,932	262,250		14,878,438	60,091,134
August	44,414,146	379,050	44,793,196	5,902,069	2,548,809	2,893,009	1,378,843	796,506	340,102	237,118		14,096,456	58,889,652
September	43,796,339	385,836	44,182,175	10,744,756	2,810,199	3,129,067	1,212,089	777,945	324,994	225,022		19,224,072	63,406,247
October	44,978,294	416,928	45,395,222	6,243,435	3,330,685	2,040,103	1,241,266	824,639	304,364	20,098	804,064	14,808,654	60,203,876
November	45,957,929	513,420	46,471,349	5,623,792	3,574,033	1,952,954	1,456,703	817,537	274,874		743,752	14,443,645	60,914,994
December	54,036,756	440,220	54,476,976	12,514,149	3,553,725	2,439,498	1,664,069	913,539	281,512		631,664	21,998,156	76,475,132
January	54,693,763	439,398	55,133,161	72,229,844	4,329,119	3,432,991	1,488,743	897,617	297,262		569,502	83,245,078	138,378,239
February	52,931,953	637,320	53,569,273	8,262,537	2,925,452	2,876,887	1,299,425	914,863	275,110		514,218	17,068,492	70,637,765
March	56,772,406	650,796	57,423,202	6,831,780	2,859,437	3,358,373	1,372,822	975,248	282,746		498,094	16,178,500	73,601,702
April			0									0	0
May			0									0	0
June			0									0	0
YTD Sales	442,343,916	4,313,334	446,657,250	134,116,161	29,558,612	24,705,580	12,539,741	7,770,719	2,744,896	744,488	3,761,294	215,941,491	662,598,741
YTD Rtlr Commissions	28,752,355	862,667	29,615,021	8,717,550	1,921,310	1,605,863	815,083	505,097	178,418	48,392	244,484	14,036,197	43,651,218
% of Sales	66.8%	0.65%	67.4%	20.2%	4.5%	3.7%	1.9%	1.2%	0.4%	0.1%	0.6%	32.6%	100.0%
Avg Mo Sales	49,149,324	479,259	49,628,583	14,901,796	3,284,290	2,745,064	1,393,305	863,413	304,988	186,122	626,882	23,678,979	73,307,562

Annual Sales Trailing 12 Month Periods



**Arizona Lottery
Transfers To Other State Funds**

Month	Heritage Game & Fish	Healthy Arizona	State General Fund	Mass Transit LTAF II*	Homeless Shelters	State General Fund II	Arizona Commerce Authority	Univ Capital Debt Service	Dept of Gaming	Internet Crimes Victims' Rights	Tribal College Dual Enrollment	C.A.S.A.	Total Transfers
July			3,750,175								41,150		3,791,325
August			3,750,175								81,722		3,831,897
September	3,094,200	6,356,000	16,681,650	4,528,600							37,128	739,776	31,437,354
**Approp Transfer									300,000				300,000
October			3,750,175										3,750,175
November			3,750,175										3,750,175
December	3,417,600	7,003,100	18,363,150	4,982,100								682,966	34,448,916
January			3,750,175										3,750,175
February			3,750,175										3,750,175
March	3,488,200	7,117,200	26,604,150	1,991,300	1,000,000	14,574,325				911,000		849,466	56,535,641
April													0
May													0
June													0
Profit Distribution													0
YTD Transfers	10,000,000	20,476,300	84,150,000	11,502,000	1,000,000	14,574,325	0	0	300,000	911,000	160,000	2,272,209	145,345,834
FY15 Transfers	9,404,500	17,039,400	79,030,500	11,444,400	0	0	0	0	300,000	0	0	1,747,647	118,966,447

*Clean Air Act
 **Pursuant to Proposition 202 (Compulsive Gambling Treatment)
 ***Pursuant to HB2001, FY14 for BREAZ
 ****Pursuant to HB2517 (Victims' Rights)

**Arizona Lottery
Transfers To Other State Funds
By Product - FY 2016**

4/15/2016

	Scratchers	Instant Tabs	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	Weekly Winnings	5 Card Cash	Instant Tabs Age Restricted	Unclaimed Age Restricted	Unclaimed Prizes Tribal	Unclaimed Prizes C.A.S.A.	Total Transfers
July	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700				41,150		3,791,325
August	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700				81,722		3,831,897
Gaming Department	217,100	2,100	37,500	18,400	10,300	6,800	3,900	2,500	1,400						300,000
September	19,835,450	70,300	5,002,800	1,922,100	2,022,300	894,000	545,900	210,900	156,700				37,128	739,776	31,437,354
October	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700						3,750,175
November	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700						3,750,175
December	22,115,550	86,000	5,525,200	2,312,500	1,446,700	985,600	580,100	166,300		548,000				682,966	34,448,916
January	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000	17,700						3,750,175
February	2,714,775	25,700	468,200	229,700	129,100	85,300	48,700	31,000		17,700					3,750,175
March	25,806,250	116,825	22,204,700	2,221,000	2,304,000	932,200	641,500	164,800		383,900	11,000	900,000		849,466	56,535,641
April															0
May															0
June															0
Profit Distribution															0
Final Profit Distribution															0
YTD Transfers	84,263,000	429,425	35,579,400	7,852,200	6,557,900	3,330,400	2,063,600	730,500	246,600	949,600	11,000	900,000	160,000	2,272,209	145,345,834
Transfer % of Total Sales	12.7%	0.1%	5.4%	1.2%	1.0%	0.5%	0.3%	0.1%	0.0%	0.1%	0.0%		0.0%	0.3%	21.9%
YTD Sales	442,343,916	4,313,334	134,116,161	29,558,612	24,705,580	12,539,741	7,770,719	2,744,896	744,488	3,761,294					662,598,741
% of Sales by Product	66.8%	0.7%	20.2%	4.5%	3.7%	1.9%	1.2%	0.4%	0.1%	0.6%					99.4%
% of Transfer by Product	19.0%	10.0%	26.5%	26.6%	26.5%	26.6%	26.6%	26.6%	33.1%	25.2%					21.6%

FY16 Year-to-Date Budget Status MARCH



Date: 3/31/2016
Elapsed: 75%

	<u>Budget</u>	<u>Expenditures thru Mar.</u>	<u>Percent Expended</u>	<u>Balance</u>	<u>Comments</u>
Personal Services	4,467,400	2,969,700	66%	1,497,700	
ERE	2,077,300	1,275,500	61%	801,800	
Professional & Outside	386,800	342,500	89%	44,300	invoice timing; contracted IT/audit services
Travel In-State	271,600	159,500	59%	112,100	
Travel Out-of-State	16,800	6,800	40%	10,000	
Other Operating / Equip.	1,169,500	653,200	56%	516,300	
Operating Subtotal:	\$ 8,389,400	\$ 5,407,200	64%	\$ 2,982,200	
Advertising 1/	15,500,000	6,055,700	39%	9,444,300	
% of sales { Instant Tickets	20,118,800	8,499,800	42%	11,619,000	
{ On-Line Vendor Fees	9,519,900	7,049,400	74%	2,470,500	
{ Charitable Commissions	969,000	853,400	88%	115,600	sales tracking above JLBC forecast
{ Retailer Commissions	54,357,500	43,549,300	80%	10,808,200	sales tracking above JLBC forecast
Total Budget:	\$ 108,854,600	\$ 71,414,800	66%	\$ 37,439,800	

1/ Advertising agency expenses are typically one month behind.

Notes on Sales-Related Line Items:

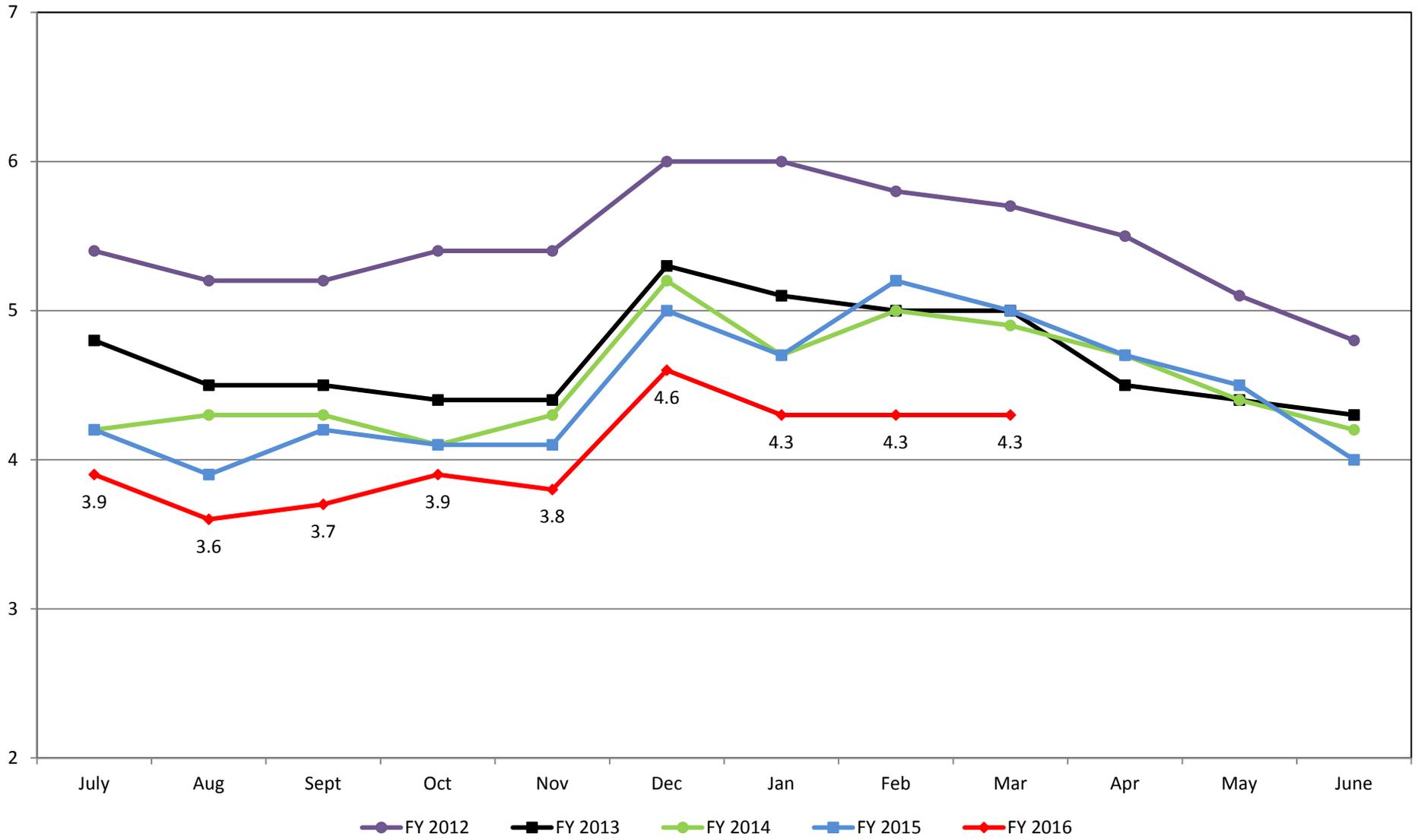
Instant Tickets: Appropriated based on 3.6% of sales. The budget reflects the JLBC instant sales estimate of \$558.9 million for FY16.

On-Line Vendor Fees: Appropriation based on percentage of on-line sales as determined by contract. The budget reflects the JLBC on-line sales estimate of \$257.3 million for FY16.

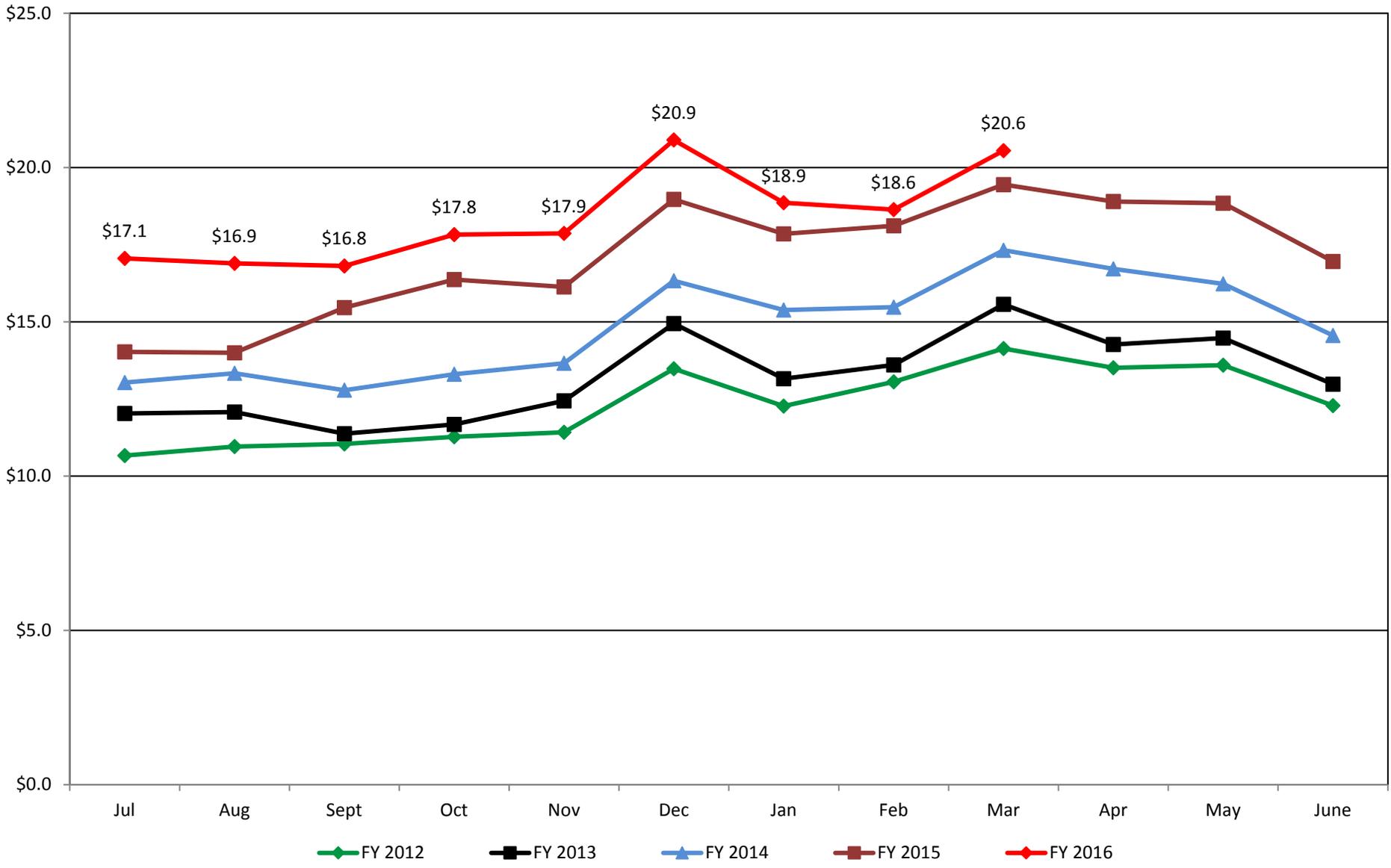
Charitable Commissions: The compensation rate is 20% of instant tab ticket sales. The budget reflects the JLBC sales estimate of \$4.84 million for FY16.

Retailer Commissions: The compensation rate is 6.5% plus up to an additional .5% based on performance criteria. The budget reflects the JLBC estimated compensation rate of 6.7% based on total sales of \$816.2.

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



Arizona Lottery Ticket Vending Machine Sales



**Draw Games - Advertised Jackpot Comparisons
March FY2016 vs FY2015**

Powerball	FY2016 Jackpot			FY2015 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
03/05/16	\$292.0	\$40.0	\$1.99	\$90.0	\$100.0	\$1.77
03/12/16	\$50.0	\$60.0	\$1.36	\$119.0	\$133.0	\$1.93
03/19/16	\$70.0	\$80.0	\$1.39	\$40.0	\$50.0	\$1.44
03/26/16	\$90.0	\$101.0	\$1.49	\$40.0	\$40.0	\$1.36
Total Monthly Sales	\$6,831,780			\$6,915,406		

Mega Millions	FY2016 Jackpot			FY2015 Jackpot		
	Tue	Fri	Wkly Sales	Tue	Fri	Wkly Sales
03/05/16	\$135.0	\$144.0	\$0.83	\$15.0	\$20.0	\$0.65
03/12/16	\$157.0	\$15.0	\$0.69	\$25.0	\$33.0	\$0.67
03/19/16	\$20.0	\$25.0	\$0.56	\$42.0	\$51.0	\$0.70
03/26/16	\$30.0	\$35.0	\$0.57	\$59.0	\$15.0	\$0.65
Total Monthly Sales	\$2,859,437			\$2,926,873		

The Pick	FY2016 Jackpot			FY2015 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
03/05/16	\$5.1	\$5.3	\$0.73	\$1.2	\$1.0	\$0.49
03/12/16	\$5.4	\$5.6	\$0.73	\$1.0	\$1.0	\$0.47
03/19/16	\$5.7	\$5.9	\$0.75	\$1.0	\$1.1	\$0.46
03/26/16	\$6.1	\$6.2	\$0.78	\$1.0	\$1.1	\$0.46
Total Monthly Sales	\$3,358,373			\$2,005,059		

Jackpot and weekly sales amounts are in millions

High jackpot for the period

**Arizona Lottery
Prizes Paid**

March 2016

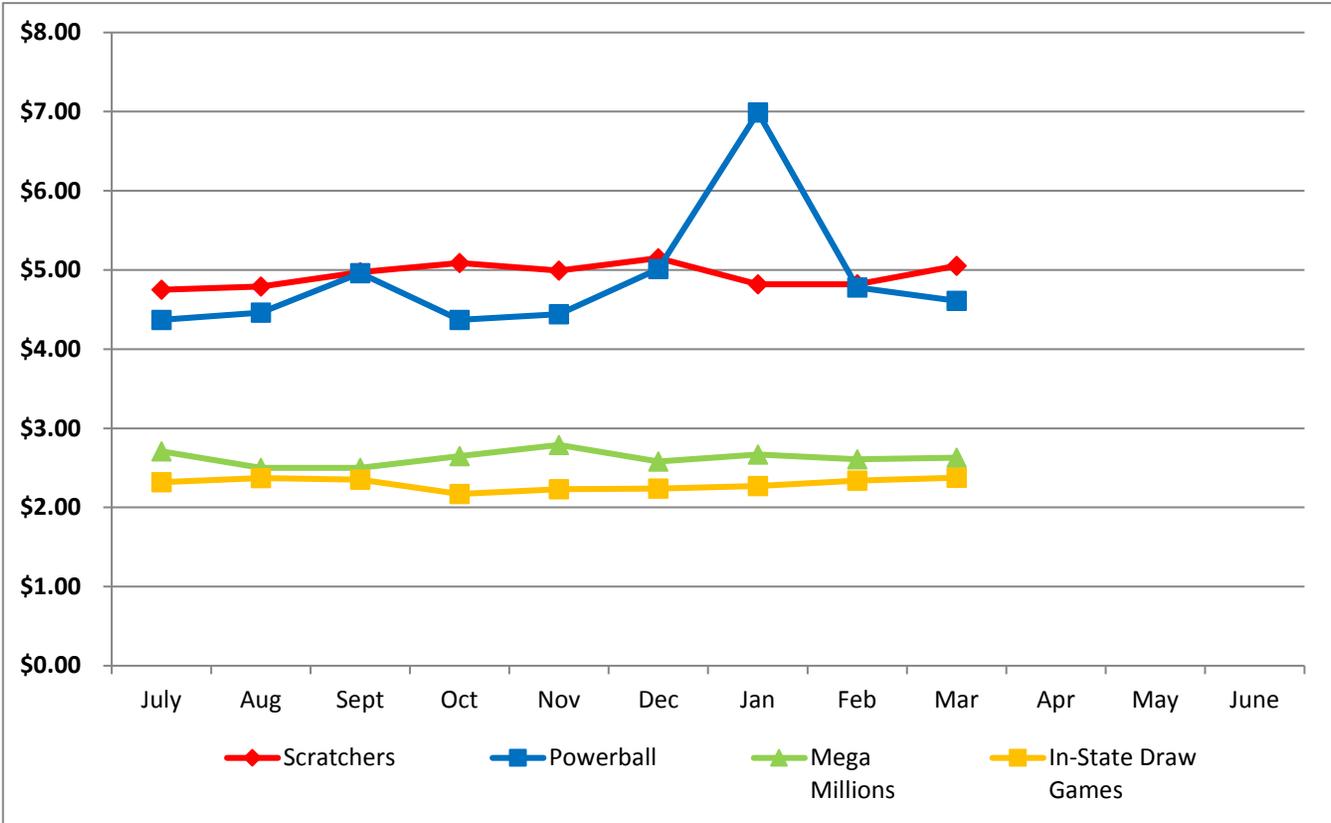
Game Type	Tickets Validated	Prizes Paid	Top Prize Paid	Average Prize Paid
Draw Games	568,283	\$7,078,964	\$2,000,000	\$12.46
Scratchers	2,864,776	\$39,785,265	\$500,000	\$13.89
Total	3,433,059	\$46,864,229		\$13.65

FY16 Year-To-Date

Game Type	Tickets Validated	Prizes Paid	Top Prize Paid	Average Prize Paid
Draw Games	5,629,799	\$53,164,012	\$6,200,000	\$9.44
Scratchers	20,470,365	\$271,167,507	\$2,500,000	\$13.25
Total	26,100,164	\$324,331,519		\$12.43

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

	Scratchers	Powerball	Mega Millions	In-State Draw Games
July	\$4.75	\$4.37	\$2.71	\$2.32
Aug	\$4.79	\$4.46	\$2.50	\$2.37
Sept	\$4.97	\$4.96	\$2.50	\$2.35
Oct	\$5.09	\$4.37	\$2.65	\$2.17
Nov	\$4.99	\$4.44	\$2.79	\$2.23
Dec	\$5.15	\$5.01	\$2.58	\$2.24
Jan	\$4.82	\$6.99	\$2.67	\$2.27
Feb	\$4.82	\$4.78	\$2.61	\$2.34
Mar	\$5.05	\$4.61	\$2.63	\$2.38
Apr				
May				
June				
Average	\$4.94	\$4.89	\$2.63	\$2.30



ATTACHMENT B

3rd Quarter 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 3rd quarter of the fiscal year were \$662,598,741, an increase of 19.2% over the same period last year.

Sales breakdown by product line are:

<u>Product</u>	<u>Sales</u>	<u>Market Share</u>
Scratchers®	\$442,343,916	73.1%
Draw Games	\$215,941,491	26.2%
Charitable Pull-Tabs	\$4,266,894	0.7%
Age Restricted Pull-Tabs	\$46,440	

Chain and independent convenience stores account for 68.2% of total sales, with grocery store category accounting for 26.9% 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
FY2016 – Product Review
3rd Quarter Review – July 2015 through March 2016

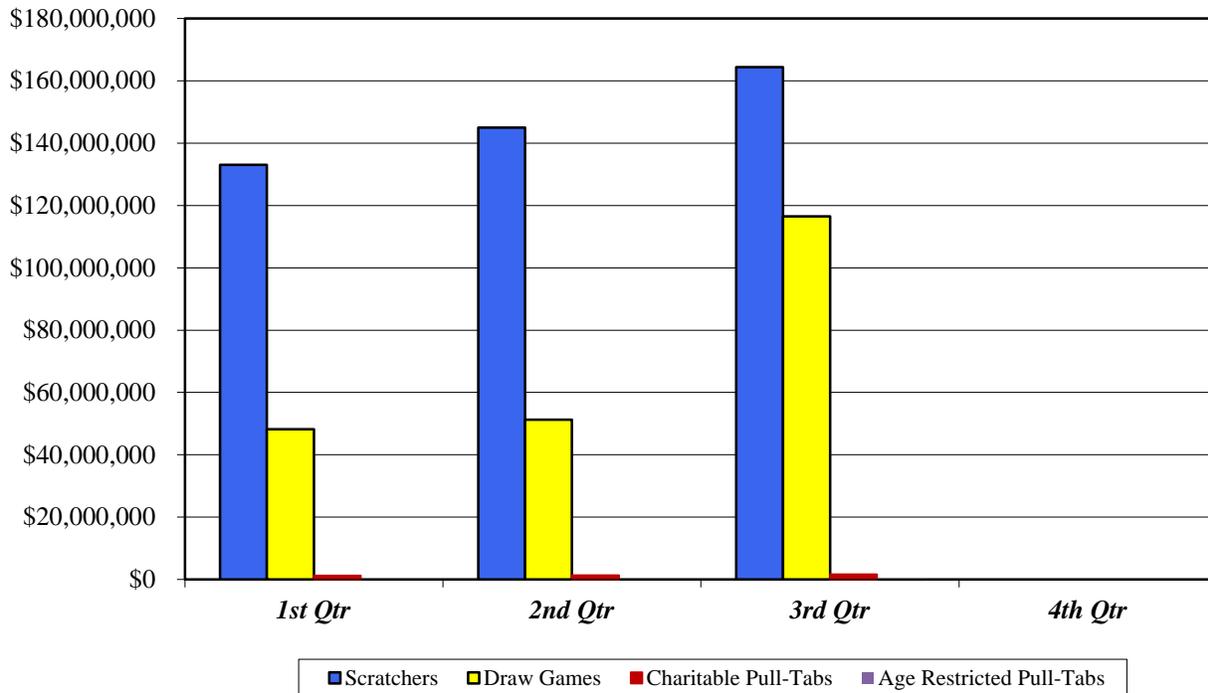
As part of a quarterly review process, we will report to the agency on the performance of the individual lottery products including both draw and instant games. The information contained in this report includes the following:

- General overview through the 3rd quarter of 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 through the 3rd quarter of FY16 reached \$662,598,741, an increase of 19.2% over the same period last fiscal year. The breakdown by product is as follows:

	<i>1st Quarter</i>	<i>2nd Quarter</i>	<i>3rd Quarter</i>	<i>Total</i>	<i>Mkt Share</i>
<i>Scratchers[®]</i>	\$132,972,815	\$144,972,979	\$164,398,122	\$442,343,916	66.8%
<i>Draw Games</i>	\$48,198,966	\$51,250,455	\$116,492,070	\$215,941,491	32.6%
<i>Charitable Pull-Tabs</i>	\$1,215,252	\$1,370,568	\$1,681,074	\$4,266,894	0.6%
<i>Age Restricted Pull-Tabs</i>			\$46,440	\$46,440	
<i>Total</i>	\$182,387,033	\$197,594,002	\$282,617,706	\$662,598,741	



As indicated in the chart above, the Scratchersⁱ contribution to total sales exceeded the draw games in all quarters, and at the third quarter mark are 66.8% of total sales. Sales of draw games increased in the third quarter as a result of the record breaking jackpot on Powerball. The increase in draw games sales helped to increase the overall market share of draw games

in the third quarter to 32.6%. The balance of instant game sales with higher prize payouts versus the draw games with the lower payouts has a direct impact on beneficiary transfers. Sales detail by game is provided in Attachments A and B.

Charitable Pull-Tabs

The charitable games program continues to be strong with 121 organizations currently licensed and selling tickets. Sales through the third quarter are at more than \$4.2 million which is 14.1% ahead of the same period last fiscal year.

Age Restricted Pull-Tabs

The age restricted games program began licensing retailers in February. Currently there are 13 retailers licensed and selling tickets.

Scratchers Games

The sales for Scratchers remain strong through the third quarter of FY16 with each month exceeding the same period last fiscal year, resulting in an overall 11.8% increase. March sales of more than \$56 million set a new record for a single sales month.

Based on validations, players have also benefitted from the higher sales, earning more than \$310.9 million in prizes during the first three quarters of the year. The prizes paid calculated against the sales revenues equate to an average payout of 70.3%.

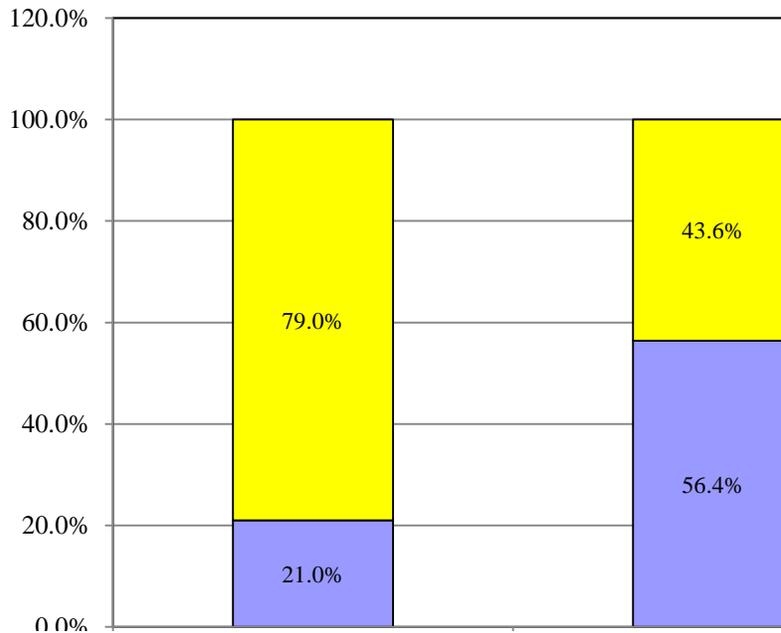
A total of 46 new games have been introduced so far this fiscal year. Combined with the games carried forward, a total of 111 games contributed to the sales revenues.

Price Point	\$1	\$2	\$3	\$5	\$10	\$20
# New Games	9	10	3	14	7	3
Carried Forward	13	15	5	16	13	3

During this same period 44 games were ended. Eight 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 56.4% but represent only 21.0% of the revenues. During this same period the \$5, \$10 and \$20 games accounted for 43.6% of the tickets sold and 79.0% of the revenues. The higher price point games continue to grow, with the largest increase at the \$20 price point; from 22.2% of the market at the end of last year to 29.2% this year. A major portion of that growth is coming at the expense of the \$5 games which have dropped from 27.7% of the market to 23.2%. The chart below shows the breakdown of tickets and dollars for the first three quarters of FY16. The charts on Attachment C show a comparable breakdown across all price points for the most recent five years.



We continue to stress the importance of sustaining sales of the lower price points in order to maintain a higher level of beneficiary transfers. The payout percentage increases as the ticket price increases and the rate of return decreases. For each \$1 million in sales at the \$1 price point, approximately 29.6% is available for beneficiary transfers. This compares to only 13.6% of \$1 million in sales at the \$20 price point. Efforts continue to optimize the overall prize payout on the Scratchers product line without impacting the sales performance of the games. Additionally, the Player Rewards program initiative launched in March to increase player interest in the lower price point games

Another way to look at sales and prizes is to examine the cost of prizes for each price point. The table below shows the sales and prize costs in both dollars and percentages by price point. Ideally, the percentage of sales and the percentage of prize cost would be equally balanced within the price point. The \$1, \$2 and \$3 games remain the most profitable in terms of prize cost. Together these games represent 21.0% of the sales revenues but only 18.4% of the prize cost. At the other end of the spectrum are the higher price point games with 79.0% of the revenues but 81.6% of the prize cost.

The increased velocity of the higher price point games also has a direct impact on the unclaimed prize fund. A portion of this fund is used to supplement games with higher prize payouts. As a larger portion of the sales growth is at the higher price points, the greater the dependence on the unclaimed prize fund.

	\$1	\$2	\$3	\$5	\$10	\$20
Sales	\$13,858,386	\$61,838,966	\$17,288,274	\$105,944,300	\$114,166,930	\$129,247,060
% of Sales	3.1%	14.0%	3.9%	24.0%	25.8%	29.2%
Prizes	\$7,761,353	\$38,427,838	\$10,935,239	\$72,233,378	\$82,568,109	\$99,026,855
% of Prize Cost	2.5%	12.4%	3.5%	23.2%	26.6%	31.8%

Top 10 games

The Crossword and Bingo style games continue to be strong in the market with more than \$132.2 million in sales, representing 30.0% of total instant sales. In terms of both dollars and tickets sold, six of the top ten games are Crossword or Bingo style games. The top performer for the first three quarters of the year with more than \$93.5 million in sales was the \$20 spotlight game, *\$185 Million Cash Explosion*. This game represents 21.2% of the total instant sales. The game has been in market since September 2014 and to date has sold more than \$177.8 million.

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

Top 10 games in sales revenue

	Name	Sales Revenue
\$20	<i>\$185 Million Cash Explosion</i>	93,596,500
\$20	<i>Crossword Deluxe</i>	22,982,740
\$2	<i>Crossword</i>	21,058,626
\$10	<i>Triple Red 7's</i>	19,209,480
\$5	<i>Crossword Party</i>	17,317,410
\$10	<i>Double Cash Doubler</i>	15,922,640
\$10	<i>Jumbo Bucks</i>	15,074,290
\$10	<i>Silver & Gold Crossword</i>	14,727,230
\$2	<i>Bingo</i>	11,536,028
\$10	<i>Blazing Red Crossword</i>	9,898,010

Top 10 games in tickets sold

	Name	Tickets Sold
\$2	<i>Crossword</i>	10,529,313
\$2	<i>Bingo</i>	5,768,014
\$20	<i>\$185 Million Cash Explosion</i>	4,679,825
\$5	<i>Crossword Party</i>	3,463,482
\$2	<i>Red Hot 7's</i>	3,234,040
\$5	<i>Red Line Bingo</i>	1,979,568
\$10	<i>Triple Red 7's</i>	1,920,948
\$1	<i>Winter Wins</i>	1,866,651
\$3	<i>Wild Crossword</i>	1,622,878
\$5	<i>Daily Crossword</i>	1,622,760

Draw Games

Draw game sales through the third quarter of the year have reached \$215,941,491, an increase of 38.3% over the same period last year.

Powerball – Sales through the third quarter of the year for *Powerball* totaled \$134,116,161, an increase of 80.5% over the prior year. The increase is a direct result of the record breaking jackpot during the month of January. A \$1.5 billion jackpot that began in early November 2015 was ultimately won on January 13, 2016. During the jackpot run, 5 lucky Arizona players won \$1 million each and one player won \$2 million.

Mega Millions – Sales through the third quarter of the year for *Mega Millions* totaled \$29,558,612, a decrease of 13.3% from the prior year. The highest jackpot reached through three quarters of the fiscal year was \$200 million in mid-November.

Combined sales for the multi-state games are 51.0% over the same period last year.

Draw Games – In-State Games

The Pick™ – Sales through the third quarter of the year for *The Pick* were \$24,705,580, an increase of 28.3% over the same period last year. The Pick jackpot began to build in mid-October and continues to grow into the fourth quarter. The current jackpot is at \$7.4 million, the highest jackpot amount so far this year.

Fantasy 5™ – Sales through the third quarter of the year for *Fantasy 5* were \$12,539,741, a decrease of 0.9% over the same period last year. The highest jackpot through three quarters of the fiscal year was \$413,000 in early December.

Pick 3™ – Sales through the third quarter of the year for *Pick 3* were \$7,770,719, an increase of 7.7% 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 \$860,000 per month.

5 Card Cash™ – Sales through the third quarter of the year for *5 Card Cash* were \$3,761,294. Sales for this game began in October 2015, so there is no sales comparison available to the previous fiscal year.

All Or Nothing™ - Sales for *All or Nothing* were \$2,744,896, a decrease of 45.7% from the same period last year.

Combined sales for the in-state games are 11.4% above the same period last year.

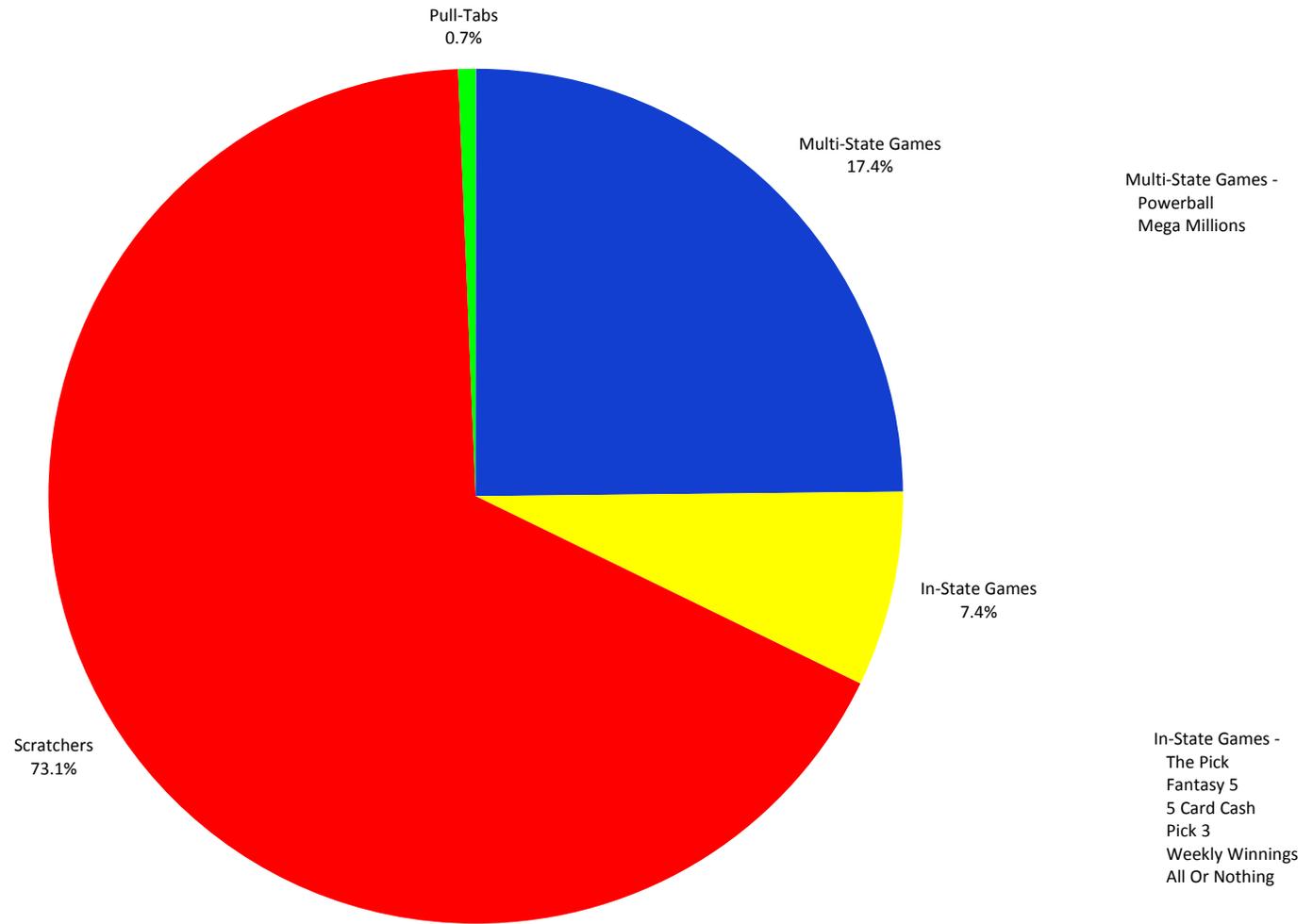
ⁱ Scratchers is a registered service mark of the California Lottery.

ARIZONA LOTTERY
QUARTERLY SALES BY PRODUCT

Fiscal Year 2016 - July 2015 through March 2016

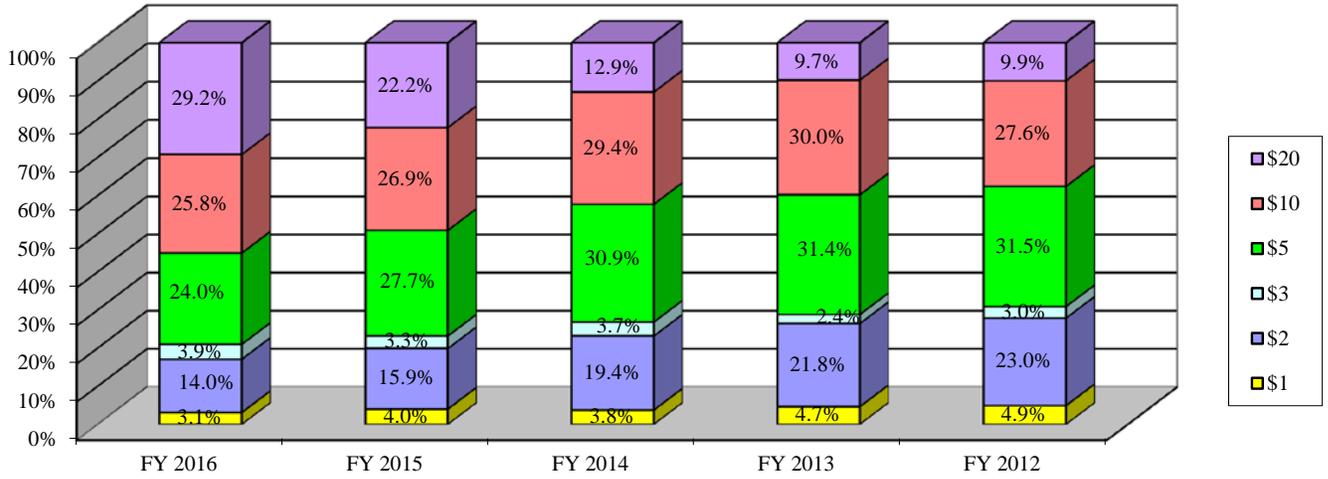
<i>Month</i>	<i>Powerball</i>	<i>Mega Millions</i>	<i>The Pick</i>	<i>Fantasy 5</i>	<i>Pick 3</i>	<i>5 Card Cash</i>	<i>Weekly Winnings</i>	<i>All Or Nothing</i>	<i>Total Draw Games</i>	<i>Scratchers</i>	<i>Charitable Pull-Tabs</i>	<i>Age Restricted Pull-Tabs</i>	<i>Total</i>	<i>% of Total Sales</i>
<i>July 2015</i>	\$5,763,799	\$3,627,153	\$2,582,698	\$1,425,781	\$852,825		\$262,250	\$363,932	\$14,878,438	\$44,762,330	\$450,366		\$60,091,134	9%
<i>August</i>	\$5,902,069	\$2,548,809	\$2,893,009	\$1,378,843	\$796,506		\$237,118	\$340,102	\$14,096,456	\$44,414,146	\$379,050		\$58,889,652	9%
<i>September</i>	\$10,744,756	\$2,810,199	\$3,129,067	\$1,212,089	\$777,945		\$225,022	\$324,994	\$19,224,072	\$43,796,339	\$385,836		\$63,406,247	10%
<i>1st Quarter</i>	\$22,410,624	\$8,986,161	\$8,604,774	\$4,016,713	\$2,427,276		\$724,390	\$1,029,028	\$48,198,966	\$132,972,815	\$1,215,252		\$182,387,033	28%
<i>October</i>	\$6,243,435	\$3,330,685	\$2,040,103	\$1,241,266	\$824,639	\$804,064	\$20,098	\$304,364	\$14,808,654	\$44,978,294	\$416,928		\$60,203,876	9%
<i>November</i>	\$5,623,792	\$3,574,033	\$1,952,954	\$1,456,703	\$817,537	\$743,752		\$274,874	\$14,443,645	\$45,957,929	\$513,420		\$60,914,994	9%
<i>December</i>	\$12,514,149	\$3,553,725	\$2,439,498	\$1,664,069	\$913,539	\$631,664		\$281,512	\$21,998,156	\$54,036,756	\$440,220		\$76,475,132	12%
<i>2nd Quarter</i>	\$24,381,376	\$10,458,443	\$6,432,555	\$4,362,038	\$2,555,715	\$2,179,480	\$20,098	\$860,750	\$51,250,455	\$144,972,979	\$1,370,568		\$197,594,002	30%
<i>January</i>	\$72,229,844	\$4,329,119	\$3,432,991	\$1,488,743	\$897,617	\$569,502		\$297,262	\$83,245,078	\$54,693,763	\$439,398		\$138,378,239	21%
<i>February</i>	\$8,262,537	\$2,925,452	\$2,876,887	\$1,299,425	\$914,863	\$514,218		\$275,110	\$17,068,492	\$52,931,953	\$630,840	\$6,480	\$70,637,765	11%
<i>March</i>	\$6,831,780	\$2,859,437	\$3,358,373	\$1,372,822	\$975,248	\$498,094		\$282,746	\$16,178,500	\$56,772,406	\$610,836	\$39,960	\$73,601,702	11%
<i>3rd Quarter</i>	\$87,324,161	\$10,114,008	\$9,668,251	\$4,160,990	\$2,787,728	\$1,581,814		\$855,118	\$116,492,070	\$164,398,122	\$1,681,074	\$46,440	\$282,617,706	43%
<i>April</i>														
<i>May</i>														
<i>June 2016</i>														
<i>4th Quarter</i>														
<i>FY 2016</i>	\$134,116,161	\$29,558,612	\$24,705,580	\$12,539,741	\$7,770,719	\$3,761,294	\$744,488	\$2,744,896	\$215,941,491	\$442,343,916	\$4,266,894	\$46,440	\$662,598,741	
<i>FY 2015</i>	\$74,287,875	\$34,112,076	\$19,252,914	\$12,659,189	\$7,212,764		\$2,738,714	\$5,050,796	\$156,186,048	\$395,801,104	\$3,740,148		\$555,727,300	
<i>% of Change</i>	80.5%	-13.3%	28.3%	-0.9%	7.7%		-72.8%	-45.7%	38.3%	11.8%	14.1%		19.2%	
<i>Mkt Share</i>	20.2%	4.5%	3.7%	1.9%	1.2%	0.6%	0.1%	0.4%	32.6%	66.8%	0.6%	0.0%		

ARIZONA LOTTERY
QUARTERLY SALES BY PRODUCT
Fiscal Year 2016 - July 2015 through March 2016



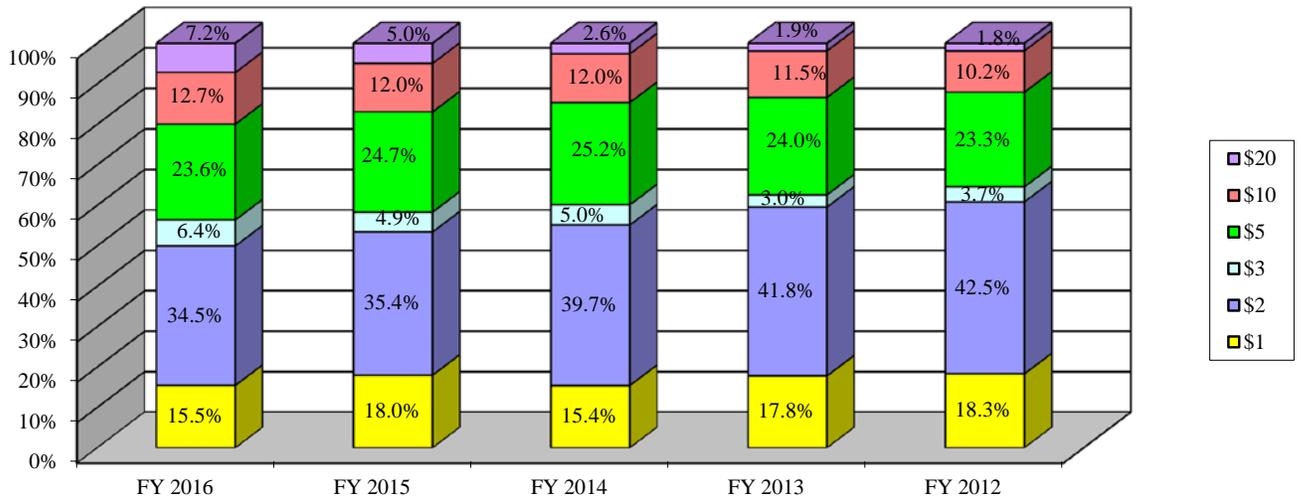
Arizona Lottery 5-Year Review by Price Point

Based on Dollars Sold



	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
\$1	\$13,858,386	\$21,852,857	\$20,900,842	\$19,945,234	\$20,254,733
\$2	\$61,838,966	\$86,110,390	\$92,970,362	\$92,194,924	\$94,078,462
\$3	\$17,288,274	\$17,793,777	\$15,624,093	\$13,626,693	\$12,347,787
\$5	\$105,944,300	\$150,203,925	\$153,051,335	\$137,111,780	\$129,118,785
\$10	\$114,166,930	\$145,784,060	\$140,218,320	\$122,702,850	\$113,263,350
\$20	\$129,247,060	\$120,285,280	\$61,130,860	\$51,018,120	\$40,713,620
Total	\$442,343,916	\$542,030,289	\$483,895,812	\$436,599,601	\$409,776,737

Based on Tickets Sold



	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
\$1	13,858,386	21,852,857	20,900,842	19,945,234	20,254,733
\$2	30,919,483	43,055,195	46,485,181	46,097,462	47,039,231
\$3	5,762,758	5,931,259	5,208,031	4,542,231	4,115,929
\$5	21,188,860	30,040,785	30,610,267	27,422,356	25,823,757
\$10	11,416,693	14,578,406	14,021,832	12,270,285	11,326,335
\$20	6,462,353	6,014,264	3,056,543	2,550,906	2,035,681
Total	89,608,533	121,472,766	120,282,696	112,828,474	110,595,666

Arizona Lottery
FY2016 3rd Quarter – Retailer Sales Review

LXP/ITVM Sales (Chart E)

Record-breaking sales through the vending machines were achieved during the third quarter of FY16! Total vending machine sales were \$63,606,322 and accounted for 22.6% of total sales. The January Powerball jackpot frenzy helped Draw games sales grow to over \$5.5 million and Scratchers® sales grow to over \$58 million. Third quarter vending sales increased 7.8% over the same period in FY15.

While vending machine sales increased, the out-of-stock average for the third quarter decreased from 5.0% in FY15 to 4.3% in FY16. This accomplishment establishes another record at the Arizona Lottery for the lowest out-of-stock percentage in the third quarter.

Corporate Account Review (Chart F)

- Major retail chains represent 55.7% of all lottery accounts. Convenience stores represent 42.0% of total accounts, while chain food stores represent 13.8%.
- Major retail chains comprise 75.4% of the total market share at the Lottery with convenience stores and food stores accounting for 49.9% and 25.5% respectively.
- Fry's food stores continue to lead with the highest per store average of \$640,470 a 19% increase over FY15. QuikTrip and Albertsons follow with per store average sales of \$555,042 and \$430,647 respectively, continuing the trend of the previous fiscal year.

Business Classification Review (Charts G and H)

Collectively, chain and independent convenience stores account for 72.7% of total Lottery accounts and 68.2% of the market share in sales. Chain and independent grocery stores account for 15.9% of total Lottery accounts and 26.9% total sales. These figures remain consistent with the previous fiscal year.

County Review (Charts I and J)

- The overall estimated per capita weekly sales for FY16 through March was \$2.64. This represents an increase from FY15 when the per capita was \$2.21.
- Maricopa and Pima counties held a market share of 76.0% of total sales. The remaining counties represent 24.0% of sales.
- Mohave County had the highest weekly per capita sales at \$4.63, followed by Greenlee at \$4.49 and La Paz at \$4.38. Mohave County posted a significant increase of \$1.35 over the same period of the previous fiscal year. This increase can be attributed to the record-breaking Powerball jackpot in January and the influx of player purchases from neighboring non-lottery selling states.

Arizona Lottery							
Lottery Express / ITVM Review							
FY 2016							
	# of Units (Qtly Avg)	Per Unit Game Capacity	Instant Sales	Draw Sales	Total Sales	Per Unit Average	Average Out-of-Stock Percentage
Lottery Express	737	24	\$ 47,581,286	\$ 3,269,024	\$ 50,850,310	\$ 68,996	
ITVM	98	24	\$ 3,175,185		\$ 3,175,185	\$ 32,400	
1st Quarter Total	835		\$ 50,756,471	\$ 3,269,024	\$ 54,025,495		3.8%
% of Lottery Sales			38.2%	6.8%	29.8%		
Lottery Express	738	24	\$ 53,080,630	\$ 3,762,115	\$ 56,842,745	\$ 77,022.69	
ITVM	98	24	\$ 3,504,771		\$ 3,504,771	\$ 35,762.97	
2nd Quarter Total	836		\$ 56,585,401	\$ 3,762,115	\$ 60,347,516		4.1%
% of Lottery Sales			39.0%	7.3%	30.8%		
Lottery Express	741		\$ 54,379,534	\$ 5,561,767	\$ 59,941,301	\$ 80,892.44	
ITVM	96		\$ 3,665,021		\$ 3,665,021	\$ 38,177.30	
3rd Quarter Total	837		\$ 58,044,555	\$ 5,561,767	\$ 63,606,322		4.3%
% of Lottery Sales			35.3%	4.8%	22.6%		
Lottery Express					\$ -	#DIV/0!	
ITVM					\$ -	#DIV/0!	
4th Quarter Total	0		\$ -	\$ -	\$ -		
% of Lottery Sales			#DIV/0!	#DIV/0!	#DIV/0!		
Total Lottery Express			\$ 155,041,450	\$ 12,592,906	\$ 167,634,356		
Total ITVM			\$ 10,344,977	\$ -	\$ 10,344,977		
Total Fiscal Year			\$ 165,386,427	\$ 12,592,906	\$ 177,979,333		
% of Total Sales			37.4%	5.8%	27.0%		

Chart E

ARIZONA LOTTERY
CORPORATE ACCOUNT REVIEW
Fiscal Year 2016
July 2015 through March 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%	\$2,538,973	1.2%	\$120,903	\$3,907,909	0.9%	\$186,091	\$6,446,882	1.0%	\$306,994	\$419,047
<i>7-Eleven</i>	64	2.2%	\$3,694,591	1.7%	\$57,728	\$10,886,776	2.5%	\$170,106	\$14,581,367	2.2%	\$227,834	\$947,789
<i>Carioca</i>	34	1.2%	\$1,838,394	0.9%	\$54,070	\$3,615,868	0.8%	\$106,349	\$5,454,262	0.8%	\$160,419	\$354,527
<i>Circle K</i>	588	19.9%	\$50,651,659	23.5%	\$86,142	\$115,743,432	26.2%	\$196,843	\$166,395,091	25.3%	\$282,985	\$10,815,681
<i>Cobblestone</i>	8	0.3%	\$724,751	0.3%	\$90,594	\$1,045,052	0.2%	\$130,632	\$1,769,803	0.3%	\$221,225	\$115,037
<i>CST Brands</i>	59	2.0%	\$5,739,697	2.7%	\$97,283	\$11,882,203	2.7%	\$201,393	\$17,621,900	2.7%	\$298,676	\$1,145,424
<i>Express Stop</i>	16	0.5%	\$558,530	0.3%	\$34,908	\$854,490	0.2%	\$53,406	\$1,413,020	0.2%	\$88,314	\$91,846
<i>Giant</i>	90	3.0%	\$4,931,217	2.3%	\$54,791	\$11,689,776	2.6%	\$129,886	\$16,620,993	2.5%	\$184,678	\$1,080,365
<i>Jackson's Food Stores</i>	13	0.4%	\$1,383,985	0.6%	\$106,460	\$1,862,567	0.4%	\$143,274	\$3,246,552	0.5%	\$249,735	\$211,026
<i>Loves</i>	11	0.4%	\$532,401	0.2%	\$48,400	\$1,101,883	0.2%	\$100,171	\$1,634,284	0.2%	\$148,571	\$106,228
<i>Maverik</i>	19	0.6%	\$1,798,410	0.8%	\$94,653	\$2,582,923	0.6%	\$135,943	\$4,381,333	0.7%	\$230,596	\$284,787
<i>Pilot Travel Centers</i>	12	0.4%	\$604,868	0.3%	\$50,406	\$1,350,879	0.3%	\$112,573	\$1,955,747	0.3%	\$162,979	\$127,124
<i>Quik Mart</i>	26	0.9%	\$1,575,579	0.7%	\$60,599	\$3,771,810	0.9%	\$145,070	\$5,347,389	0.8%	\$205,669	\$347,580
<i>QuikTrip</i>	110	3.7%	\$19,605,102	9.1%	\$178,228.20	\$41,449,530	9.4%	\$376,814	\$61,054,632	9.3%	\$555,042	\$3,968,551
<i>Shay's</i>	19	0.6%	\$1,274,822	0.6%	\$67,096	\$2,801,867	0.6%	\$147,467	\$4,076,689	0.6%	\$214,563	\$264,985
<i>Superpumper</i>	11	0.4%	\$1,398,812	0.6%	\$127,165	\$2,503,947	0.6%	\$227,632	\$3,902,759	0.6%	\$354,796	\$253,679
<i>Terribles</i>	8	0.3%	\$440,978	0.2%	\$55,122.25	\$841,486	0.2%	\$105,186	\$1,282,464	0.2%	\$160,308	\$83,360
<i>Woody's</i>	17	0.6%	\$582,528	0.3%	\$34,266	\$1,301,293	0.3%	\$76,547	\$1,883,821	0.3%	\$110,813	\$122,448
<i>Safeway Gas</i>	30	1.0%	\$1,191,704	0.6%	\$39,723	\$2,181,752	0.5%	\$72,725	\$3,373,456	0.5%	\$112,449	\$219,275
<i>Fry's Gas</i>	82	2.8%	\$2,048,751	0.9%	\$24,985	\$3,857,843	0.9%	\$47,047	\$5,906,594	0.9%	\$72,032	\$383,929
<i>Convenience Total</i>	1238	42.0%	\$103,115,752	47.8%	\$83,292.21	\$225,233,286	50.9%	\$181,933	\$328,349,038	49.9%	\$265,225	\$21,342,687
<i>Albertson's</i>	36	1.2%	\$5,850,788	2.7%	\$162,522	\$9,652,494	2.2%	\$268,125	\$15,503,282	2.4%	\$430,647	\$1,007,713
<i>Bashas'</i>	51	1.7%	\$6,703,592	3.1%	\$131,443	\$10,544,480	2.4%	\$206,755	\$17,248,072	2.6%	\$338,197	\$1,121,125
<i>Bashas' Food City</i>	44	1.5%	\$760,371	0.4%	\$17,281	\$4,974,226	1.1%	\$113,051	\$5,734,597	0.9%	\$130,332	\$372,749
<i>Fry's</i>	119	4.0%	\$28,718,675	13.3%	\$241,333	\$47,497,281	10.7%	\$399,137	\$76,215,956	11.6%	\$640,470	\$4,954,037
<i>Haggen</i>	10	0.3%	\$202,454	0.1%	\$20,245	\$335,504	0.1%	\$33,550	\$537,958	0.1%	\$53,796	\$34,967
<i>Los Altos Ranch Market</i>	7	0.2%	\$135,981	0.1%	\$19,426	\$1,053,166	0.2%	\$150,452	\$1,189,147	0.2%	\$169,878	\$77,295
<i>Safeway</i>	112	3.8%	\$18,890,298	8.7%	\$168,663	\$28,528,255	6.4%	\$254,717	\$47,418,553	7.2%	\$423,380	\$3,082,206
<i>Walmart</i>	28	0.9%	\$952,856	0.4%	\$34,031	\$3,212,258	0.7%	\$114,724	\$4,165,114	0.6%	\$148,754	\$270,732
<i>Food Store Total</i>	407	13.8%	\$62,215,015	28.8%	\$152,862.44	\$105,797,664	23.9%	\$259,945	\$168,012,679	25.5%	\$412,807.57	\$10,920,824
<i>Major Chains</i>	1645	55.7%	\$165,330,767	76.6%	\$100,505	\$331,030,950	74.8%	\$201,235	\$496,361,717	75.4%	\$301,740	\$32,263,512
<i>All Stores</i>	2951		\$215,941,491		\$73,175.70	\$442,343,916		\$149,896	\$658,285,407		\$223,072	\$42,788,551

ARIZONA LOTTERY
BUSINESS CODE REVIEW
 Fiscal Year 2016
 July 2015 through March 2016

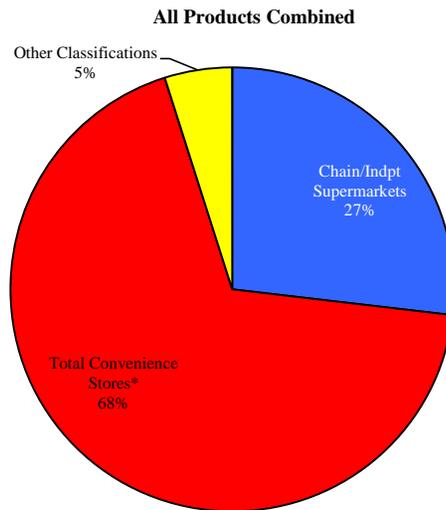
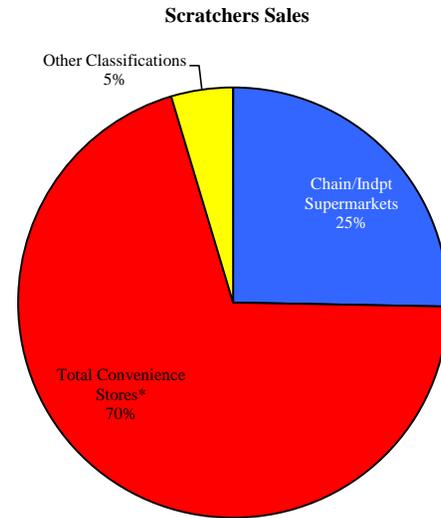
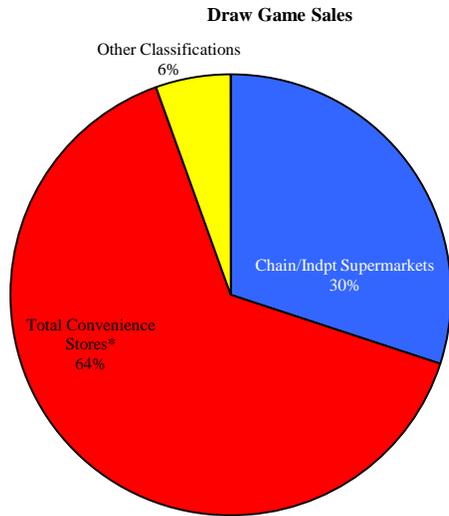
Business Classification	Business Code	# of Accts	% of Accts	Total Draw Games			Scratchers			All Products Combined			Commission Earned To Date	
				Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average		
Shopping Malls	01	4	0.1%	\$115,097	0.1%	\$28,774	\$207,232	0.0%	\$51,808	\$322,329	0.0%	\$80,582	\$20,951	
Smoke/Gift Shops - Newstands	02	41.5	83	2.8%	\$1,448,939	0.7%	\$17,457	\$4,407,591	1.0%	\$53,104	\$5,856,530	0.9%	\$70,561	\$380,674
Chain Supermarkets	03	200.5	401	13.6%	\$62,933,329	29.1%	\$156,941	\$106,029,913	24.0%	\$264,414	\$168,963,242	25.7%	\$421,355	\$10,982,611
Independent Supermarkets	04	34	68	2.3%	\$1,989,203	0.9%	\$29,253	\$5,900,130	1.3%	\$86,767	\$7,889,333	1.2%	\$116,020	\$512,807
Chain Convenience Stores	05	559	1118	37.9%	\$98,497,449	45.6%	\$88,101	\$216,372,017	48.9%	\$193,535	\$314,869,466	47.8%	\$281,636	\$20,466,515
Independent Convenience	06	442.5	885	30.0%	\$36,100,035	16.7%	\$40,791	\$84,981,727	19.2%	\$96,025	\$121,081,762	18.4%	\$136,816	\$7,870,315
Liquor Stores	07	46	92	3.1%	\$1,359,156	0.6%	\$14,773	\$5,112,827	1.2%	\$55,574	\$6,471,983	1.0%	\$70,348	\$420,679
Drug Stores	08	1.5	3	0.1%	\$127,142	0.1%	\$42,381	\$56,995	0.0%	\$18,998	\$184,137	0.0%	\$61,379	\$11,969
Auto/Gas Stations	09	71	142	4.8%	\$4,514,692	2.1%	\$31,794	\$8,525,350	1.9%	\$60,038	\$13,040,042	2.0%	\$91,831	\$847,603
Truck Service Centers	10	19.5	39	1.3%	\$2,004,415	0.9%	\$51,395	\$4,037,595	0.9%	\$103,528	\$6,042,010	0.9%	\$154,923	\$392,731
Bars/Restaurants	11	16.5	33	1.1%	\$4,070,382	1.9%	\$123,345	\$2,382,345	0.5%	\$72,192	\$6,452,727	1.0%	\$195,537	\$419,427
Spec Non-Grocery	12	29	58	2.0%	\$2,105,333	1.0%	\$36,299	\$2,692,379	0.6%	\$46,420	\$4,797,712	0.7%	\$82,719	\$311,851
Check Cashing Centers	13	1.5	3	0.1%	\$8,135	0.0%	\$2,712	\$21,913	0.0%	\$7,304	\$30,048	0.0%	\$10,016	\$1,953
Bowling Centers	14	2	4	0.1%	\$44,283	0.0%	\$11,071	\$174,676	0.0%	\$43,669	\$218,959	0.0%	\$54,740	\$14,232
Mass Merchandise	16	7	14	0.5%	\$133,991	0.1%	\$9,571	\$503,531	0.1%	\$35,967	\$637,522	0.1%	\$45,537	\$41,439
In-House & Promotional	99	1471.5	4	0.1%	\$489,910	0.2%	\$122,478	\$937,695	0.2%	\$234,424	\$1,427,605	0.2%	\$356,901	\$92,794
Total			2951	100%	\$215,941,491	100%	\$73,176	\$442,343,916	100%	\$149,896	\$658,285,407	100%	\$223,072	\$42,788,551

Summary Recap

Chain/Indpt Supermarkets	469	15.9%	\$64,922,532	30.1%	\$138,428	\$111,930,043	25.3%	\$238,656.81	\$176,852,575	26.9%	\$377,084	\$11,495,417
Total Convenience Stores*	2,145	72.7%	\$139,112,176	64.4%	\$64,854	\$309,879,094	70.1%	\$144,465.78	\$448,991,270	68.2%	\$209,320	\$29,184,433
Other Classifications	337	11.4%	\$11,906,783	5.5%	\$35,332	\$20,534,779	4.6%	\$60,934.06	\$32,441,562	4.9%	\$96,266	\$2,108,702
Total All Classifications	2,951	100%	\$215,941,491	100%	\$73,176	\$442,343,916	100%	\$149,896	\$658,285,407	100%	\$223,072	\$42,788,551

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

ARIZONA LOTTERY
BUSINESS CODE REVIEW
Fiscal Year 2016
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**ARIZONA LOTTERY
COUNTY SALES REVIEW**

Fiscal Year 2016

July 2015 through March 2016

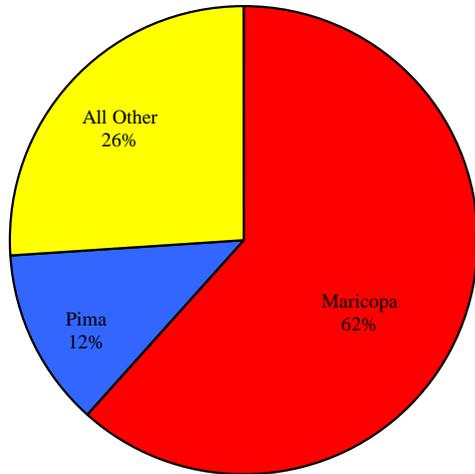
County	# of Accts	% of Accts	Total Draw Games			Scratchers			All Products Combined			Estimated Per Capita Wkly Sales
			Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	
Apache	14	0.5%	\$355,051	0.2%	\$25,361	\$823,068	0.2%	\$58,791	\$1,178,119	0.2%	\$84,151	\$0.42
Cochise	73	2.5%	\$3,930,195	1.8%	\$53,838	\$12,095,794	2.7%	\$165,696	\$16,025,989	2.4%	\$219,534	\$3.13
Coconino	102	3.5%	\$3,854,659	1.8%	\$37,791	\$8,498,267	1.9%	\$83,316	\$12,352,926	1.9%	\$121,107	\$2.36
Gila	39	1.3%	\$1,635,386	0.8%	\$41,933	\$4,282,391	1.0%	\$109,805	\$5,917,777	0.9%	\$151,738	\$2.83
Graham	19	0.6%	\$649,828	0.3%	\$34,201	\$3,255,282	0.7%	\$171,331	\$3,905,110	0.6%	\$205,532	\$2.69
Greenlee	8	0.3%	\$278,780	0.1%	\$34,848	\$1,197,271	0.3%	\$149,659	\$1,476,051	0.2%	\$184,506	\$4.49
La Paz	37	1.3%	\$1,287,443	0.6%	\$34,796	\$2,215,499	0.5%	\$59,878	\$3,502,942	0.5%	\$94,674	\$4.38
Maricopa	1648	55.8%	\$133,101,926	61.6%	\$80,766	\$287,166,753	64.9%	\$174,252	\$420,268,679	63.8%	\$255,017	\$2.82
Mohave	145	4.9%	\$19,163,902	8.9%	\$132,165	\$16,979,830	3.8%	\$117,102	\$36,143,732	5.5%	\$249,267	\$4.63
Navajo	54	1.8%	\$2,031,435	0.9%	\$37,619	\$5,283,380	1.2%	\$97,840	\$7,314,815	1.1%	\$135,460	\$1.75
Pima	417	14.1%	\$26,604,405	12.3%	\$63,800	\$53,227,224	12.0%	\$127,643	\$79,831,629	12.1%	\$191,443	\$2.09
Pinal	145	4.9%	\$9,757,681	4.5%	\$67,294	\$22,108,659	5.0%	\$152,474	\$31,866,340	4.8%	\$219,768	\$2.17
Santa Cruz	23	0.8%	\$1,644,292	0.8%	\$71,491	\$2,352,481	0.5%	\$102,282	\$3,996,773	0.6%	\$173,773	\$2.16
Yavapai	119	4.0%	\$7,027,885	3.3%	\$59,058	\$13,226,954	3.0%	\$111,151	\$20,254,839	3.1%	\$170,209	\$2.46
Yuma	108	3.7%	\$4,618,623	2.1%	\$42,765	\$9,631,063	2.2%	\$89,177	\$14,249,686	2.2%	\$131,942	\$1.87
Total	2951	100%	\$215,941,491	100%	\$73,176	\$442,343,916	100%	\$149,896	\$658,285,407	100%	\$223,072	\$2.64

Summary Recap

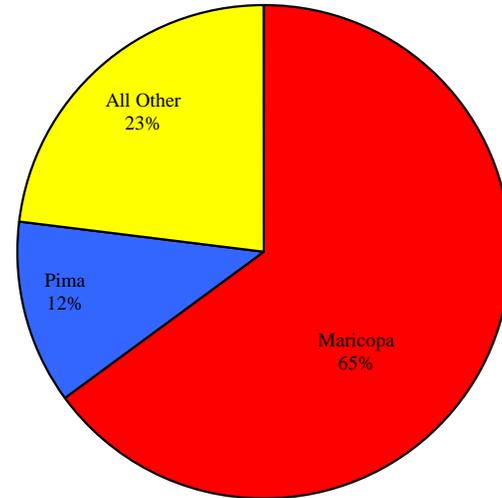
Maricopa and Pima Counties	2065	70.0%	\$159,706,331	74.0%	\$77,340	\$340,393,977	77.0%	\$164,840	\$500,100,308	76.0%	\$242,179	\$2.67
All Other Counties	886	30.0%	\$56,235,160	26.0%	\$63,471	\$101,949,939	23.0%	\$115,068	\$158,185,099	24.0%	\$178,538	\$2.54

ARIZONA LOTTERY
COUNTY SALES REVIEW
Fiscal Year 2016
July 2015 through March 2016

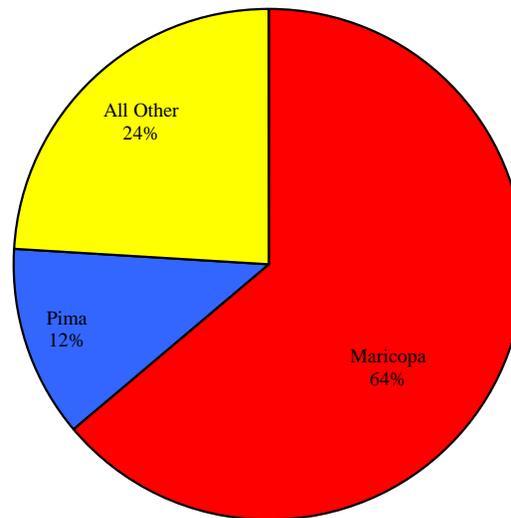
Draw Game Sales



Scratchers Sales



All Products Combined



New Business Item #1
Instant Scratch Game Profiles
Report to Arizona Lottery Commission
April 22, 2016

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: *Funky 5's* #1066, *Stacks of Cash* #1070, *Gold Rush* #1071, and *\$100,000 Fortune* #1073.

Funky 5's #1066. This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 1.4 million tickets. This game will be the first \$5 price point packaged at an 80 ticket pack size with a \$400 pack value.

Stacks of Cash #1070. This \$5 game is one of the Lottery's 35th Anniversary 2nd Chance Drawing games. It has a top prize of \$50,000 and will be printed at a quantity of approximately 1.2 million tickets.

Gold Rush #1071. This \$2 game is one of the Lottery's 35th Anniversary 2nd Chance Drawing games. It has a top prize of \$10,000 and will be printed at a quantity of approximately 1.4 million tickets.

\$100,000 Fortune #1073. This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.6 million tickets.

Attachments (Commissioners only)