

THE QUARTER



Get 'em while the HOT

We are promoting \$25 Millionaire Jumbo Scratch-off tickets. Over 450,000 winners still remain, including two Top Prizes.

Prizes remaining as of 5/1/19

PRIZE AMOUNT	PRIZES REMAINING
\$750,000	1
\$150,000	2
\$50,000	4
\$20,000	12
\$10,000	22
\$5,000	72
\$2,000	276
\$1,000	726

*See in lottery.com for daily updated prizes remaining.

Second Chance
BREAK 5 Tickets
5 Chance
and more

OUT OF STOCKS CAN HURT YOUR BUSINESS

THE IMPACT AND HOW TO PREVENT

PLUS

NEW GAMES | NEW TICKETS
NEW BILLING TERMS



THE PRESIDENT'S CORNER

For the third year in a row – and the earliest ever in a fiscal year – you've helped the Kentucky Lottery become a billion-dollar organization.

Key to this success was your great work in helping increase Scratch-off sales, a critical component to the future growth of our business. The evidence of your efforts is clear – for the first quarter of 2019, Kentucky posted the second-highest Scratch-off ticket sales increase in the entire nation!

In addition, the massive \$1.5 billion Mega Millions jackpot we enjoyed back in October helped lead that game to new sales heights.

In all, your tremendous work and dedication helped us break yet another sales record for the 21st time out of the last 26 years. Well done!

As you'll see in this issue of The Quarter, we're not stopping. Keep reading for more info on new games and marketing initiatives heading your way. The focus of this issue however is the one thing you can do now that is guaranteed to raise your sales – making sure all your lottery ticket dispensers are full. By not keeping tickets out and available, you could be costing yourself significant revenue. Read on to see how retailers are combatting this issue.

So, as we celebrate the close of another fiscal year, we'll keep looking ahead to find even more ways to increase sales commissions.

As always, let me know if you have any questions or concerns. You can reach me at Tom@KYLottery.com.

And on behalf of Kentucky's college students – who will be receiving more scholarship and grant funding than ever thanks to your hard work this past year – we say thanks for all you do.



Tom Delacenserie
Kentucky Lottery
President and CEO



FY19 BY THE NUMBERS



RECORDS BROKEN:



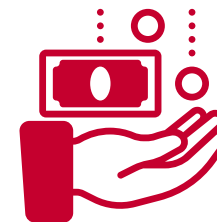
OVERALL
SALES

\$1,129,655,000



PRIZES

\$724,812,000



PAYMENT TO
RETAILERS

\$67,004,000



TRANSFERS TO THE
COMMONWEALTH

\$272,786,000



SCRATCH-OFF SALES

\$669,212,000



PICK 3 SALES

\$149,860,000



KENO SALES

\$84,251,000



MEGA MILLIONS SALES

\$63,140,000

AVOIDING OUT OF STOCKS

KEEP BINS FULL TO MAXIMIZE PROFIT AT LOCAL, STATE LEVELS



Are any of your ticket bins empty? If so, you're losing money – and so are the college scholarship programs funded by the Kentucky Lottery, according to Mike Purcell, Senior VP of Sales and Marketing.

“We get reports based on the vending machines, but the stores also obviously have dispensers at the counters to encourage point-of-purchase sales, and since those are manually pulled, it's more difficult to keep track of sales,” Purcell says.

When Purcell joined the staff in Kentucky, “we averaged a little under 11.5% of the bins being empty,” he says.

Retailers, Purcell says, tend to look at Lottery products differently than they do others. “Store managers will not allow Coca-Cola, energy drinks or other products in their store to be 11% out of stock. If you have 11% of your Scratch-off games missing you're losing money and customers, because they will go elsewhere to find what they want and you never regain a sale lost to an out of stock.”

“It's taken a while to bring (retailers) in,” Purcell says. “We started looking at it in November, and that 11.5% — when you look at the lost sales for the year, it was a loss of about \$23 million dollars for just not doing the basics.”

As of mid-June, the numbers of empty bins had improved to just 4.95%, a significant improvement in a short amount of time. “It continues to get better,” Purcell says. “It's not where we want to be but we're getting there.” Even though the numbers have improved drastically, the first week of June's losses totaled nearly \$300,000. Over the course of the year, that amounts to \$15.3 million in lost sales.

“What hurts even more is that's ... about \$4 million that doesn't go to education just because somebody's not putting a ticket pack back in a bin when it sells out in the vending machine,” Purcell says.

The solution is simple: put multiple books in bins by simply taping the one end to the other when you get



your ticket order. (NOTE: You can learn how to do this on page 8 of The Quarter). The “not my job” philosophy that can lead to the problem often comes from the lowest person on the totem pole, but can also stem from the management level as well. Purcell says delegation of duty and ensuring that multiple people are trained how to fill dispensers and machines is critical to keeping bins full. Doing this will also allow you to check machine inventory levels during slower periods of time.

“It'll make a huge difference,” Purcell says.

Loyal customers and regular players “will probably go somewhere else” if they can't find the games they're looking for, Purcell cautions. “They have their favorite games, and that's one of the messages that we try to get across to our retailers as well - statistically, if you look across the industry, not just Kentucky, lottery customers will typically spend 70 percent more on non-lottery items than non-lottery customers.”

That can either go to your business — or your competition. “It's important to keep the products in stock ... and treat lottery like every other product in-store. You just don't want to run out,” Purcell cautions.

New games hit the shelves about every six weeks, and “we try to make sure we're pulling the lowest-selling games out of a Plan-O-Gram ... and keeping the best sellers available, just like every other product in their store,” he says.

Vending machines, which account for 35% of Scratch-off sales, sometimes sit empty because of the misconception that taping books together is a chore, poor ordering, or lack of planning. Videos are available from the Kentucky Lottery that show how to tape books in order to help stores keep their machines stocked — and profits in the till. Just ask your sales rep.

Says Purcell. “It's really, really important that they plan ahead.”



TURNING THE CORNER

OUT OF STOCK SUCCESS STORIES

LOUISVILLE

Vipul Patel, owner of Beech Grove Market in Shepherdsville, has worked hard to increase the store's lottery sales and decrease its out of stocks since taking ownership two years ago. He tapes packs together, double loads the Gemini every day and also trained his team members to do the same. He also keeps his counter dispensers full. His customers are happy and it shows with his sales increase!



BLUEGRASS

Devon, the front-end associate for Kroger L-733 in Danville, took the out of stock challenge to a new level. The most recent out of stock report was 0.81% and 1.44%. The store says they keep their OOS low by placing multiple packs in their machines, taping them together and keeping a watch on them and filling them up when they are low or empty.



EASTERN

Cumberland Market #2 in Middlesboro has gone from over 20% out of stocks down to 2.5%. The LSR worked with owner Buddy Maiden on this and now he keeps his Gemini full on a weekly basis. His big hold up was the fear of putting the tickets out and not being able to sell them all. His sales rep explained that people could not buy what they couldn't see and that his competitors would get the business because they were keeping theirs full. He's now all in, keeps them full and his traffic has picked up because of it.



WESTERN

United Food & Gas has an out of stock percentage of 1% or less. The key to their success? Every morning, Kenny, the owner, runs an inventory report. He tapes packs of tickets together for anything with 10 or less tickets. He's trained his staff to do this as well.



WHAT OUT OF STOCKS CAN MEAN TO YOUR BOTTOM LINE

Here's an example of how out of stocks have been attacked by three recent chain retailers, and the impact it has had on their sales/commissions:

	Weekly Scratch Sales Avg.	Prior Out of Stock %	Annual Lost Sales	Most Recent Out of Stock %	Annual Net Gain	
Retailer A	\$10,166	24.4%	\$128,986	8.5%	\$84,052	16% Weekly sales increase!
Retailer B	\$4,777	16.5%	\$40,987	4.7%	\$29,312	12% Weekly sales increase!
Retailer C	\$2,382	31.0%	\$38,398	5.9%	\$31,040	25% Weekly sales increase!

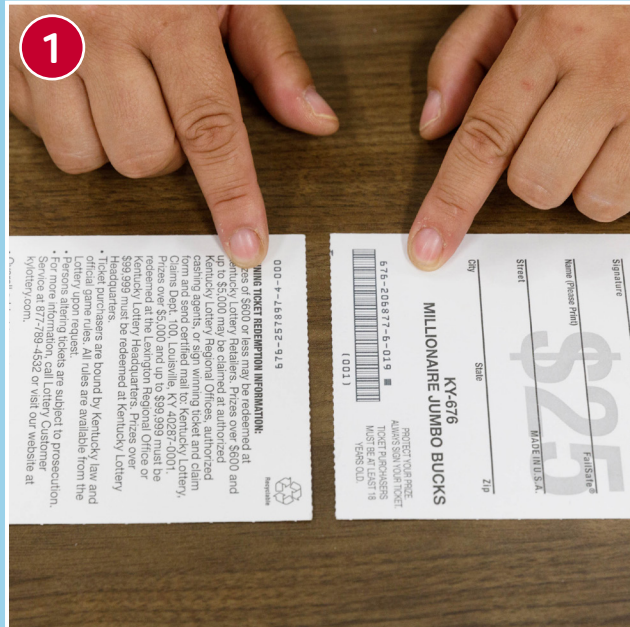
**Retailer names are not listed as sales per store or chain are not publicly disclosed.*

Take a look at the chart below to see what a significant sales increase is potentially awaiting retailers who can minimize their weekly out of stocks rate to 8%!

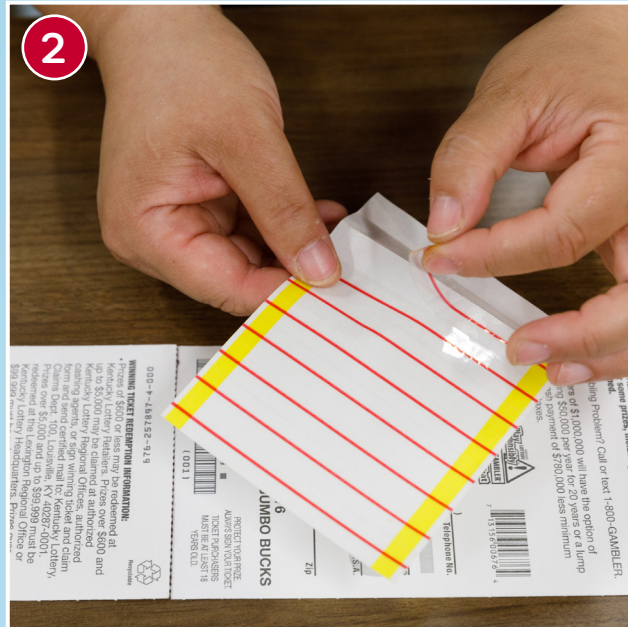
	Weekly Scratch Sales Avg.	Prior Out of Stock %	Annual Lost Sales	Most Recent Out of Stock %	Annual Net Gain
High Volume	\$5K - \$10K	15.0%	\$39K - \$78K	8.0%	\$19K - \$36K
Mid Volume	\$2.5K - \$5K	15.0%	\$19K - \$39K	8.0%	\$9K - \$19K
Low Volume	\$1K - \$2.5K	15.0%	\$8K - \$19K	8.0%	\$4K - \$9K

•HOW TO TAPE BOOKS OF TICKETS.

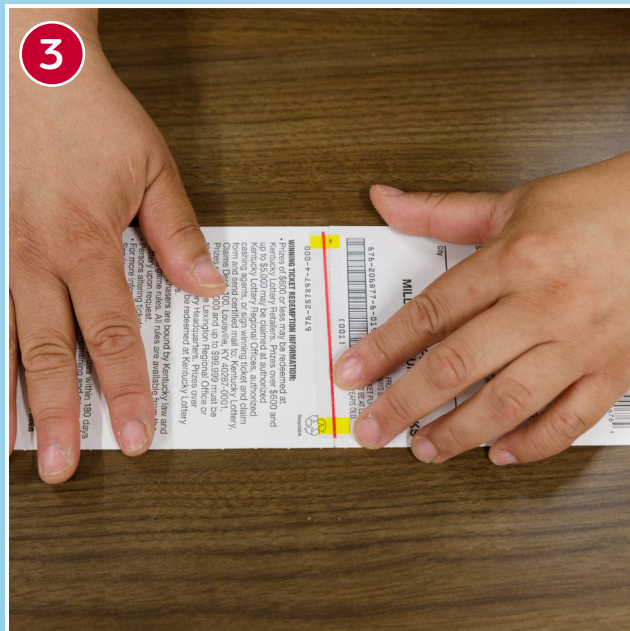
Taping books of tickets can help keep your dispensers full. Here's how you do it!



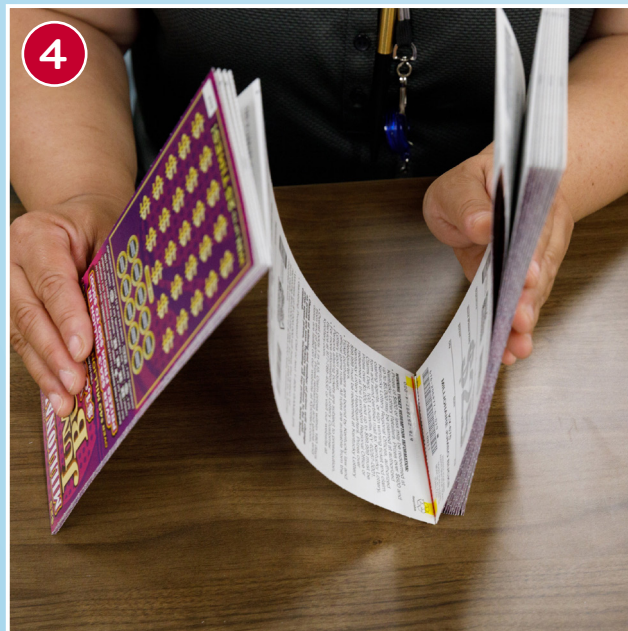
Take the last ticket of one pack and the first ticket (000) of another, and line them up.



Pull off a piece of the special tape designed just for putting together books of tickets.



Place the tape on one ticket, making sure the red line is on the edge as this is where the vending machine will cut the ticket. Then place the other half of the tape on the other ticket.



The two packs should now flow continuously, and load them into the vending machine the same way as you would a single pack. Just make sure BOTH packs are activated!

NEW MARKETING DRIVES SALES

Congratulations on a record year in FY19! We have a large goal for FY20 - but with all the right tools, we believe it will be more than achievable! Many of those tools include marketing support for all our games in your stores, and we have a fantastic line up planned for first quarter.

Our August focus in stores will be on Powerball, with a 2nd chance promotion that allows players a once-in-a-lifetime experience in New York City for New Year's Eve in Times Square. This promotion will award the first millionaire of 2020 live on TV just after the ball drops, as part of a year-long partnership with Dick Clark's New Year's Rocking Eve. The partnership was announced live on last year's show just after the ball dropped to ring in 2019.

In September, we have even bigger news as we'll be launching the new \$5 Wheel of Fortune Scratch-off ticket. This is a fan favorite and the advertising support in stores and on TV, radio, and digital will coincide with the brand-new season of the show starting in September.

To round out the first quarter of FY20, we're launching a whole new category of games called Fast Play. Details will follow from your sales rep, but this is sure to be a great addition to our portfolio. These are draw games that are printed from your terminal, but they play like a Scratch-off game...just without the latex. The Michigan, Ohio, Georgia and Hoosier Lotteries all have deployed this category with success. We believe it'll be a great offering for players, particularly at new vending locations.



NEW BILLING TERMS

Owners and operators now have more flexibility in paying for their ticket packs with the Kentucky Lottery's improved billing terms. Effective June 16th, payment due dates from pack activation and issue date have been extended to give retailers a better chance to sell the tickets.

The company's validation billing has allowed operators to pay when a certain number of winning Scratch-off tickets had been redeemed. "That was our way of knowing that a pack had been sold at retail," says Maggie Garrison, vice president and corporate controller for the Kentucky Lottery.

Here's how the new billing terms operate:

- Ticket packs will be marked due 60 days after activation instead of the previous 35 day period, OR when 85% of the pack has been validated, whichever comes first.
- Ticket packs will be marked due 90 days after issued date, instead of the current 60 days (if they are not activated within 30 days).



"We want our retailers to be able to carry a big enough variety of games in order to meet their customer's needs," says Mike Purcell, senior vice president of sales and marketing for the Kentucky Lottery. "Some retailers let us know that they would like to carry a larger inventory, but they were concerned they may not sell through the extra product before they were billed for it. We listened to their concerns and were able to make adjustments to the billing terms without causing a negative impact on the Kentucky Lottery or on our transfers to education." Purcell also said giving the retailers an extra 25 days to pay after activation and/or 30 days after being issued provides enough flexibility for stores to expand their lottery ticket offerings.

"We value the relationship we have with our more than 3,000 retailers. Their feedback enables us to get better and grow business for both of us," he said.

The change comes in response to retailers' requests to collect quicker than tickets sell.

"What we've found is we are collecting for packs that haven't necessarily been sold to our players," Garrison says. "By adjusting the billing terms, retailers have more time to pay. We're giving them additional time to sell through the packs and additional time to put them on display because we want to collect money from retailers after they've collected sales from our players."

The greater leniency comes directly from retailer feedback and should help reduce empty bins (see our story on stocking on pages 4-5).

"We're giving retailers more leeway so that they carry more of our product, activate packs in a timely manner, and put these games on shelves without fearing that the bill will come due too soon," Garrison says.

NEW TERMS

- Ticket packs will be marked due 60 days after activation instead of the current 35 days, OR when 85 percent of the pack has been validated, whichever comes first. This will allow you to carry a greater variety of tickets without worrying about books being billed before you sell them.
- Ticket packs will be marked due 90 days after issued date instead of the current 60 days, if they are not activated within 30 days. This will not only help you manage your inventory but will help ensure that we do not bill you for packs of tickets before you have a chance to make them available to your customers.
- The new billing terms went into effect on June 16, 2019 and will only include books issued on that date or later. All books of tickets issued before that date will be marked due under the current billing terms.



NEW SCRATCH-OFFS ON THE WAY!

Wow, it's hard to believe the books are now closed on FY19. Scratch-off sales, once again, had a tremendous record-breaking year – congratulations to each of you for making it our best year ever!

While last year was full of great games, we have even bigger and better ones on the way. In FY20, we'll continue to pre-sell games starting on Friday, giving all retailers time to activate and display the new games by the time advertising begins on Big Money Monday. We'll also continue to launch new games approximately every six weeks with 3-4 new games per launch. Game launch dates for the year will be as follows:

PRE-SELL BEGINS	PRE-SELL BEGINS
Friday, July 26, 2019	Friday, January 17, 2020
Friday, September 6, 2019	Friday, February 21, 2020
Friday, October 25, 2019	Friday, April 3, 2020
Friday, December 6, 2019	Friday, May 15, 2020
	Friday, June 19, 2020

Kicking the summer off with the new **Break Fort Knox** family (to complement the \$30 anchor game) has given us a great start to the new year. In September, we'll launch yet another addition to the family with a \$20 Break Fort Knox game offering over \$100 Million in cash prizes, including six \$1 Million top prizes.

Other games coming this summer includes a new \$5 game – **POWER 5'S** – with five different color pulses to keep the game fresh in displays through its planned life. The game is loaded with play value, offering 20 chances to win and more than \$14.3 million in cash prizes – including a top prize of \$55,555.



A player favorite is also returning in the new \$10 game - **\$25, \$50 OR \$100 BLOWOUT**, loaded exclusively with \$25, \$50 and \$100 winners totaling over \$41.9 million in prizes.

And now for some big news - we're launching a new \$5 **Wheel of Fortune** ticket in September. This game promises to be our best ever WOF game as it's not only loaded with prizes and 17 chances to win cash instantly, it also has a second chance promotion for players to enter the **BIG MONEY SPIN** to win a trip to Hollywood and an opportunity to win up to One Million Dollars! Eight lucky winners and their guests will be treated to a one-of-a-kind experience that's only available to winners through this special game and promotion. Wheel of Fortune tickets will be available at both retail and as an instant play game online and will be supported by TV, Radio, and POS featuring Pat and Vanna.



The one and only Vanna White is coming to Kentucky in September to help kick off the new Wheel ticket! Be on the lookout for details!

Stay tuned, your sales rep will have more details very soon on this as well as other fun, exciting games and opportunities we have planned for the coming year – it's going to be a great one!

NEW FISCAL YEAR NEW DRAW GAMES

KENTUCKY'S CASH BALL 225 WITH EZMATCH

After a busy year that saw many new features and enhancements added to existing Kentucky Lottery draw games, the latest enhancement came to Kentucky's Cash Ball 225. The new EZmatch feature was added on May 20th. This feature costs an additional \$1 per play and gives players a chance to win up to \$500 instantly, in addition to a chance to win in the nightly drawing.

Players have responded really well to this new feature. In its first three weeks of sales, 22% of total Cash Ball sales came from the new EZmatch feature - and total Cash Ball sales were up 46% over Cash Ball sales from the prior month. We look forward to continued success with EZmatch in the next fiscal year, as well as offering players new promotional opportunities available with this feature!



FAST PLAY

FY20 brings with it the introduction of an exciting new category of Kentucky Lottery games. Launching on October 7, players will be able to purchase a new series of games that print on-demand from the terminal that are easy to play and offer a chance to win instantly!

With Fast Play games, number combinations never sell out, there are no playslips to fill out, and no drawings to wait for. Like Scratch-off tickets, details on how to play, prizes, and odds are printed on every ticket. And what makes these games even more exciting is the Rolling Jackpot feature.



The initial Fast Play launch will include the following games:

- \$1 – 5X the Cash
- \$2 – 10X the Cash
- \$5 – 20X the Cash
- \$10 – 50X the Cash

Sales of every Fast Play game will contribute to a single rolling jackpot. Jackpots will start at \$10,000 and will increase every time a Fast Play game is purchased until the jackpot is won. The current jackpot amount will print on each ticket, so players will always know how much they can win. Each Fast Play price point will be eligible to win a share of the total jackpot:

- \$10 Fast Play tickets win 100% of the Jackpot
- \$5 Fast Play tickets win 50% of the Jackpot
- \$2 Fast Play tickets win 20% of the Jackpot
- \$1 Fast Play tickets win 10% of the Jackpot

The "Times the Cash" family offers a simple, easy to understand play style at a variety of price points. It's a strong, well-known brand in Kentucky as the Scratch-off version of the game performed very well. In addition, there should be familiarity with the brand among Kentuckians due to recent Scratch-off advertising.

These instant terminal games have been a major contributor to sales growth in the states that offer them. We believe our players will not only enjoy the instant gratification these games provide, but the rolling jackpot will create continued excitement within this new category, especially since these jackpots are only available to players in Kentucky!



NEW TERMINAL SCREENS FOR SCANNING TICKETS

To ensure retail clerks correctly identify winning Scratch-off tickets, the Kentucky Lottery Corporation has made some changes to the validation terminal message screens.

Prior to these changes, the screen background color was the same for ALL messages, with different printed messages for the ticket status being the only difference. Here's how this has now changed:

- Screen background colors have been modified as listed below with accompanying messages to indicate:

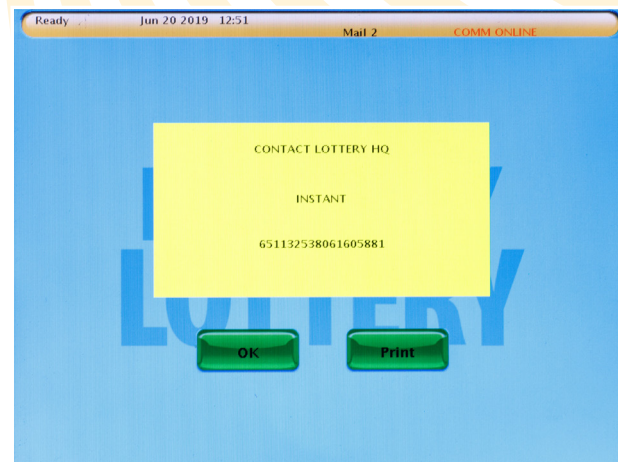
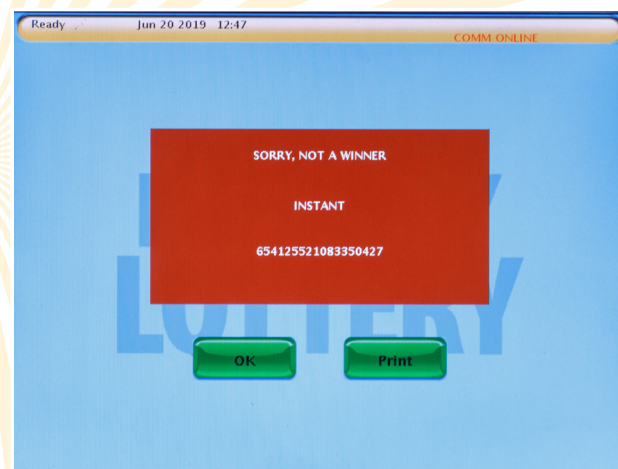
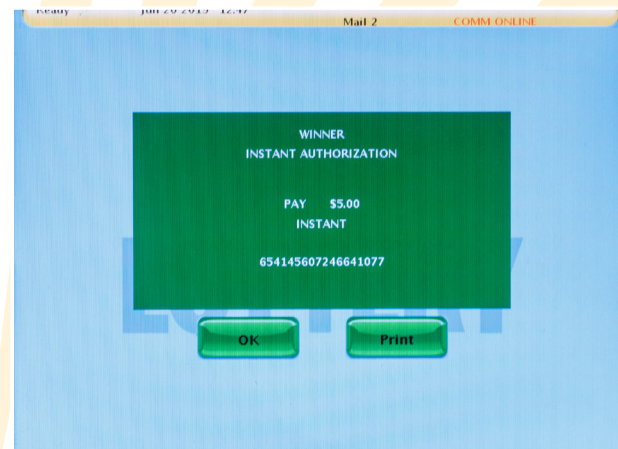
Green Background = Winner

Red Background = Non-winner/do not pay

Yellow Background = Claimant needs to bring ticket to lottery

- A validation tune has been added for ALL Scratch-off validations when the ticket is a winner. The tune matches what is played for a 5 Card Cash win.
- Muting the volume will not affect the tune's play. Validations awarding free tickets will not play the tune.

These changes were made to better inform players and clerks of winning tickets, making them easier to identify when clerks are scanning tickets for players. As always, these changes are intended to assist our players and retailers with the best experience possible, while ensuring the utmost integrity in all KLC products.



RETAILER SPOTLIGHT

LOTTERY CRUCIAL TO TRAVEL CENTER'S SUCCESS

Krista Frost has served as general manager at a large travel center in Waddy, Kentucky for the past three years. She's been in the c-store business for six years, and says the Kentucky Lottery is crucial to the success of her busy store.

"It's very important," Frost says. "Our guests count on us to have all the latest games and to always be full. It's very important because we have a very loyal group of commuters (who travel) between Louisville and Lexington, and so we have a lot of Kentucky locals come in, and they're looking for the games. They know when the new games come out."

Frost utilizes the largest Lottery vending machine possible and places it in a prominent location for maximum success. "It commands a lot of attention," she says.

As mentioned in this issue, stocking the machine and staying abreast of the Plan-O-Gram is critical for Frost's successful sales.

"We strive to always give excellent guest service, and part of giving excellent guest service is making sure we're not out of stock of the things people like," Frost says. "We can't run out of Mountain Dew, we can't run out of coffee, and we can't run out of Scratch-offs."

Employee training plays an imperative role in ensuring the most popular items stay stocked at all times. "If they're walking past the Mountain Dew door and it's empty, they know it's a 911 — it's critical," Frost says. "If they're walking past the lottery machine, it's critical as well because you're going to upset that guest that is coming in specifically for his lottery ticket and his Mountain Dew."

Key to the success of any store — whether new or seasoned — is staying tuned to the Plan-O-Gram "because your guests know when those new games start," she says. "A lot of them are online and they're up-to-date with the Lottery, and keeping it set to the Plan-O-Gram on the dates new games are coming out is super critical."

Frost also suggests asking your Kentucky Lottery representative to use in-store signage when high-dollar tickets are sold. "Our sales rep hangs those every time she's here because she knows what we've sold," Frost adds. "You put those on your machine, and that really draws excitement with the guest because when you see somebody has won, you automatically want to buy."



REGIONAL SPOTLIGHT

LOUISVILLE SPOTLIGHT

The Louisville team has been working persistently to decrease out of stocks across the region. We have committed to making consistent visits to locations with high out of stock percentages and educating the retailers on the dollars they're losing. Our goal is to have engaging conversations about growing your business, rather than compliance-driven lectures.

The Louisville region has also made training a huge focus for out of stock prevention. Oftentimes time is of the essence for our retail partners. Many employees are not aware they can tape books together, which can minimize the time needed to load the Gemini machines. Retailers love this idea because it minimizes out of stocks and saves them time. The region has also made certain to provide follow up training for retailers with new employees or when they need a refresher on loading the machine.

Top 3 retailers in the Louisville region, scratch sales percentage increase Q3 FY19 vs. Q3 FY18:

- #1 BROTHER FOOD MART**
151.9%
- #2 WALMART FUEL STATION #4118**
145.9%
- #3 IROQUOIS FOODMART**
131.5%



Vishal Patel of Dixie Food Mart of Louisville was excited to receive the store's incentive check from his LSR Ben Brooks.



Chris and Helli Patel purchased Stop N Go Valero in Shelbyville less than a year ago and are working very hard to grow their lottery sales.



Rocky, Asha, and Sandy of Next Door Convenience in Louisville have been selling more than \$6,000 in \$30 Break Fort Knox tickets per week.



Melanie and Dot at Kroger- L 366 in Louisville do a great job working to increase sales and their OOS are down to under 4%.



Jayeshumar Patel, store owner at Deal Master in Louisville, accepts the store's incentive check from LSR Travis Day.



Five Star #2275 manager Russ loves lottery and says it drives so much other business in his Crestwood store. He says the key to sales growth and keeping his customers happy is following the plan-o-gram and having no empty dispensers.



Melissa, owner of Convenient 40 in Shelbyville, is a true believer that following the plan-o-grams and not allowing any empty dispensers is the key to growing sales.



Culee Jennings delivered an incentive check to Shaina at Elmers's in Taylorsville.



The KLC thanks Thornton's #61 in Louisville for 30 years of partnership. Assistant manager Lisa accepts the ceremonial bat.



Store Manager Bryan of Thornton's #102 accepts a ceremonial bat for 30 years of partnership with the KLC.



Sav-A-Step Food Mart employees Jelly Bean and Jamie pose with the store's 30-year ceremonial Louisville Slugger bat. Jamie has been at the Louisville store for over 30 years.



Service Manager Barbara at Valu Market #2444 in Louisville accepts the store's ceremonial Louisville Slugger bat for 30 years of service with the KLC from LSR Richard Masden.

BLUEGRASS SPOTLIGHT

As of the end of May, the Bluegrass Region's Scratch-off sales have increased \$15,563,573 (8.8%) over the same time period last year!

We recently ordered hundreds of outdoor signs to place outside your business so we can send those lottery customers flocking in. More lottery ticket sales means more cigarettes, soft drinks, and gas purchased in your store! Our Bluegrass team has already placed 382 in our region!

In addition to our professional "boots on the ground" reps in the field, we have Nicole and Carrington, our dedicated administrative staff at the Lexington office. They are the glue that holds our sales staff together and keep our business running as smoothly as possible, and they also pay winners up to \$99,999 in our office.

As we end this unprecedented year of sales growth, please know that we will continue to provide you with new and exciting games to sell, excellent customer service, lottery training for new employees, and business reviews and sales reports to show you where there's room for sales growth.



Jason Prewitt with Kroger 721 in Lexington works hard to keep their Gemini Touch constantly full. The hard work has paid off with sales on Scratch-offs up 25%.

Top 3 retailers in the Bluegrass region, scratch sales percentage increase Q3 FY19 vs. Q3 FY18:

- #1 AIRPORT SHELL**
125.1%
- #2 F & D'S MARKET**
119.8%
- #3 MARATHON FOOD MART**
116.5%



EZ Stop Food Mart in Winchester recently received a new Gemini. Jeff Webb was the first player to purchase from it while owner Mandepp Thind looked on.



Shaku and Minesh Patel, owners of Turfway Food Mart in Florence, have increased their sales by 11% in FY 19. They have 28 Dispensers on the front counter with four local favorites and take advantage of weekly SGI Smart Order Auto Order to insure a steady supply of instant tickets to meet current planogram requirements.



Charlie Marthas, owner of C & T Market in Harrodsburg, is proud to be a partner with the Kentucky Lottery for 30 years.



Gasoline Alley in Winchester was presented with a \$500 gift card from Megan Baldwin with Win Place Show. Montu (owner), Sharon Francis (LSR), Megan, Ann Damron (lottery regional manager) are pictured.

THE QUARTER: BEST PHOTO

Congratulations to Scott Hughes, winner of the best photo contest for his shot from Burnside!

Ken Patel, owner of Burnside Shell in Burnside, sold a \$1,000,000 Millionaire Jumbo Bucks ticket and proudly shows off the banner he received for selling the big winner.



Five Star #5546 in Lawrenceburg employees (left to right) Bobbie, Haley and Nakiya wanted all their customers to know about the high jackpot by wearing jackpot alert buttons.



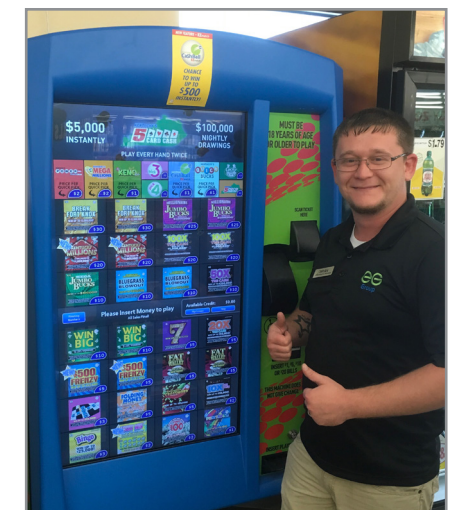
Bishno Prasad Dokmare and Rajam Bratta of Athens Food Mart in Lexington show off their new banner for selling a \$10,000 Millionaire Jumbo Bucks winning ticket!



Anthony at the Kroger in Georgetown recognized there was a serious problem with out of stocks in the store's two Geminis. He worked with his LSR to adjust ordering and inventory management. Anthony has taken ownership for the lottery and does a great job keeping tickets full and tapes packs together.



Kristen at Kroger 363 in Harrodsburg oversees Lottery at the store. She's dedicated to keeping both Geminis full and the OOS average is always under 4%.



Minit Mart #516 manager Bryan works hard to keep his Gemini full. The Harrodsburg store has gone through some transition and Bryan has stepped up to the plate. He has reduced the OOS average to under 4%.

EASTERN SPOTLIGHT

The Eastern Region Team was very busy during the 4th quarter of FY19. One of our primary focal points has been to reduce out of stocks. Sales reps are given five retailers with high out of stock levels every five weeks to develop an improvement plan. They work with retailers and provide training on loading, taping extra packs, and assigning additional retail staff members with ticket loading duties.

This program has produced excellent results, with the Eastern Region Team reducing out of stocks from an average of 8.08% in March to 6.14% in June. The largest reduction came from Sales Rep Pam Harvey, who reduced her out of stocks from a high point of 8.04% in March to 4.64% in June! That's over \$21,000 per week saved!

These are significant savings and the Eastern Region Team is dedicated to reducing out of stocks to the lowest possible percentage.



LSR Robbie West presents a \$1,500 selling bonus check to Megan Kidds of Liberty Place in Louisiana. Liberty Place sold a \$150,000 winning Powerball ticket in April 2019.

Top 3 retailers in the Eastern region, scratch sales percentage increase Q3 FY19 vs. Q3 FY18:

- #1 PITSTOP EXPRESS FOOD FUEL CENTER**
226.9%
- #2 RAMEY'S SUPER KWIK**
184.3%
- #3 HANDI MART**
136.6%



North Main Market in London received their quarterly incentive check. Pictured are Rose (manager), Clint (LSR), Darrel (owner) and Danielle (asst. manager).



Manager Arpit Patel of the Mega Mart in Corbin holds the store's incentive check. He keeps his games full and on plan-o-gram.



Debbie (manager), Doug and Donna of the Prestonsburg Tiger Mart in Prestonsburg have their high jackpot buttons on to alert players to purchase their tickets.



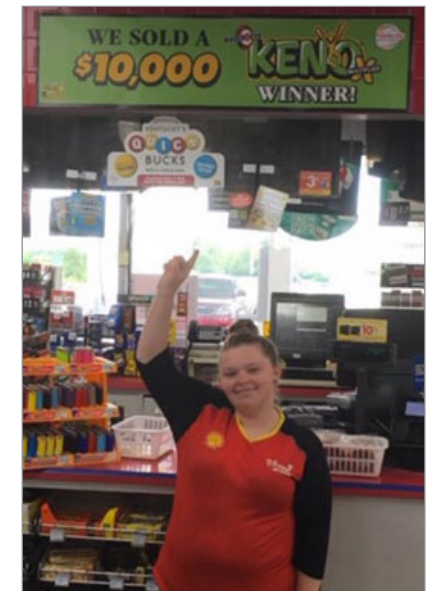
Danielle at Hartan Double Kwik #2 in Hartan keeps the Gemini Touch full and on plan-o-gram.



Owner Peter Patel of Beaver Food Mart in Monticello holds his quarterly incentive check. He says following the recommended plan-o-gram has increased his sales and increased his commissions.



Deana and Judy are wearing their "High Jackpot Alert" buttons at Fast Lane 311 in Prestonsburg.



Haytie at the Super Express in Mt. Sterling shows off their banner for selling a \$10,000 Keno winner.



Katherine Jude at the Inez Exxon Tiger Mart in Inez is pictured with High Jackpot Alert button on and starburst in the background.



James Sandifer, of the Middlesboro Kroger, received the ceremonial Louisville Slugger bat for 30 years of partnership with the Kentucky Lottery.



The Pantry Shelf in Hazard celebrated the Lottery's 30th anniversary with different store specials. Susan Brotherton, owner, is pictured at register waiting on customer.



Carol Gambrel, owner of Gambrel's Food Mart, received the ceremonial Louisville Slugger bat for 30 years of partnership with the Kentucky Lottery.

WESTERN SPOTLIGHT

The Western Region continues to give our retailers the best available POS from curb to counter so your customers can see what's new and available. If you don't have the signage you want, please ask your rep to see what we can provide. We want to make sure everyone has fresh, up to date signage at all times.

We are also striving to help you earn the maximum amount from your retailer incentive checks. We continue to work with retailers to stay on Plan-O-Gram. In order to qualify for the retailer incentive program, you must have less than 10% out of stock average for the quarter. You can earn between \$50-\$2500 just by keeping bins full, staying on Plan-O-Gram, posting POS, and carrying 24 games. This incentive is really driving Scratch-off sales in the Western Region.



Mannish Patel (left) and Nicki Patel (right), at Brooks Market in Radcliff, sold a \$1,000,000 Powerball ticket. They celebrated with cake and a \$10,000 incentive check.

Top 3 retailers in the Western region, scratch sales percentage increase Q3 FY19 vs. Q3 FY18:

- #1 THE JUNCTION**
122.1%
- #2 BLOCK CITY GROCERY & HARDWARE**
118.3%
- #3 DODGE'S STORE**
113.0%



Shannon Knight, lottery sales rep, is surrounded by the midday Keno Gang at Pal's of Oak Grove.



Prajapati Parixit and Saurabh Patel at Daily Stop in Glasgow have increased Scratch-off sales at this store by keeping their bins full and carrying local favorites.



Rick, owner of Ky Tobacco Outlet in Paducah, accepted his quarterly bonus check. The store is on track to hit a million in sales for the very first time!! Their Scratch-off sales are up 13% for the fiscal year.



Charlie, owner of Angel Food Mart in Madisonville, saw the advantages of adding a Gemini to his store by receiving extra incentives through the "Best of the Best" incentive program.



Manager Andrea and Asst. Manager Tonna at E-Z Shop #5 in Madisonville relocated their dispensers to a prime location making it much more convenient for their customers to make ticket selections. Scratch-off sales are currently up 22% over the same period last year.



Fuel Express II owner Jayesh Patel and manager Guarav Chauhan proudly stand with their money-making lotto vending machine. Since having the machine installed in the Owensboro store, they have had a 32% increase in their 13-week average sales.



Darlene Williams, Jennifer Dixon and Ashley Rhodes from Jr Foods 802, in Bowling Green, help celebrate the KY Lottery's 30th anniversary with a big crowd.



Pete of Superway 3209 in Paducah received his quarterly bonus check. His Scratch-off sales are up 19% and he attributes that to games that have top prizes of \$1 million and more!



Vikas Kumar, manager of Quality Quick #21 in Owensboro, excitedly stands by his revenue generating vending machine. He just received an incentive check for keeping it and his counter full and on plan-o-gram.

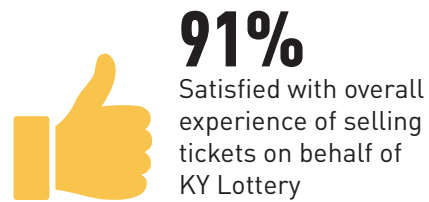


Nilam Patel, from Scottsville Fastrac in Scottsville, helps her store's lottery sales by keeping dispensers and Gemini full and on plan-o-gram.

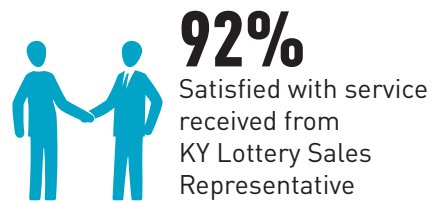
HOW ARE WE DOING?

HERE ARE RESULTS FROM OUR RECENT RETAILER SURVEY

OVERALL EXPERIENCE



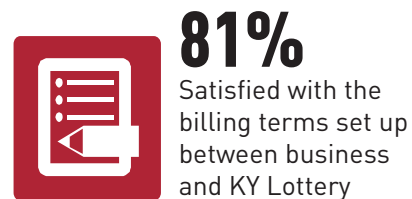
SALES REPRESENTATIVE



SGEP SALES ASSOCIATE



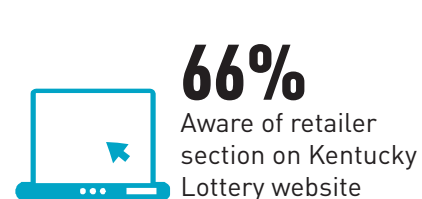
BILLING TIMES



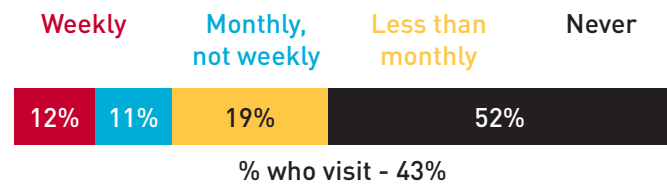
WEEKLY SWEEP/TRACK INVENTORY



WEBSITE RETAILER SECTION AWARENESS



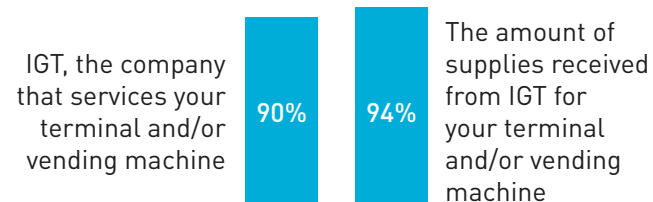
WEBSITE RETAILER SECTION VISITATION



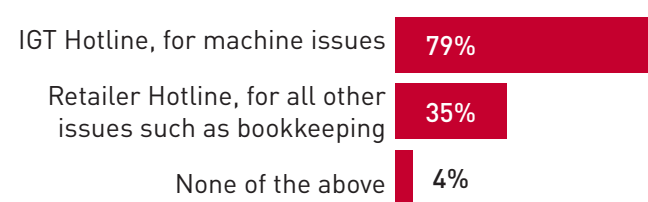
OPINION OF NUMBER OF PROMOTIONS



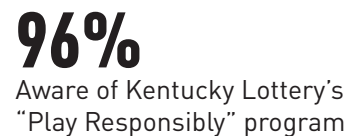
SATISFACTION WITH IGT



SERVICE CONTACTS USED



“PLAY RESPONSIBLY” PROGRAM



SUGGESTED SALES REP IMPROVEMENTS

- 1 Improve communication/ increase contact
- 2 Provide explanations/ increase training (on new games/ how to operate machines/ etc.)
- 3 Offer more promotions/increase marketing

EARNING COLLEGE CREDIT PROCEEDS ALLOW HIGH SCHOOLERS TO WORK ON FIRST YEAR OF COLLEGE

Lottery proceeds generated by your hard work go to help fund college scholarship and grant programs, including the popular KEES scholarship.

But Lottery proceeds also fund a lesser-known program, the Dual Credit Scholarship, which helps Kentucky high school students earn college credit before they ever step foot on a campus.

The program pays for students to take college-level classes during their junior or senior years of high school, and in many cases, college faculty come to the high school to teach the course during the school day.

Students who take full advantage of the program can have a majority of their first semester of college completed before they graduate from high school.

For more information on high schools who participate in the Lottery-funded Dual Credit Scholarship Program, go to KHEAA.com.

NEW RETAILER RESPONSIBLE GAMBLING TRAINING

The Kentucky Lottery now has responsible gambling training resources available for retailers.

An eight-minute online video is available that shows typical scenarios sometimes faced by retailers when dealing with a customer with a gambling problem and how to address them. Produced by the North American lottery trade organization (NASPL) with input from the Kentucky Lottery staff, the video is a good way to learn how to respond to a player who is struggling.

“No one wants a retailer or employee to make a clinical diagnosis of someone with a gambling problem,” said Chip Polston, the lottery’s senior vice president of communications, PR, and social responsibility. “However, if a retailer sees someone who is obviously in distress, there are resources available to then through our 1-800-GAMBLER program. All they have to do is point them in that direction, and the video gives them the skills to have that conversation.”

For more information on the training program, please call (502) 560-1675.

Gambling Continuum

Responsible play guidelines

- Setting limits on frequency, time, money
- Gambling for entertainment only
- Balancing gambling with other activities

RG is good for business

- It enhances customer loyalty.
- It improves employee morale.
- It helps customers make informed choices.
- It facilitates brief helpful conversations.
- It supports a base of lifelong recreational players.

PETE'S PERSPECTIVE

Another year in the books and another year of records shattered. As we look back at FY19 I'm amazed at the accomplishments.

- We set a benchmark to activate new games within 3 days of launch in 90% of our retailers and now routinely achieve nearly 100% within 2 business days.
- We knew preventing vending machine out of stock was a real opportunity. We set a goal to improve from an average of 14% to less than 10%. We now average just over 5% out of stocks and have a new goal to improve even more.
- We developed a high jackpot alert strategy “just in case” either Powerball or Mega Millions exceeded \$500 million and we executed that strategy with excellence several times this fiscal year.
- We had an aggressive goal to grow Scratch-off sales by double-digits in FY19 - and more than half of our retailers exceeded that goal.
- We achieved better execution at retail by following Plan-O-Grams, increasing Scratch-off safety stock, matching orders to rate of sale, and improving product awareness through increased POS.
- We restructured our incentive plan to reward growth AND excellence in execution.

There is a lot to be proud of from fiscal year 2019. What I am most proud of are the record proceeds for scholarships, thanks directly to your hard work. It gives me great joy to know that my effort, the effort of my team, and the effort of our retailers are helping send kids to college with the KEES program and helping adults improve their skills for better careers thanks to the Work Ready program.

Hats off to you. Your effort is appreciated. Fiscal Year 2020 will bring its own set of goals and challenges. But for now – let’s take a moment to celebrate. Well done Kentucky!

Powerball Pete Ramsey

VP of Sales





HOW'D THEY DO IT?

KEEP DISPENSERS FULL!

“I don't want to run out of anything. If I don't have a game my customers want, they'll go somewhere else.”

- Andy Shah

Owner, Scott's Food Market, Louisville

Has out of stock rate of 0.5%