

THE QUARTER



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\$1,203,442,000

**FISCAL YEAR 2020
 A RECORD-BREAKING
 - AND TRYING -
 YEAR**

THE PRESIDENT'S CORNER

As I sat at home in disbelief watching the events of March 12th unfold on TV, I could never have imagined how you'd help us break our all-time sales record this year.

On that night, the NCAA abruptly cancelled March Madness, all schools in the state were declared closed, Disney World closed, even Tom Hanks Tweeted both he and his wife had contracted COVID-19.

And I was six days into my tenure as acting president and CEO of the Kentucky Lottery.

All of us at the Kentucky Lottery and all our retail partners had been working so hard to meet the lofty goals we'd set in FY20. Two things were very clear to me that evening – it was going to take an unprecedented effort to make our business work in a global pandemic, and if there was ever a time students would need to be counting on us to provide college scholarships and grants it was now.

You persevered, we persevered, and together we succeeded.

On March 12th, breaking the all-time sales goal seemed unobtainable. Yet here we are, with a record \$1,203,442,000 in sales, record proceeds to the state of \$278.5 million, and record commissions to retailers of \$71 million.

In this edition of The Quarter, we'll tell you how the record was broken, and what we have planned for FY21 to help continue this momentum of record sales and proceeds – and commissions.

On behalf of all of us at the Kentucky Lottery, and college students in all 120 counties, thanks for an amazing year. Let's keep Fueling Imagination and Funding Education.



Marty Gibbs
Kentucky Lottery
Interim President and CEO



FY20 RECORDS BROKEN BY THE NUMBERS



IN THE FACE OF ADVERSITY

FISCAL YEAR ENDS ON A HIGH NOTE DESPITE UNPRECEDENTED CHALLENGES

By Mandy Detwiler, Contributing Writer

The past year has proven to be one of the most challenging in the Kentucky Lottery's history, but adversity is little more than a dare to KLC employees. What could have been a disastrous fiscal year due to COVID-19 and the shuttering of hundreds of Lottery retailers set the KLC team into brainstorming that involved all aspects of the company, from sales and finance to IT and retail outlets.

Howard Kline, executive vice president and CFO, said the fiscal year that ran from July 2019 to June 2020 turned out to be one for the record books - despite setbacks that closed many commercial establishments across the nation.

Kline said for the first weeks of the government-mandated COVID-19 shutdown, consumers and businesses alike quickly became concerned "and it wasn't just in our industry but in all industries," Kline said. "The first two to three weeks were kind of scary. We had some serious concerns about how we were going to end the fiscal year. I think after 30 days, people started feeling more comfortable with their own situation and we noticed that in our sales."

"This was Spring Break time," he said. "A lot of vacations were canceled for people in Kentucky and I think 'staycation' came into play. Movie theatres weren't open -- basically all discretionary spending was shut down. The malls were shut down. You couldn't even go window shopping."

Maggie Garrison, vice president and corporate controller, said "It was a slow go this year through mid-March. We had a record Mega Millions jackpot last year, so we knew we were struggling to outpace that ... but then April really took off. We found ourselves in a situation where the demand for Lottery tickets was still there, and fortunately we were still selling. A lot of other businesses were closed, and to our benefit, we weren't. The Lottery kept operations going, our retailers were there for us, so I think we were just in a great position to respond to the demand."

Kline attributes the increase in sales to the corporation's top seller - Scratch off tickets. "There was a lot of traffic in grocery stores and c-stores, so we were an easy pick-up," he says. "That is our No.1 selling product."

In the face of adversity, retailers and Lottery staff worked together to keep sales steady -- if not increased. Areas like Oak Grove, Kentucky, deemed many c-stores non-essential because they didn't sell gasoline, so store management worked with county officials to add drive-thru to their operations under abbreviated hours. Moves like this helped keep businesses afloat and the Lottery sales on track with budget during unprecedented times.

"We had to make system changes to allow retailers to return tickets that weren't selling," Garrison says. "That was probably our biggest hurdle. Our claims process was completely changed. We stopped allowing people to come into the office, so we had to accept appointments. We signed up retailers to cash higher-value tickets, and we found that cashing agents were a huge help so we weren't being bombarded with appointments in the office."



"The Lottery kept operations going, our retailers were there for us, so I think we were just in a great position to respond to the demand."

— **MAGGIE GARRISON**
VICE PRESIDENT AND
CORPORATE CONTROLLER OF
THE KENTUCKY LOTTERY
CORPORATION



Pick 3, Pick 4 and Cash Ball draw games all sold extremely well, with increases of 11.7%, 14.2 % and 13.6 % respectively. Sales of Scratch-off tickets totaled \$741.1 million, an increase of a whopping 10.7%. When taverns and bars were shut down as nonessential businesses, Keno sales took a hit, ending 6.4% behind last year's sales.

"I like all the records we set, so I hope that we see more records in 2021. Clearly the bottom line was that we generated the results that frankly were expected of us," Kline says.



Kline said immediate concerns centered around providing the same level of service to both consumers and retailers without physically being in the office. "Can we continue to be effective? Can we continue to provide the same level of services that our retailers need? Can we continue to get inventory to them? Can we continue to hold drawings?"

"We made a lot of changes," he said. "Some of those were things that we thought about doing for a while and this kind of forced our hand into doing so. And I think we did a very good job of making those things happen. We just didn't jump into something - we went through our normal processes of being very methodical. Integrity is the most important principle that we have, and we did not jeopardize anything that we do to generate the level of sales, generate the bottom line. We continued to make sure that integrity was the most important thing."

"The hard work from KLC employees and lottery retailers translated into record sales for Q4 (April 2020 – June 2020), totaled a whopping \$374.6 million," Kline said. "And the fiscal year ended on a record high note with total sales of \$1.2 billion, an overall increase of 6.5% over the previous year. We also had record cash dividend transfers of \$278.5 million."

FY20 saw the highest daily, weekly, monthly, quarterly and overall sales in Kentucky Lottery history.



WINNING STREAK

SALESPERSON OF THE YEAR PROVES HARD WORK BEATS LONGEVITY

By Mandy Detwiler, Contributing Writer

Few people would disagree that 2020 has been a difficult year for sales. But for Pam Harvey, tenacity has paid off. The Kentucky Lottery Corporation named the Breathitt County native as its salesperson of the year - and she's only been selling since February of 2019.

"It ended up being a phenomenal year, no doubt about it," Harvey says. "I did not see that it was going to end that way, so it's been a great run."

Though the fledgling sales agent hasn't been with the Lottery long, she has a history with the company. As an advertising executive for a local television station, the Kentucky Lottery was one of her clients -- that is, before the roles reversed.

"I was pretty familiar with the Lottery before I took the job," Harvey says.

She'd been neck and neck with another sales rep in Louisville for the last two weeks before the end of the fiscal year, resulting in a near photo finish between first and second place. "Every day I'd get up and look to see who was in the lead," Harvey admits. That friendly competition led Harvey to push even harder. She consistently stayed in the top 10, "and then COVID hit," she says. "You have no idea what to expect. The first couple of weeks you're working from home, it's raining everyday - you're feeling gloomy anyway, and then all of a sudden it just turned around. I have the most wonderful, awesome retailers. I'd call and say 'We've got new games coming out' and they'd say 'Yeah, we're making room for them'."



While others who have won the same title in years past have longevity to thank, Harvey says she has the support of her retailers and her regional sales manager, Wes Hardin, to thank for her success. Hardin took over as regional sales manager at about the same time, having been a senior sales representative for many years.

"It was something we'd never done before," Hardin says. "We'd never had regional managers spend time in the fields and train sales reps. It was something that was discussed that was really, really needed, and (Harvey) was maybe the first person to be trained in the field like we did. We kind of implemented our own training program and basically taught her everything from A to Z on Lottery that you can do in a four-week period in the field."

"He knows this area and he knows the people," Harvey says. "If I have questions, he's always been there to help me. We actually have the top region, which is the Eastern Region. I just have the best coworkers. I could call them up and say 'Hey, this is what's going on. Have you had a situation like this? What would you do?'. With suggestions and help from them, I may have gotten the number one position but the whole team helped me get there."

Harvey's biggest tip to reach the top is preparedness. "If I go into a retailer that's low on inventory, I want to make sure that I have what they need. I want them to have it right then. I don't want them to have to wait."

While no one could have predicted a national pandemic at the end of the fiscal year, causing initial Lottery sales to take a "nosedive" as a knee-jerk reaction, sales "just picked up and went crazy," Harvey says. She began calling her retailers every week, covering everything from sales to family as she got to know her retailers on a personal level without the time restraints of trying to run a store at the same as her field visits.

And for those seeking their own path to success? Harvey suggests forging good relationships with other team members, a move that is beneficial to both parties. "A lot of them in my area, they've been here a long time and they've got a lot of great advice to give. You just have to listen."



EASTERN REGION #1

The Eastern Region, led by Wes Hardin, finished FY20 as the number one sales region in the state!

MARKETING: WHAT'S TRENDING

By Edie Frakes, VP of Marketing

#1 - YOU!

Thank you to our retailer partners who have remained steadfast during the pandemic and times of unrest recently. Your essential businesses have kept the Kentucky Lottery fueling imagination and funding education. We at the KLC - and certainly the students of Kentucky - appreciate you.

#2 - DIGITAL TRENDS

- Remember to enable our new Alexa Skill.
- Follow us on Facebook, Twitter and Instagram.
- Try A Facebook filter promoting the Cash Pop feature with our Pop Art!
- Check out the improved retailer website for field notices, flyers and other need-to-know info!

#3 - RETAIL & BROADCAST MARKETING TRENDS

The TV commercial for our **200X ticket** (X Marks The Spot) will dominate at the end of July through August. The commercial was shot overnight in an actual Kentucky grocery store who is also a retailer!

Win Place Show will deploy statewide this August with a full marketing roll-out of TV, POS and digital marketing support (just in time for a re-scheduled Kentucky Derby on September 5).

Marketing support in broadcast and across all mediums will support the **Gold Rush** at \$30, \$10, \$5, \$2, and \$1 price points. This September we will utilize our widely popular Prospector TV spot to reinforce that players can find their own rush playing Gold Rush at essentially any price point!

We will also be promoting Cash Pop, Keno and come October new Fast Play games on the draw game/terminal game side of things this Fall. Then before you know it you will see our Holiday Lights Scratch-offs.

What a wild and unusual year 2020 has turned out to be. We are grateful to be in this together with some of the best retail partners on earth!



SUMMER SCRATCH-OFF BLOCKBUSTERS

By Rhonda Zimmerman, Director, Scratch Games

It's hard to believe summer is just about over and the launch of our summer blockbuster games - including the return of **\$1 WILD 8'S**, **\$3 SLINGO® TRIO TRIPLER**, **\$10 MONOPOLY**, and **\$20 200X** - were wildly successful and are selling like gangbusters! As you'll read on page 16, we asked our players what they wanted in Scratch-off games, and we listened to what they had to say. It's great when you see a well-thought-out plan come together to produce great results!

EUREKA! THERE'S MORE GOLD COMING YOUR WAY!

As we head into Fall, your sales rep will be talking to you about a brand-new family of games launching in September - GOLD RUSH. The popular \$30 game launched in February will be joined by a \$1, \$2, \$5 & \$10 family of the same name so now everyone can enjoy the fun and excitement of searching for gold at whatever price they choose to "treat" and/or "indulge" themselves.

- **\$1 - GOLD RUSH** offers a \$5,000 top prize, 6 chances to win and over \$2 million in cash prizes.
- **\$2 - GOLD RUSH** offers a \$20,000 top prize, 11 chances to win and over \$3.8 million in cash prizes.
- **\$5 - GOLD RUSH** offers a \$100,000 top prize, 16 chances to win and over \$14.3 million in cash prizes, including over 75,000 prizes between \$30 and \$1,000!
- **\$10 - GOLD RUSH** offers a \$250,000 top prize, 16 chances to win and over \$33.5 million in cash prizes, including over 107,000 prizes between \$50 and \$5,000!

Players will be rushing to your stores to get in on the action. There'll be a lot of winning and cashing going on with both big and small prizes, most of which are redeemable at retail!

Your lottery sales rep will be posting new POS materials that will feature the entire family and the TV and Radio ads, featuring our favorite prospector, have been refreshed and will now include the whole family as well.



February 21st 2020 (the date of the \$30 Gold Rush Scratch-off ticket launch) was the highest sales day in the 31-year history of the Kentucky Lottery - \$16,446,913.

NEW TERMINAL GAMES ON THE WAY

By Erica Williams, Director, Terminal Generated Games

HIGHLIGHTS OF FY20

There were two significant launches this past year that greatly impacted the terminal generated games portfolio: Fast Play instant terminal games and CASH POP, a new monitor game.

The Kentucky Lottery launched the new Fast Play category in October 2019. Fast Play games feature instant cash prizes and a rolling jackpot. The first family offered at launch was the familiar Times the Cash family, offered in a \$1, \$2, \$5 and \$10 price point. In late March 2020, an additional \$2 game (Tic Tac Cash) and \$5 game (Break the Bank) were added.

This new category far exceeded expectations, achieving 44.8% sales above projections. We believe the key to this success was not only from the various point of sale materials placed throughout your store, but also because of the excitement you created by promoting these new games to your players! In addition, in a year with very few Powerball and Mega Millions jackpots over \$250 million, we believe the rolling jackpot feature gave players something to look forward to as they could see the jackpot grow in real time with every ticket sold.

Looking ahead to FY21 and beyond, we plan to launch at least one new game every quarter. By offering new game themes and play styles, this will keep players engaged and excited about Fast Play!



In March 2020, we launched a new monitor game with drawings every four minutes (between each Keno drawing). While sales were not as strong out of the gate as we had originally expected due to the impact of the pandemic on the monitor games category, we ended the year with sales 25.7% above projections and are still very optimistic about the potential of this new game. Not only will it receive broadcast advertising support throughout the upcoming year, it's simple in that players only need to match the one number drawn to win. This makes for a fun, easy way for players to put a little play in their day!

pick
3 pick
4

While FY20 brought the launch of a new terminal game category and a new monitor game, sales of two of our flagship games remained strong throughout the entire year. Both Pick 3 and Pick 4 experienced near double-digit sales growth compared to the year prior, sales up 11.7% and Pick 4 sales up 14.2%. Players also had a lucky year with above average game payouts, especially in Pick 4, with payouts approximately 14% above the game's statistically expected payout.

LOOKING AHEAD TO FY21

Out Of the Gate - Win Place Show Launches

After a successful 3-month pilot at select retail locations in Louisville, Lexington, and Northern Kentucky during the spring of 2018, Win Place Show, which is the first lottery game based on live horse racing, will be launched statewide on August 16th.

Each Quick Pick ticket costs \$2 and features three racehorse numbers and names, along with racetrack name and race time. Players can scan the QR code on each ticket or visit the website shown on the ticket to download the Win Place Show mobile app. By downloading the mobile app, players can watch races live or on replay, in addition to scan tickets to check winnings.



New Bluegrass Jackpot Fast Play Family Launching Monday, October 19th

Available in \$1, \$2, \$5, and \$10, the Bluegrass Jackpot family offers a key symbol match style of play. Players must match three like symbols from the prize legend in the same spin to win the corresponding prize from the prize legend. Each spin is played separately, and the greater the price point purchased, the more spins available to play on each ticket. Like other Fast Play games, sales of each ticket will contribute to the rolling jackpot, with each ticket eligible to win a percentage of the rolling jackpot. The Bluegrass Jackpot family will replace the Times the Cash family.



SCRATCH-OFF “HOT SPOTS”

WHAT STANDS OUT TO YOU?

By Greg Wood, Research and Analytics Manager

In the world of Kentucky Lottery Scratch-off games, it's no secret that different players have different preferences. Some players are looking for large jackpot wins, while others are playing for entertainment and smaller prize amounts. Some players prefer to purchase tickets at the counter or register, while others prefer to purchase from a lottery vending machine. And while some players are typically eager to purchase the newest games, others may be more interested in choosing games based on play style, ticket look, the number of winners, etc.

In March, the Kentucky Lottery conducted a panel study of 400 Scratch-off players to determine which ticket features of different price points were “liked” most. The Lottery was able to use “Hot Spot” technology, allowing users to click on areas of a ticket they liked, or click on areas of a ticket they disliked.

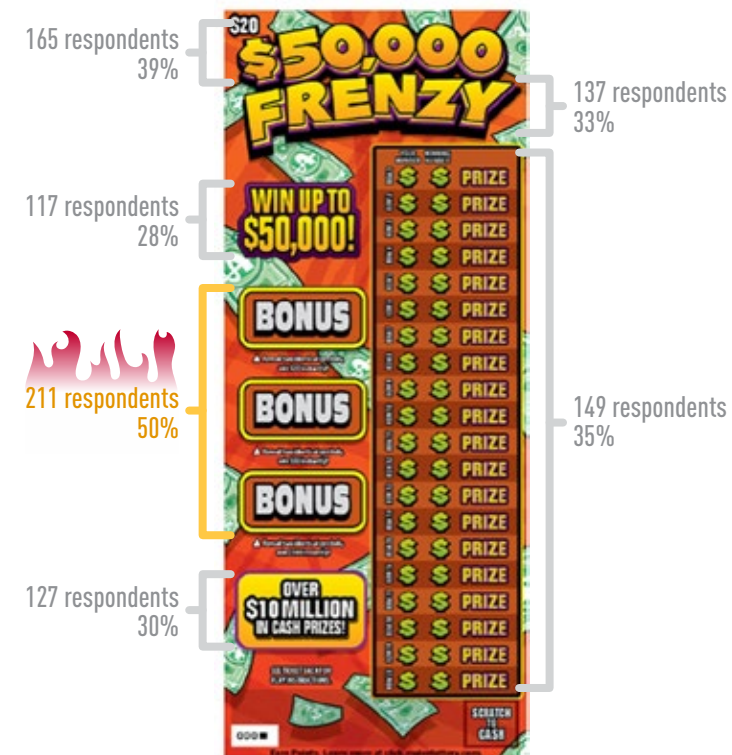
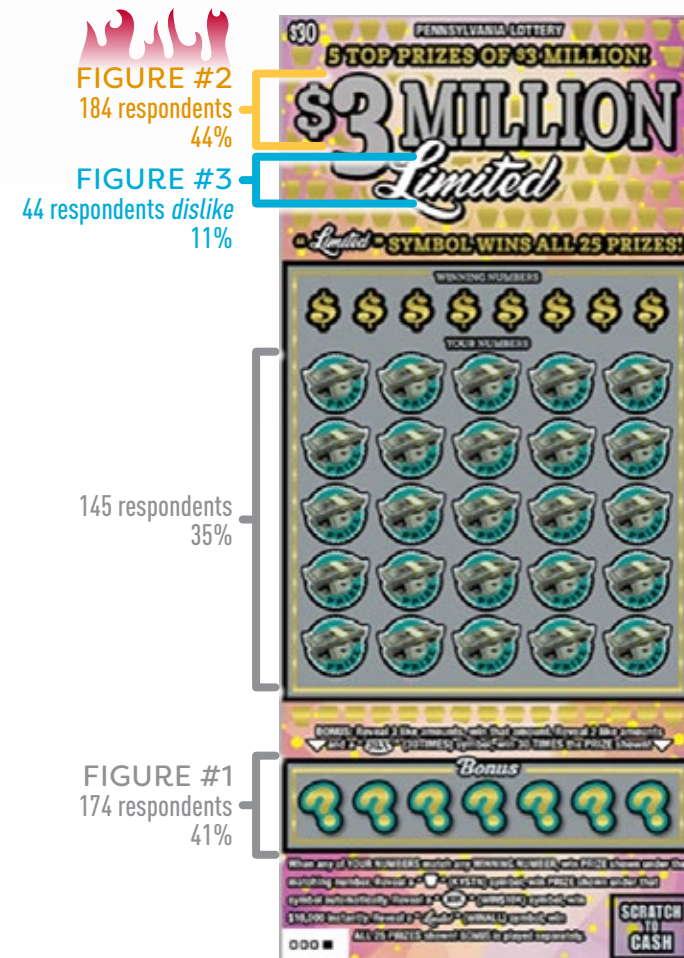
Respondents were asked what unique images and call outs interested them when looking at a Kentucky Lottery Scratch-off ticket. The call out examples on the right shows elements on the ticket that were “liked” by a minimum of 100 respondents. 100 respondents is equivalent to roughly 25% of the total surveyed. (Figure #1 shows that 174 respondents reported that they liked the Question mark element—that is 41% of total respondents).

Elements highlighted in gold represent the most “liked” element for each individual ticket. (see Figure #2)

(In this example, the title “\$3 Million” was the most “liked” element on this ticket).

If an element is highlighted in blue, it means the element was “disliked” by at least 40 respondents (roughly 10%). (See Figure #3) (In this example, the word “Limited” was disliked by 44 respondents). In some cases, elements with 40+ “dislikes” also had 100+ “likes”.

If an element has no call out, it means that it wasn't “liked” by at least a minimum of 100 respondents.



These examples represent just a few of the tickets presented in the survey. Players exhibited an overall preference for tickets that offered “bonus” or secondary opportunities to win, as well as tickets that displayed the top winning amount prominently. Also, licensed property tickets (such as Monopoly) performed well due to the familiarity with the brand. This information will be valuable in helping the lottery make decisions on which new games to offer for your customers in the future!

Exercises such as this “Hot Spot” Survey and other retailer and player-based surveys will continue to help ensure that the Kentucky Lottery is providing the best possible products for our players. If there are specific types of Scratch-off games or features that your players have requested, don't hesitate to mention those to your friendly lottery sales representative during his or her next visit!

WINNERS WINNERS EVERYWHERE!

By Jennifer Cunningham, Communications Specialist



DANIELLE WRIGHT OF EDMONTON, KY - \$60,000 WIN! IT! ALL!

Danielle Wright, 30, of Edmonton, thought she was dreaming after she scratched off a \$5 Win! It! All! ticket, winning \$60,000.

After picking her son up from school and stopping at the Phillips IGA in Hiseville to pick up a few groceries, she decided to purchase a Win! It! All! Scratch-off ticket.

"While scratching it off, I saw the coin symbol. As I started scratching off the prize amount, I first thought I'd won \$60," she said. That was until she scratched off more, revealing more zeroes.

"I was like, 'wait, what does that say?' I realized then it was \$60,000," Wright told lottery officials.

"I think I'm dreaming. Can you pinch me?" she asked lottery officials jokingly.

"My dad told me it was meant for me to buy that ticket. I do believe things happen for a reason," Wright said.

SPUR OF THE MOMENT DECISION MAKES VERSAILLES WOMAN A MILLIONAIRE

A Woodford County woman, who wishes to remain anonymous, is a Kentucky Lottery millionaire after she won \$1,000,000 playing a \$20 100X The Cash Scratch-off ticket.

"It was a spur of the moment," the Versailles woman said, when deciding to buy the 100X The Cash ticket.

She scratched off the ticket while at the Versailles Marathon on Lexington Street. Her lucky ticket matched the number 48 and located directly below was the prize amount of \$1,000,000. "I scanned it just to make sure I saw what I thought I saw," she told lottery officials. "I just folded it and drove home," she said.

"I still don't believe it," she said. She told lottery officials she and her husband plan to buy a house and new car with the winnings.

\$1,000,000

\$20 KENTUCKY MILLIONS

A Louisville man, who wished to remain anonymous, says his family's life has completely changed after winning one million dollars playing the Kentucky Lottery.

"My wife wanted something from the store and asked me to buy her four \$5 scratch-offs. I bought one of the Kentucky Millions tickets for myself. It's one I always play," he said.

After purchasing the ticket at Thorntons on Dixie Highway, he sat in his car while scratching off the ticket in the parking lot. He matched the last number, 36, on the ticket. Next, he discovered the prize amount located below was the game's \$1,000,000 top prize.

"At first, I was like, no way. I took a double take, when I saw \$50,000 a year for 20 years, realizing it was the big one."

When he got home, he asked his wife, "Babe, what if our lives are about to change?" He handed her the ticket and walked into the kitchen. "Are you serious?" she asked. "It was awesome," he said.

He told lottery officials they have wanted their forever home so now they will be able to buy the house they have always wanted.



CHARLES OWENS OF SOMERSET, KY - \$100,000

\$30 GOLD RUSH

Charles Owens of Somerset struck it rich with the Kentucky Lottery's \$30 Gold Rush after purchasing a ticket at Southern Express in Somerset.

Charles initially bought two of the Gold Rush tickets but didn't win anything. "I thought, 'What the heck?'" and decided to buy one more. I bought the third one and that's not normal for me," he told lottery officials.

Charles scratched off the third ticket while at the store. "I scratched off all of the numbers when I noticed I had matched the number one. I figured I'd probably won my money back," he said.

Turns out located below the number he matched was the \$100,000 prize.

"I said, 'Nah, something is wrong here'. I checked it on the scanner and sure enough, it was \$100,000," Charles said.



\$100,000

\$100,000 GOLD RUSH

A Letcher County woman, who wished to remain anonymous, is \$100,000 richer after purchasing a \$30 Gold Rush scratch-off ticket.

She plays the lottery regularly and stopped off at Neon Double Kwik #1 in Neon, KY, like she does normally.

"I played a couple of \$1 and \$2 tickets and then took a notion to buy a \$30 ticket," she said.

While at the store, she scratched off the Gold Rush ticket, discovering she had matched the number 13. Located directly below was the \$100,000 prize.

"I was sure I had the numbers wrong. I looked at it again, and was like, 'Oh wait, that is a 13,'" she said. She took the ticket up to the clerk to be scanned to confirm.

"It was indescribable, I couldn't believe it," she told lottery officials.

"I went outside to ponder what had just happened," she said. She told lottery officials she waited a few minutes before driving home. "I was nervous."

"I'm very thankful, it was much needed," she said.

ROBERT TINCHER OF LOUISVILLE, KY

\$25,000 A YEAR FOR LIFE

A few days after the April 27th drawing, Robert Tinchler sat down at his computer to check his ticket. "I read the first three numbers and saw they matched when I then saw the other two numbers matched. When I first hit it, I thought it might be \$5,000 but when I later saw it was \$25,000 for life, I couldn't believe it," he told lottery officials.

"It's pretty overwhelming. I didn't know what to do. The first night I was up all night. I had all these numbers running in my head," Tinchler said.

"It was a heck of a feeling. I never dreamed I'd hit it," he said.

The winning Lucky for Life ticket was purchased at the Meijer Store on Hurstbourne Parkway in Louisville.



REGIONAL SPOTLIGHT

LOUISVILLE SPOTLIGHT

The fourth quarter of FY20 has been one of the most unique and challenging quarters in recent times. Our sales reps spent most of the fourth quarter telemarketing from home due to COVID-19. The team called retailers to remind them of new games releases and determine their ongoing Lottery needs. The team also ensured the retailers had the needed supplies to conduct daily business. The region worked with Nicole Pike to ship pencils, daily sales logs and winner claim forms as needed by the retailers.

Our retail partnerships went a long way while working from home. Many retailers still activated games without the sales reps visiting the locations. This goes a long way in ensuring the games are available to players - and equals increased sales dollars for you. We're happy now to be back in the field!

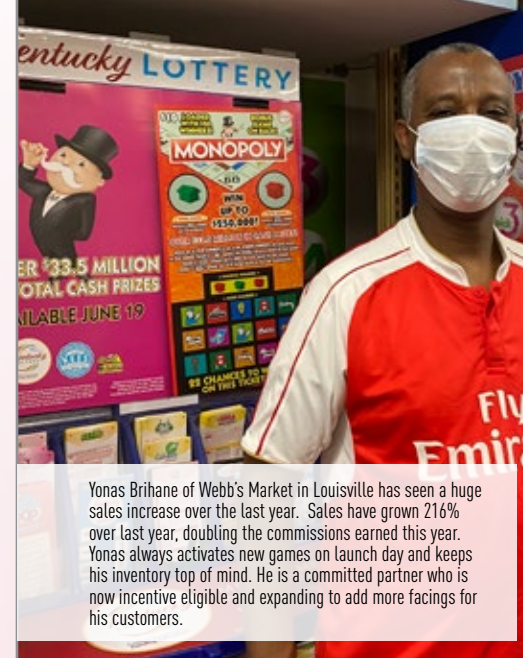
Louisville region retailers will notice two new faces on our team. We hired Rhonda McClain and Greg Casebeer in June of 2020. The team looks forward to observing these two sellers develop into their new roles, and we are expecting an even bigger and exciting 2021 fiscal year.

TOP 3 RETAILERS IN THE LOUISVILLE REGION, SCRATCH SALES PERCENTAGE INCREASE Q4 FY20 VS. Q4 FY19:

#1 SHELBY MART
284.3%

#2 WEBB'S MARKET
271.2%

#3 ESTEPP'S FRIENDLY SHELL #7
251.2%



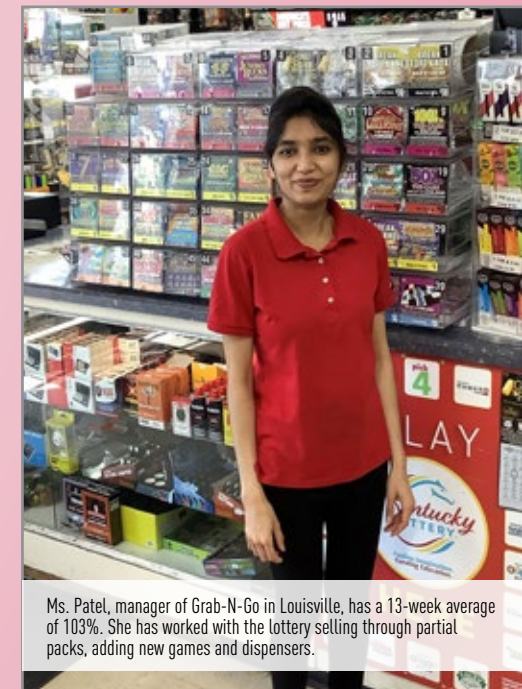
Yonas Brihane of Webb's Market in Louisville has seen a huge sales increase over the last year. Sales have grown 216% over last year, doubling the commissions earned this year. Yonas always activates new games on launch day and keeps his inventory top of mind. He is a committed partner who is now incentive eligible and expanding to add more facings for his customers.



Cork N Bottle is one of the top cashing agents in the Louisville region. Keith, manager, and Ferris, owner, attribute it to good customer service.



Guru Market in Shepherdsville is up 45% overall in sales. Owner Vic Patel, his wife Kinjal and father Jayantibhai Patel are also excited to have just sold a \$10,000 Gold Rush ticket.



Ms. Patel, manager of Grab-N-Go in Louisville, has a 13-week average of 103%. She has worked with the lottery selling through partial packs, adding new games and dispensers.



Margete, manager of B Quick in Louisville, is always willing to do what it takes to increase lottery sales.



Rob Allen and Fernando Lopez (not pictured) at Walmart #7290 in Crestwood have done a great job keeping the machine full and driving lottery sales. This location's 13-week average out-of-stock rate is 1.36%.



Meijer Gas Station #160 in Louisville has a 13-week Scratch-off sales increase of 46%. Melissa Wilburn makes sure all dispensers remain stocked, are set to plan-o-gram and new games are activated on the first day.



Mo with I Love Liquors in Germantown has done an exceptional job reducing his out-of-stock average from 20% to below 4% over the past 6 months. Mo's Scratch-off sales have grown 42% over last year, resulting in more commissions and more opportunities to help fund education.



Hunter's Market in Louisville is looking to add a second vending machine to their location. Neil Patel plans to keep his counter display just as active.



Yesen at Norfolk Food Mart in Louisville has seen a significant increase in sales since the COVID-19 pandemic. Sales are up 58% and he says the store owes its success to keeping machine full and having early access to new games.



Circle K #3317 in Louisville has manager Brooke, assistant manager Jordan and the rest of the team to thank for an increase of lottery sales. Sales are up 66% overall and out-of-stocks are down significantly. They recently had a \$100,000 Break Fort Knox Scratch-off winner.

BLUEGRASS SPOTLIGHT

Hello from the Bluegrass Region! We hope everyone is continuing to stay safe as things have started to open back up. We're so happy to be back in the field to visit you all in person. We just want to thank you again for your efforts these last few months in support of our mission to fund education here in Kentucky. We have now contributed more than \$3.8 billion to education due to your efforts!

As we move into our new fiscal year in July, we will continue to support your operations through in-person visits and phone calls. Your Lottery sales reps will continue to operate in a safe manner by wearing all recommended personal protection equipment such as masks, gloves, using hand sanitizer and sanitizing their vehicles daily. We'll be limiting the reps time in the field to limit exposure and asking them to practice social distancing and to limit their time in stores. Your safety and theirs is our number one priority.

We have many exciting things planned through the end of the calendar year and we look forward to being here to support you and your business. Continue to stay safe and we look forward to another exciting and eventful year!



Jaswant Singh, the manager of Shell Foodmart in Winchester, offers a wide variety of Scratch-offs for customers and keeps his dispensers looking fresh.



Peg's Pit Stop in Corinth uses their new plexiglass barrier to display their winning tickets sold! Pictured is Peg and her son Matt.

Top 3 retailers in the Bluegrass Region, Scratch sales percentage increase Q4 FY20 VS. Q4 FY19:

#1 KROGER L-347 FUEL
286.3%

#2 H & W GROCERY
253.5%

#3 WAYSIDE LIQUOR WINE & TOBACCO
219.5%



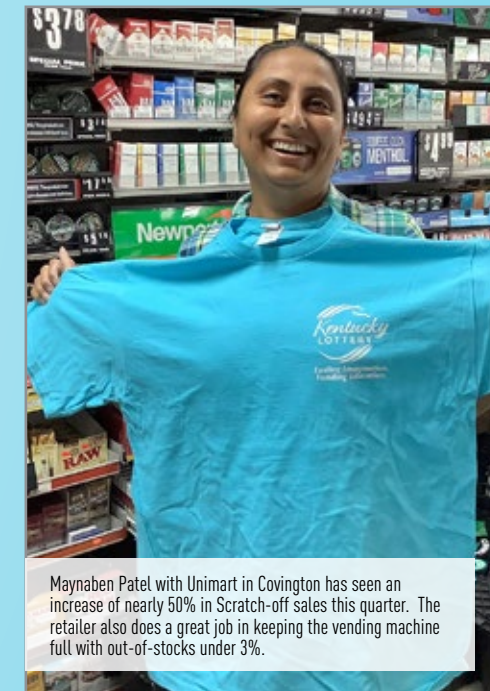
A big KLC welcome to Ashley and Brad Hatton! They are the new owners of the Newby Store in Richmond.



Wendy, manager of Apple Market #535 in Georgetown, won a swag bag full of KLC goodies in an out-of-stock contest with her peers.



Sam and Salem Habach are celebrating their newly built Fast Lane in Richmond.



Maynaben Patel with Unimart in Covington has seen an increase of nearly 50% in Scratch-off sales this quarter. The retailer also does a great job in keeping the vending machine full with out-of-stocks under 3%.



Kevin and Dilip Patel are the owners of Turfway Liquor in Florence and Star Liquor in Union. Turfway Liquors is a cashing agent and has had an increase of 40% in Scratch-off sales and 132% increase in draw game sales for this quarter. They keep vending machines and dispensers full and their out-of-stocks are under 4%.



In May, Apple Market # 528 in Paris sold a \$250,000 Kentucky Millions ticket. After the big win, sales for the store nearly doubled. Due to the high demand of Scratch-off tickets, Dan, manager, decided to add another row of games.



Joe's Food Mart in Nicholasville is known for its top-notch customer service that has loyal players coming back. Joe and his associate always keep the large display of dispensers full.



Walton Hop Shop #1407 in Walton has had a 108% increase in Scratch-off sales over last year for the 4th quarter period. Manager Kathy Foster does a great job of promoting the KY Lottery with the jackpot sign in the front window and dispensers prominently displayed on front counter.

EASTERN SPOTLIGHT

The Eastern Region has once again finished the fiscal year as the #1 overall top sales region, proving that we definitely have the best retailers in the state of Kentucky!!! This is the SECOND time in the past three years the Eastern Region has achieved this goal. Thank you all for being great partners! We have a tremendous sales staff in the East, and Pam Harvey of Jackson, Kentucky, is no exception. This year, Pam has earned top sales honors, which also earns her the KLC President's Club Award! Be sure to congratulate Pam on being the 1st female recipient of this prestigious award, and check out the profile of her on page 8.

Scratch-off tickets were the key to the East's success in FY20, seeing a 16% increase over FY19! The Eastern Region added 42 additional retailers this past fiscal year and are poised to add even more this year. We are looking forward to another successful and record-breaking year with the best retailers in Kentucky in FY 21!

And here's a sales tip from Senior Sales Rep Dwayne Morris: "The best way to increase sales and commissions is to be on "auto-order" with SGI which will help ensure adequate inventory levels & eliminate out-of-stocks. This guarantees that you always have the best games on hand and your lottery customers are always able to purchase their favorite games. Never give your customers a reason to make purchases at your competition."



Karen Navarro, manager, and assistant manager Gabby Curtner do a fantastic job of keeping their dispensers full on plan-o-gram at the Circle K #3292 in Corbin.



HP, owner of Gasoline Alley 15 in Clay City, is always excited about new draw games and Scratch-off tickets.

TOP 3 RETAILERS IN THE EASTERN REGION, SCRATCH SALES PERCENTAGE INCREASE Q4 FY20 VS. Q4 FY19:

- #1 BOWLING TOWN MARKET 2**
487.6%
- #2 ALVIN'S**
372.1%
- #3 BOWLING QUICK STOP**
365.7%



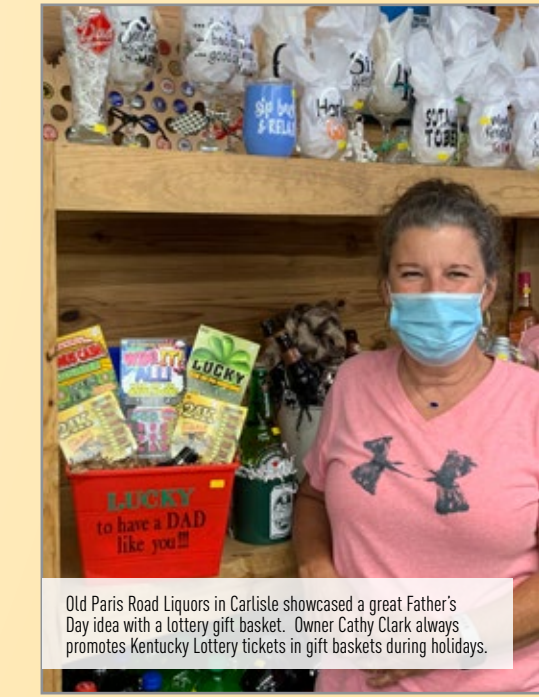
Manish Patel at Mt. Sterling Shell in Mt. Sterling is always looking for ways to be more efficient with his lottery business.



Miranda Lingar is the manager of Murphy USA #5699 in Middlesboro. She has a great attitude, keeps her dispensers full and sales have increased as a result.



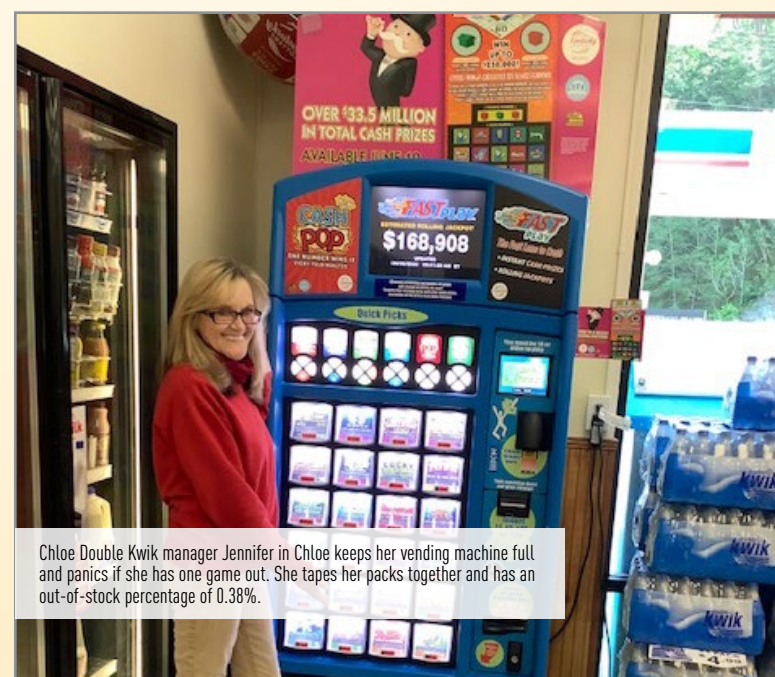
Manager Tammy Cole and Assistant Manager Sarah Sockwell do a great job following the plan-o-gram and keeping their machine full at Lee Mart #4 in Middlesboro.



Old Paris Road Liquors in Carlisle showcased a great Father's Day idea with a lottery gift basket. Owner Cathy Clark always promotes Kentucky Lottery tickets in gift baskets during holidays.



Cheyenne Boyer, manager of Isom Double Kwik in Isom, takes a lot of pride in her store. This location is newly remodeled, and Cheyenne keeps it looking great. All of the employees at the Double Kwik Corporation are proud that they have the lowest out-of-stocks of any chain in the state.



Chloe Double Kwik manager Jennifer in Chloe keeps her vending machine full and panics if she has one game out. She tapes her packs together and has an out-of-stock percentage of 0.38%.



Morehead Shell Mart in Morehead has had a 43% increase in sales over the last three months. Tennille, clerk, Jessica, manager, and Amber, clerk, keep their out-of-stocks low by keeping vending machine and dispensers full. Jessica is great with her employees and it shows with returning customers.



AJ Sohpaal, manager, along with Meg and Krissy at Super Express in Mt. Sterling have increased their Scratch-off sales by 47% by eliminating out-of-stocks and following the plan-o-gram.

CENTRAL SPOTLIGHT

Wow - what a wild fiscal year we had! For the first three quarters of FY20, seven members of the Central region were part of other regions - one from Louisville, two from the Bluegrass and four from the Western region. On April 1st, the Central region was formed and with that came some new reps and several experienced ones. It is our goal to be better to serve you, our wonderful retail partners.

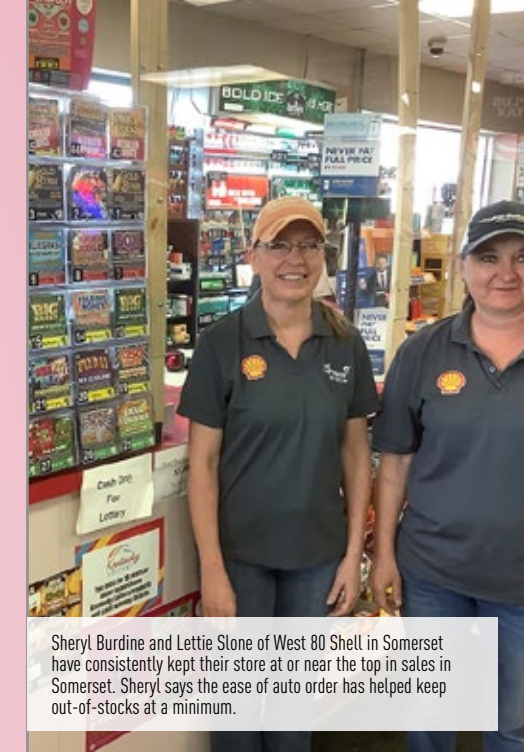
Over the course of the year, we were successful at helping our retailers maintain low out-of-stock percentages in their vending machines, adding dispensers to help maximize sales, adding the new Game Touch Draw machines to our Keno partners...and then BAM! Covid-19 made its way into Kentucky.

The true heroes for the Central Region have been you, our retail partners. You opened your doors every day to serve your customers and our players, knowing that you could potentially be at risk. You came up with great ideas to continue to sell lottery tickets at a safe distance and never missed a beat. You continued to sell our product so that the students of Kentucky could go to college and for that we will be forever grateful.

Our team is here to help you in any way we can, and we look forward to a very successful FY21.



Moustafa Abdul, manager at Speedway #5504 in Elizabethtown, has reduced the out-of-stocks on the vending machine from 17% to 2.4%.



Sheryl Burdine and Lettie Stone of West 80 Shell in Somerset have consistently kept their store at or near the top in sales in Somerset. Sheryl says the ease of auto order has helped keep out-of-stocks at a minimum.



Gary Sexton, Assistant Manager at Minit Mart 536 in Glasgow, has been working hard to keep this machine full.

TOP 3 RETAILERS IN THE CENTRAL REGION, SCRATCH SALES PERCENTAGE INCREASE Q4 FY20 VS. Q4 FY19:

- #1 CROWN LIQUORS**
359.8%
- #2 BLAZERS FOOD MART**
199.5%
- #3 QUICK STOP**
173.4%



Brooke Farmer, assistant manager, and Bill Deaton, manager, show off their Scratch-off display at Crossroads IGA 775 in Somerset. Following the plan-o-gram, always getting new games activated quickly, and using the auto order system has shown a 19% increase in sales over last year.



Heta, manager, and employee Darsha of Flex Market, of Bowling Green, always greet their customers with a smiling face. They do an exceptional job of keeping out-of-stocks below 3%. By immediately filling empty dispensers, this dynamic duo has contributed to a steady increase in overall lottery sales.



Bansit Patel, the owner of Ready Mart in Clarkson, has positive energy and a smile for all who walk in his store. Dispensers and the vending machine are kept full and new games are available on launch day. He has monthly in-store promotions and showcases winning tickets.



Daniel Rose, owner of Lancaster Valero in Lancaster, and his best buddy, Dollar, show off a banner for selling a \$24,000 24K winning ticket.



Corner Stop owners Dipak and Sushila Patel are great lottery partners. The Brandenburg retailer always follows our recommended best practices including keeping their dispensers and vending machine full and their playcenter clean and well stocked.



Ket Patel, owner of Southern Express in Somerset, shows off his banner for selling a \$100,000 Gold Rush Scratch-off ticket. He has seen a 14% year to date increase in sales. Keeping ample inventory and asking for the sale has helped contribute to this improvement.



Chris at T Mart in Campbellville kept his dispensers and machine full during the pandemic and now his Scratch-off sales are up 37%.



Front end clerk Rachel and owner Charlie Martha celebrate selling a \$10,000 Break Fort Knox Scratch-off at C & T Market in Harrodsburg.



Fran Belcher, manager of Hardee's B.P. in Junction City, and Jay, employee, celebrate selling a \$5,000 Lucky For Life ticket.

WESTERN SPOTLIGHT

The Western Region had a great FY20. Sales in our region grew almost 5% over previous year even with all the complex issues that went on, and Scratch-off sales grew 10%. This was a result of retailers activating games on Friday and Saturday of launch week for the most part. Our retailers are the ones that we would like to thank above all for doing what they did to get us through with another successful year.

The Western region now has a smaller geographic footprint, but the same commitment to our retailers that we will go above and beyond to make sure that each retailer has every opportunity to be successful partners. We thank them for following best practices such as controlling out-of-stocks, following plan-o-gram, showing off our point-of-sale and adding dispensers. We look forward to continuing these steps to help you be successful, and let's keep a good thing going in FY21.



Maxfuel Express #140 in Cadiz has had a 109% increase in Scratch-off sales. Thanks to manager Kayla who keeps dispensers full and on plan-o-gram. Overall sales are up 61% from her efforts.



Casey's General Store #3379 in Sturgis has seen an increase of 132% in Scratch-off sales over this time last year. Rebecca, staff member, and Kelsey, manager, always give great service to their customers and provide them with the best selection of Scratch-off games.

TOP 3 RETAILERS IN THE WESTERN REGION, SCRATCH SALES PERCENTAGE INCREASE Q4 FY20 VS. Q4 FY19:

#1 FIVESTAR #7520
443.3%

#2 7 POINTS MARATHON
309.9%

#3 AN LIQUORS
237.4%



Danny and Andy of Eagles VII in Drakesboro show off their banner for selling a \$60,000 Bonus Cash Doublor ticket.



John, assistant manager of Five Star #7627 in Paducah, stays on plan-o-gram and keeps out-of-stocks below 4%.



Monopoly is a big hit at Circle K #3347 in Hopkinsville. Manager Bianca has increased Scratch-off sales 113% and overall sales 83%. She does this by focusing on out-of-stocks.



Christina at Lotto Xpress in Guthrie made a fantastic display featuring Fast Play game information for her players.



Quality Quick in Central City recently expanded and added a seating area for Keno players. Sam, Jack and Bob are proud of the store's remodel.



Lisa, manager, and Travis, staff member, of EZ Service Station in Sebree stay on top of out-of-stocks and activate new games as soon as possible because they know that players will be looking for them on game launch day.



Courtney at Sureway #525 in Henderson keeps the Gemini Ultra out-of-stocks to minimum. This chain has been busy during these challenging times but still gives its customers the ultimate shopping experience by offering a great selection of games as well as the food essentials.



Harry at USA Fuel in Russellville continues to grow sales by keeping his Gemini and dispensers at the counter full to avoid out-of-stocks.

NEW FACES

We have lots of new sales reps in the field.

Here are some of the new faces you may be seeing as we welcome them to the Kentucky Lottery team!



RHONDA McCLAIN

Lottery Sales Representative
Jefferson Region



GREG CASEBEER

Lottery Sales Representative
Jefferson Region



ASHLEY MILLER

Lottery Sales Representative
Central Region

AMY'S CLOSING THOUGHTS

So that's a wrap for FY20. This year has seen it all - from multiple quads and triples in our daily Pick 3 and Pick 4 games to record-breaking scratch off numbers. We added Fast Play, new Game Touch Draw machines for our Keno product, and many different operating policies at the Lottery and in the retail market to respond thoughtfully and quickly to COVID-19.

Our first quarter brought us Vanna White and our exciting new draw game Fast Play. The second quarter highlighted our extremely successful family of Holiday Games and your creativity at the retail level with the Holiday display contest. The third quarter was a "GOLD RUSH" with the launch of our second \$30 Scratch off and our interactive new draw game, Cash Pop. The fourth quarter led us right into a new retail landscape - and all of you rose to the challenge. In doing so, the month of May was our highest sales month in the history of the KLC.

Let's talk about record breaking! The KLC finished the year at \$741 million dollars in Scratch-off sales. That was \$72 million dollars more than last year and helped lead to total sales record of \$1.2 BILLION to round out the year.

How did we do this? We achieved our goal because of you, our partners, our expert field staff, the KLC corporate support team, our vendors and of course our players. Pat yourselves on the back! This is a phenomenal accomplishment in the middle of a global pandemic.

The students of the Commonwealth thank you all for your hard work and daily contribution to their continued success. Congratulations on \$3.8 billion dollars raised for our beneficiaries. Thank you again for continuing to Fuel Imagination and Fund Education.

Amy Drooker
Kentucky Lottery Vice President of Sales





**VIP
FUELS**
Manager
Terrance

HOW'D THEY DO IT?

“We keep our counter uncluttered so you can see all the tickets available. It’s the first thing you see when you walk in, so we keep it open and looking fresh.”

**- Terrance Patrick,
VIP Fuels #6 manager**

This merchandising strategy resulted in a 43% increase in Scratch off sales in FY20.