

—TEXAS LOTTERY— RoundUp

News and Ideas for Texas Lottery Retailers

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RoundUp

February/March 2014

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RoundUp to:

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Published by the

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(For equipment problems,
to report stolen tickets,
or to order tickets.)

Available 24 hours,

7 days a week

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txlottery.org



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REMEMBER!

If you find your retailer ID number hidden in this issue of *RoundUp*, you can receive a prize package of Texas Lottery promotional items!

To claim your prize, call 1-800-37-LOTTO.
You must call by March 31, 2014.



Gateway #10

Owner

Nasser Safa

with

Texas Lottery

Executive

Director

Gary Grief

Lotto Texas® Pays Off Big for Retailer!

The Gateway #10 store located at 401 N. Kimball Ave. in Southlake received a bonus check from the Texas Lottery for \$195,000 on November 20, 2013. The retailer sold a jackpot-winning ticket for the October 19 *Lotto Texas* drawing that was worth an advertised \$195 million. Congratulations to both winner and retailer!

Texas Lottery Makes History

with Record-Breaking Sales and Revenue

The Texas Lottery Commission announced on December 11, 2013, that its contributions to the Foundation School Fund, generated from lottery ticket sales, had surpassed \$16 billion! The October revenue transfer that was processed in November for \$83.5 million brought the total amount generated for the Foundation School Fund since 1997 to \$16.06 billion.

Texas Lottery sales set a new record in fiscal year 2013, which ended August 31, 2013. Sales of \$4.376 billion topped the previous sales record of \$4.19 billion set in 2012 and resulted in a total contribution of \$1.214 billion to the state of Texas, the Texas Lottery's single largest transfer of revenue to the state.

"This is the 10th consecutive year that the Texas Lottery generated more than \$1 billion in contributions to the state of Texas," said Gary Grief, executive director of the Texas Lottery. "We are thrilled to have surpassed our previous revenue record and I want to thank all of our players, retailers, vendors and staff for this outstanding achievement."

The Texas Lottery's sales for fiscal year 2013 saw an increase of \$185.5 million over sales for fiscal year 2012 with increases across its game portfolio. Scratch-off ticket sales totaled more than \$3.22 billion, the highest instant ticket sales in Texas Lottery history. Sales for the Texas Lottery's draw games, which include *Powerball*®, *Mega Millions*®, *Lotto Texas*®, *Texas Two Step*®, *Pick 3*™, *Daily 4*™, *Cash Five*® and *All or Nothing*™ totaled more than \$1.15 billion, the highest draw game sales since fiscal year 2004.

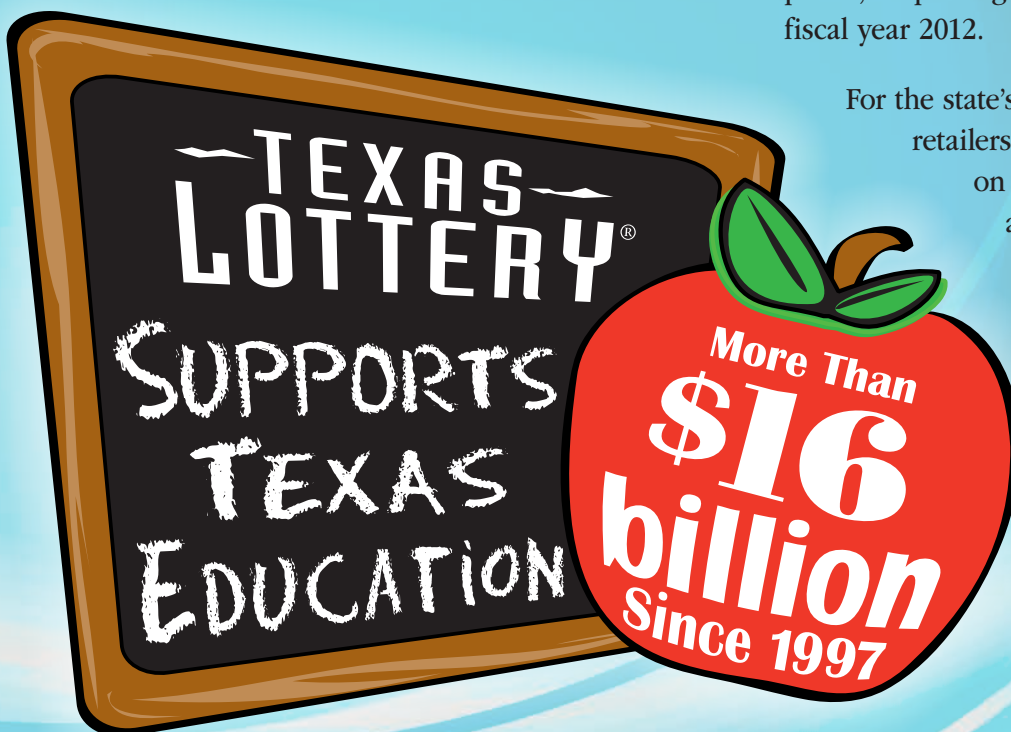
Sales of the *Veterans Cash* scratch-off game resulted in \$6.2 million for the Fund for Veterans' Assistance, which is administered by the Texas Veterans Commission. Other Texas Lottery funds, including unclaimed prizes, resulted in a transfer of \$59.9 million to other state programs.

In addition to robust sales, the Texas Lottery's careful spending kept administrative expenses to an all-time record low of 4.4 percent of fiscal year 2013 sales.

Texas Lottery players had a great year as well, with a record \$2.77 billion collected in cash and merchandise prizes, surpassing the past record of \$2.63 billion set in fiscal year 2012.

For the state's more than 17,000 Texas Lottery retailers that collect a five percent commission on every lottery sale, those commissions amounted to a record \$218.9 million in 2013.

"We are extremely pleased with the results of the last fiscal year," said J. Winston Krause, chair of the Texas Lottery Commission. "The Texas Lottery continues to set new standards of excellence in its mission to generate revenue for the state of Texas, and we're looking forward to continued success."



Retailer Bonus Program

The Texas Lottery's retailer bonus program provides retailers with an opportunity to earn up to \$1 million for selling a *Powerball* or *Mega Millions* grand/jackpot prize winning ticket. Retailers are also eligible to receive a bonus for selling a jackpot winning ticket for *Lotto Texas* and *Texas Two Step* in addition to the top-prize winning ticket for *Cash Five*. Any prize winning scratch-off ticket of \$1 million or more earns the selling retailer a \$10,000 bonus. (See the chart below for more detailed bonus program information.)

Beginning in January 2014, the Texas Lottery Commission will pay retailer bonuses through electronic funds transfers (EFTs). These payments will process on a different day than the regularly scheduled Wednesday lottery bank sweeps so they will be easy to identify on your bank statements. We will also ensure retailer bonus payments and retailer cash incentive program payments do not occur on the same day. Retailers who are eligible for a bonus will be notified of bonus payments via letter prior to the EFT so they can confirm with their bank the ability to accept the EFT amount. Paying bonuses via EFT will enable us to further improve our useful retailer reports by including all payments including commissions, retailer incentives and bonuses. Once the new reports are tested and available for use, retailers will be notified via their GTECH lottery sales representative (LSR).

The Texas Lottery experienced record sales in fiscal year 2013 and that resulted in record retailer commissions of \$218.9 million. In addition, eligible retailers earned more than \$17.9 million in bonuses and retailer incentive program payments combined. Become familiar with all the opportunities to earn more with the Texas Lottery by talking to your sales representative or by contacting us directly. As always, thanks for selling the *Games of Texas*!

Retailer Bonus Chart

	Powerball®* 1% of grand/jackpot portion won in Texas; \$1 million cap; pari-mutuel
	Mega Millions®* 1% of grand/jackpot portion won in Texas; \$1 million cap; pari-mutuel
	Lotto Texas® 1% of advertised jackpot or jackpot based on sales (whichever is greater); \$500,000 cap; pari-mutuel
	Texas Two Step® 1% of advertised jackpot; \$10,000 cap; pari-mutuel
	Cash Five® 1% of top prize-winning ticket; no cap; pari-mutuel
	Scratch-Offs \$10,000 on prize-winning tickets of \$1 million or higher

This information is provided to inform retailers of the Texas Lottery Commission's retailer bonus program. It is not a comprehensive description of the entire program. All Texas Lottery Commission directives, policies, procedures, rules and regulations apply.

* For Powerball and Mega Millions, if multiple grand/jackpot winning tickets are sold by more than one Texas retailer, the Texas Lottery Commission will pay a bonus equal to 1 percent of the grand/jackpot portion won in Texas and will divide it equally between the retailers.

How to Improve a Good Thing

A New Instant Product Strategy

With over \$3 billion in scratch-off sales each year, the Texas Lottery is one of the most successful in the country. So, how do you continue growing sales for an already successful product? After carefully reviewing the product portfolio it was determined that base games such as *Crossword*, *Weekly Grand*, *Break The Bank* and *Bingo* were not selling to their full potential due to the large number of non-base games frequently introduced.

Base games at all price points are very popular among players. However, they face heavy competition for retailer display space week after week from frequently launched non-base games. [597376] It is difficult for new non-base games to gain loyalty among players as they tend to be over-shadowed by “the next new game.”

It became clear that a new scratch-off strategy to increase sales should focus on:

- Reducing the frequency of new game introductions,
- Increasing the focus on base-game placement in dispensers and
- Allowing for consistent merchandising of existing base games and new non-base games.

What Does This Mean For Retailers?

Previously, the Texas Lottery launched new games once every two weeks. Starting in January 2014, new game launches were changed to every three weeks and beginning in March 2014 introductions occur once every four weeks. It is important to note that this change only affects new game launches. You will still continue to receive automatic inventory replenishment orders every two weeks or upon request by you or your lottery sales representative. Please ask your lottery sales representative for additional details on how this new strategy can benefit your sales.

Retailer Spotlight

Crowne Spirits and Beverages

Family-owned business knows how to treat customers

Crowne Spirits and Beverages in Dallas has been selling Texas Lottery tickets since 2002. This family-owned store is run by Nath and Kim Ieng and their children, Mellannie and Vath. [175529] Initial lottery sales were lackluster, but thanks to the Iengs' efforts and persistence, sales have steadily increased to an average of more than \$15,000 per week!

Manager Mellannie Ieng stresses that their customer service is second to none. "The way we take care of our customers is why our store does so well with the lottery. We never refuse to cash a ticket of \$599 and under," says Ms. Ieng, recognizing that players often reinvest their winnings in more lottery tickets or store merchandise. [149357] The Iengs realize the importance of adapting to their customer base, offering the lottery products their customers want most. The staff has even learned to speak different languages to help players feel comfortable buying their tickets there.

Crowne Spirits and Beverages has 32 instant ticket bins and offers nearly every available scratch-off game. Recently, two lucky players won \$75,000 and another won \$25,000 on the \$5 *Cashword-O-Rama* game! This store not only sells instant tickets, but they love to sell draw games. After selling a winning *Mega Millions* ticket worth \$175,000 in February 2005, the store has seen its sales of all draw games greatly increase. In this very competitive area (five stores sell lottery tickets within a half-mile), selling that *Mega Millions* ticket has increased the perception that Crowne Spirits and Beverages is a lucky store.

When you enter the store, it is evident that the Iengs make it a priority to promote the Texas Lottery. [128542] They never turn down lottery POS offered by their LSR, Leroy Collyear. They work with Leroy to strategically place Texas Lottery standees and coroplast signs, and display an array of winning tickets on their wall. "We are proud of all the winners that have bought their tickets here. That's why we display them on our wall," says Ms. Ieng.

Crowne Spirits and Beverages also embraces in-store promotions. [154025] Their LSR was quick to point out that during the last Spin and Win promotion they gave away every promotional item – an indication of an extremely successful promotion. According to Ms. Ieng, the turnout was "tremendous, everyone wanted to play."

The store also conducts second-chance drawing promotions, offering players a chance to win promotional items and lottery products. "Anytime we can reward our players, we like to do that," Ms. Ieng said. The store also frequently wins free packs of scratch-offs during retailer pack settlement promotions. During these contests the [311885] staff asks all customers if they are interested in buying the designated lottery scratch-off ticket.

Crowne Spirits and Beverages continues to prove that liquor stores, despite not averaging sales as high as other trade styles, [311970] have a high potential to make the Texas Lottery a profitable part of their product mix.



L to R: Mellannie, Kim, Nath and Vath Ieng



Retailers Earn Over \$16 Million in 2013 Cash Incentives!

The fall Retailer Cash Incentive Program (RCIP) brought total incentive payments and drawing prizes in the three 2013 programs to more than \$16 million! Qualifying retailers in each program are given the opportunity to earn payments for achieving their sales goal plus the chance to win up to \$50,000 in the drawing. Goals are set using the same formula for every retailer based on their own same-store sales. The fall program, which ended November 23, paid 7,411 retailers \$5,380,775 plus a total of \$500,000 in prizes to the winners in the drawing held December 10.

The current 13-week program runs January 5 through April 5, 2014. All retailers should have received a flyer that describes the details of the program and includes each retailer's individual goal printed on the back. It is important that you read all the guidelines and rules of the RCIP so that you know how to reach your goal. Sales from all scratch-offs and draw games count toward your goal except, *Powerball*, *Power Play*®, *Mega Millions* and *Megaplier*®. When tracking your sales, [156049] remember that any active or settled packs of tickets that are returned are credited to your account and deducted from your sales for the week.



Weekly updates on your progress are available on terminal reports and using the Texas Lottery Retailer Services Center at txlottery.org. [492957] Since the first RCIP was introduced in 2009, more than \$60 million in payments and drawing prizes has been awarded to participating retailers. For additional information, contact your GTECH LSR or call Texas Lottery Retailer Services at 800-375-6886.

Retailer Cash Incentive Program Summary to Date

	Dates	Retailers Paid Incentive	Incentive Payments	Retailers Paid Drawing	Drawing Payments
1	Sept 6 - Dec 5, 2009	1,845	\$495,490	307	\$500,000
2	Jan 17 - April 17, 2010	4,240	\$1,449,985	307	\$500,000
3	May 9 - Aug 7, 2010	4,158	\$2,585,800	307	\$500,000
4	Oct 10, 2010 - Jan 8, 2011	5,789	\$4,473,900	307	\$500,000
5	Feb 6 - May 7, 2011	11,886	\$13,864,300	307	\$500,000
6	Dec 4, 2011 - Feb 11, 2012	9,070	\$4,856,998	307	\$500,000
7	March 4 - May 12, 2012	9,568	\$4,856,996	307	\$500,000
8	June 3 - Aug 11, 2012	5,883	\$3,377,175	307	\$500,000
9	Aug 26 - Nov 24, 2012	5,632	\$4,106,175	307	\$500,000
10	Jan 6 - Apr 6, 2013	5,176	\$4,299,225	307	\$500,000
11	May 5 - Aug 3, 2013	6,530	\$5,010,675	307	\$500,000
12	Aug 25 - Nov 23, 2013	7,411	\$5,380,775	307	\$500,000
13	Jan 5 - Apr 5, 2014	Current Program			
Totals			\$54,757,494		\$6,000,000

Total Paid To Date \$60,757,494

Texas Lottery "Revs up the Fun"

at Austin Fan Fest and Formula 1 US Grand Prix

In conjunction with the second Formula 1 US Grand Prix held at the Circuit of the Americas (COTA), downtown hosted the Austin Fan Fest event, fueled by Shell, November 14-17. [466798] Covering 12 blocks, the festival featured interactive booths, race simulators, food trucks and jumbotron screens featuring the Formula 1 race. The festival also featured six stages of music throughout the weekend.

Over 200,000 race fans joined the fun at Austin Fan Fest. The Texas Lottery was a prime event sponsor with a central location next to the official COTA Welcome Center, on the corner of 4th and Lavaca Streets. [101812] The Texas Lottery Luck Zone featured music and popular games such as our "spin & win" wheel and money machine.

In addition to the Austin Fan Fest, the Texas Lottery was a part of the action at the Formula 1 US Grand Prix at the COTA track, November 15-17. [596053] Over 250,000 racing enthusiasts attended the final race and the qualifying rounds.

[142460] Race fans were able to continue the fun by playing the *Games of Texas* and trying their luck at the "Spin & Win" wheel for additional scratch-off tickets.

Given the race theme of the events, the COTA *5X Raceway Riches* ticket proved to be a very popular game. [138434] Over 2,500 *5X Raceway Riches* tickets were purchased throughout both events. All of this adds up to yet another successful Texas Lottery promotional event with more than \$64,000 in combined scratch-off and draw game sales!





Player Coupons Drive Business!

Occasionally you may have customers present promotional coupons for a free scratch-off ticket with a specified lottery purchase. The Texas Lottery participates in many festivals, fairs and sporting events

throughout the year at which we distribute coupons to promote player trial of our games and drive business to local lottery retailers. LSRs also may use coupons when teaching players about our games or to encourage customer trial of lottery products. [498564] We also may conduct a direct mail campaign where we mail coupons to households in Texas. Promotional coupons can **only** be redeemed at Texas Lottery licensed retailers, not at Texas Lottery claim centers or at self-service lottery vending machines.

[510713] How do you handle these coupons? After the player makes the required purchase, you must validate the coupon at your sales terminal, not your register, by scanning the barcode printed on the front of the coupon to receive your credit for the free ticket you provide to the player. Just like scratch-offs, once the coupon is validated it cannot be used again. You must deface the coupon barcode after validating.

If you have any questions concerning promotional coupons, [174765] talk to your LSR or contact Texas Lottery Retailer Services at 800-375-6886.

Two Ways to Win \$250,000!*

The revolutionary game *All or Nothing*™ is easy to play and has not one, but two ways to win the top prize! The newest draw game from the Texas Lottery offers a \$250,000 top prize for matching all 12 numbers drawn or none of the numbers drawn! What a great opportunity for all of those customers who say, “Sometimes I don’t match any of the numbers!” [156649] Plus, there are eight additional prize tiers where players can win from \$2 to \$500. The game also offers the best overall odds of any Texas Lottery draw game, 1 in 4.5.

All or Nothing is drawn four times a day at 10:00 a.m., 12:27 p.m., 6:00 p.m. and 10:12 p.m. CT. With all those opportunities to play, don’t forget to remind customers that the Multi-Draw option [172965] allows them to play their numbers for up to 24 drawings. For more game information and winning numbers results, visit us at txlottery.org



Match	Prize	Odds of Winning
12	\$250,000* (Top Prize)	1:2,704,156
11	\$500	1:18,779
10	\$50	1:621
9	\$10	1:56
8	\$2	1:11
4	\$2	1:11
3	\$10	1:56
2	\$50	1:621
1	\$500	1:18,779
0	\$250,000* (Top Prize)	1:2,704,156

Overall odds are 1 in 4.5. *In any drawing where the number of Top Prize winning plays is greater than twenty (20), the Top Prize shall be paid on a pari-mutuel rather than a fixed prize basis and a liability cap of \$5 million will be divided equally by the number of Top Prize winning plays. For instance, if there are 30 Top Prize winning plays, each winning play will be eligible for \$166,666 as the Top Prize payment amount.

Frequently Asked Questions

Q Can players text, fax, mail or call in their numbers to a retailer and then have their ticket ready for purchase when they come into the store?

- A.** No, the Texas Lottery Commission Rule for on-line (draw) games specifies that no part of a lottery ticket sale may take place away from the on-line (draw) games sales terminal. Sales terminals include self-service vending machines as well as the retailer's terminal at the counter.

The rule also states that retailers must give prompt service to lottery customers present and waiting at the sales terminal to purchase tickets for on-line games.

Q A ticket validated for an amount different from what the player expected. What should I do?

- A.** Players may not always understand how to play a game or how prizes are won. The prize amount displayed on the ESMM, your terminal screen and printed on the Retailer/Player receipts after a ticket is scanned is accurate. For every validation transaction, you should provide the player with the Player copy of the receipt and pay the full amount of the prize as indicated on the receipt. If the player has additional concerns, you should refer the player to our Retailer Services Hotline **800-375-6886** where our team is available to assist players or retailers with any questions.

Q My terminal prints an incomplete ticket, (not valid). What can I do to receive credit?

- A.** You may mail the ticket with a Retailer Adjustment Form to the Texas Lottery Commission. The Retailer Services Department will review your request for credit. If approved, the credit will appear on your weekly statement within four to six weeks. To check the status of an adjustment request, please call the Retailer Services Department at **800-375-6886**. Retailer Adjustment Forms are available from your GTECH Lottery Sales Representative, at any Texas Lottery claim center or can be downloaded from the Texas Lottery website: **txlottery.org**.

*Note: A complete ticket that is generated in error or a customer refuses to purchase is considered a valid ticket. You may sell the ticket to another customer that is willing to purchase it or buy the ticket yourself. You may request an adjustment for a valid ticket, **but it must be post-marked before the time of the drawing listed on the ticket.***

Q How do I order scratch-off tickets?

- A.** You may order scratch-off tickets through your LSR who will help promote lottery sales at your business by conducting inventory review and merchandising support. Also, you may order tickets through the **GTECH Hotline** at **800-458-0884**. The Hotline staff can assist you with ticket ordering and processing, as well as with any equipment issues.

Q What hours can I sell Texas Lottery tickets?

- A.** Instant (scratch-off) tickets may be sold 24 hours a day. Retailers may sell draw games (*Cash Five, Pick 3, Daily 4, All or Nothing, Texas Two Step, Lotto Texas, Mega Millions and Powerball*) tickets 24 hours a day except from 12:00 a.m. (midnight) to 12:30 a.m. or during the draw break for each game. The extended hours apply to all terminals including Altura, AlturaC and Gemini. Retailers are required to sell lottery tickets during their regular business hours.

Q A player has asked to keep their scratch-off ticket after it was validated. What should I do?

- A.** A retailer should not return a validated, paid ticket to a customer. After a prize has been paid on a winning ticket, properly deface the ticket so that it cannot be presented again as a winning ticket. Tear or deface the ticket, splitting or defacing the barcode from top to bottom. Provide the player with their receipt showing the validation amount. This receipt is generated for the player's recordkeeping and verification of the prize amount.

This information is available on our website, **txlottery.org**, in the Administration of State Lottery Act.

SCRATCH-OFFS
— TEXAS LOTTERY —

TEXAS LOTTERY
LOTO
TEXAS
Extra!

visit us online at:

txlottery.org

PLAY THE GAMES OF TEXAS!

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY
 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY	 TEXAS LOTTERY
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