

TEXAS LOTTERY COMMISSION
Instant Ticket Game Closing Analysis
SUMMARY REPORT

Instant Ticket Information

Date Completed

3/8/2016

Game #	1679	Confirmed Packs	2,315
Game Name	Houston Texans	Active Packs	1,043
Quantity Printed	5,528,175	Warehouse Packs	21,973
Price Point	\$5	Returned Packs	4,851
Start Date	8/17/2015	Printed Payout Percentage	68.00%
Top Prize	\$ 100,000	Percent Sold	57.39%
Number of Top Prizes Remaining	2	Number of Weeks Out	29

Current Game Sales Analysis

TANGIBLE COSTS

Expenditure Impact:

Cost to print tickets	\$ 135,164	Actual ticket production costs
Licensing Fee	\$ 293,750	
Non-cash Prize Allocation	\$ 1,191,150	
Prize payout expense	\$ 9,407,200	Data from Instant Ticket Tier Liability screen in ES
Estimated Direct Costs	\$ 11,027,264	

TANGIBLE BENEFITS

Revenue Impact:

Estimated sales	\$ 15,863,098	Based on # of tkts printed, times % sold from DaVinci report, times the price point
Total Estimated Benefits	\$ 15,863,098	

Excess of Revenue over Expended \$ 4,835,834

INTANGIBLE POSITIVE BENEFITS:

- Allows for open bin space for new games at same price point with higher average weekly sales.
- Allows retailers to return inventory to TLC that is not selling thus releasing their financial burden

INTANGIBLE NEGATIVE BENEFITS:

- There are still valuable prizes remaining in this game.

Assumptions:

- Estimated sales revenue is calculated based on the number of tickets printed times the percent sold from the DaVinci report. The percent sold amount is based on pack settlements. Some partial packs could be returned thus slightly reducing the sales revenue amount reported above.

Weekly Sales Comparison Information

Previous 3 Weeks Sales from DaVinci		
Most recent week sales	\$	133,530
Next week	\$	164,405
Next week	\$	184,750
Avg Weekly Sales Current Game	\$	160,895
Avg Weekly Sales \$5; 5M-9.99M Qty	\$	1,662,696
Percentage Of Variance In Sales		90%

TEXAS LOTTERY COMMISSION
Instant Ticket Game Closing Analysis
RECOMMENDATION AND APPROVALS

Instant Ticket Information

Game #	1679	Printed Payout Percentage	68.00%
Game Name	Houston Texans	Actual Payout Percentage	66.81%
Percent Sold	57.39%	Number of Weeks Out	29
Average # of Weeks for 85% Sell-through for Same Price Point Game With Similar Print Run.			23

Recommendation

☐ Based on the findings in this Summary Report, I am recommending closing the above game.

☒ I am recommending closing the above game based on the below business reason(s):


This Houston Texans game needs to be pre-called in March to permit the game to be closed and the final drawing conducted prior to the launch of the next Houston Texans game tentatively scheduled to launch in August 2016, as well as to ensure the winners of season ticket prizes from the final drawing will receive tickets to the next season.


 3/8/16
Instant Product Coordinator Date

 3/9/16
Products Manager Date

By signing below, I agree with the recommendation of the Products Department Staff to close the above game.

 3/9/16
Lottery Operations Division Director Date

 3/10/16
Controller Date

 3/10/16
Executive Director Date



3/8/16

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Product Line	Game	\$	Tix Run	Name	Start	Call	Close	Win	% Sold	Confirmed	Active	Ware	Return	Net Sales			
														3/5/16	2/27/18	2/20/18	2/13/18
Mature	1728	\$2	5,133.625	VETERANS CASH	11/2/15			18	79.10%	4,786	2,823	0	223	\$241,504.00	\$241,264.00	\$260,026.00	\$298,244.00
	1783	\$2	7,137.375	WWE	11/16/15			16	45.36%	6,490	3,154	17,180	2,996	\$233,350.00	\$218,004.00	\$256,065.00	\$340,000.00
	1714	\$3	25,398.875	BONUS CASHWORD	7/21/15			33	87.30%	14,149	8,931	0	88	\$2,487,660.00	\$2,452,521.00	\$2,376,975.00	\$2,352,865.00
	1715	\$5	20,354.025	\$100,000 CASHWORD-O-RAMA	9/21/15			24	48.24%	18,245	8,063	109,464	12	\$2,719,950.00	\$2,514,475.00	\$2,370,615.00	\$2,328,170.00
	1693	\$5	15,296.025	\$5 SET FOR LIFE	8/3/15			31	88.18%	10,200	5,966	5,782	15	\$1,190,040.00	\$1,213,715.00	\$1,239,330.00	\$1,363,040.00
	1678	\$5	9,888.975	COWBOYS	8/17/15			29	43.27%	2,143	1,178	67,811	2,786	\$171,350.00	\$200,660.00	\$228,170.00	\$253,190.00
	1768	\$5	8,066.400	HIGH ROLLER	10/19/15			20	74.30%	4,260	2,936	18,132	967	\$667,300.00	\$666,525.00	\$720,310.00	\$807,670.00
	1679	\$5	5,528.175	HOUSTON TEXANS	8/17/15			29	57.39%	2,315	1,043	21,973	4,851	\$133,530.00	\$164,405.00	\$184,750.00	\$196,850.00
	1718	\$5	8,422.800	INSTANT JACKPOT!	9/8/15			26	58.64%	1,736	1,332	42,130	664	\$224,990.00	\$241,570.00	\$277,575.00	\$297,830.00
	1723	\$5	8,528.175	MERRY MONEY	10/5/15			22	81.71%	1,622	883	7,724	9,012	\$196,215.00	\$270,375.00	\$362,295.00	\$556,340.00
1729	\$5	8,438.925	WILD 10'S	11/2/15			18	73.65%	6,844	4,756	15,490	641	\$881,960.00	\$894,165.00	\$978,415.00	\$1,124,665.00	
1694	\$10	10,389.900	\$10 SET FOR LIFE	8/3/15			31	78.58%	13,632	8,197	19,551	11	\$2,154,580.00	\$2,025,430.00	\$1,920,780.00	\$1,915,040.00	
1644	\$10	28,500.450	\$200,000.000 CASH BLOWOUT	7/21/14			85	61.35%	6,497	4,066	207,264	9	\$1,237,190.00	\$1,097,550.00	\$895,860.00	\$847,700.00	
1630	\$10	12,236.550	SUPER WEEKLY GRAND	7/1/14			89	83.69%	6,331	4,063	27,569	10	\$1,008,190.00	\$885,580.00	\$844,510.00	\$854,370.00	
1713	\$20	6,107.975	\$1,000,000 INSTANT CASHOUT	8/17/15			29	63.10%	16,271	6,363	64,229	15	\$2,182,580.00	\$2,114,940.00	\$2,089,840.00	\$2,159,900.00	
1671	\$20	34,144.650	\$500,000.000 CASH	5/18/15			42	19.14%	16,203	5,962	1,079,084	14	\$2,190,200.00	\$2,085,820.00	\$2,088,540.00	\$2,140,980.00	
1387	\$20	34,320.175	\$500M EXTREME CASH BLAST	8/13/12			168	51.33%	7,381	2,778	655,005	65	\$1,231,660.00	\$1,165,120.00	\$1,129,000.00	\$1,152,800.00	
1711	\$20	4,160.625	HOLIDAY GAME BOOK	10/5/15			22	72.99%	3,049	1,459	27,001	11,000	\$517,740.00	\$640,100.00	\$848,800.00	\$1,172,320.00	
1617	\$20	5,925.875	MONEY MONEY MILLIONAIRE	3/16/15			51	89.19%	8,248	3,487	11,681	32	\$1,199,860.00	\$1,153,280.00	\$1,129,860.00	\$1,163,800.00	
1593	\$50	3,669.860	DIAMOND DOLLARS	5/4/15			44	64.35%	13,925	5,898	43,211	34	\$2,968,800.00	\$2,828,250.00	\$2,862,700.00	\$2,917,950.00	
Out of Wareh-	1786	\$3	6,093.375	LUCKY MULTIPLIER	1/18/16			7	49.36%	14,619	8,374	0	95	\$1,468,860.00	\$1,283,457.00	\$1,410,834.00	\$1,420,560.00
	1747	\$5	7,213.350	\$200,000 DOUBLE PAYDAY	1/18/16			7	65.07%	21,521	9,517	19	34	\$3,108,995.00	\$3,000,655.00	\$3,193,485.00	\$3,426,655.00
	1733	\$5	12,236.475	SUPER LOTERIA	12/7/15			13	89.25%	9,156	5,779	0	128	\$3,714,615.00	\$4,370,060.00	\$4,449,375.00	\$4,392,720.00
Sold/Closing	1751	\$1	7,335,750	FAST CASH	12/7/15			13	90.31%	2,048	1,697	0	126	\$115,093.00	\$141,494.00	\$174,992.00	\$259,512.00
	1722	\$1	12,922.050	SEASONS GREETINGS	10/5/15			22	90.48%	1,242	605	15	5,328	\$46,185.00	\$55,306.00	\$65,712.00	\$269,121.00
	1682	\$2	14,140.875	10X THE CASH	7/20/15	2/14/16	3/30/16	33	66.05%	152	168	30,478	5,773	\$59,276.00	\$105,936.00	\$186,024.00	\$247,422.00
	1612	\$2	25,691.375	BREAK THE BANK	2/16/15	2/14/16	3/30/16	55	96.76%	129	53	1,324	4,239	\$17,380.00	\$18,722.00	\$42,614.00	\$66,410.00
	1710	\$2	9,276.125	NEON 95	7/6/15	2/14/16	3/30/16	35	75.52%	97	102	11,598	5,401	\$12,058.00	\$17,394.00	\$59,190.00	\$65,754.00
	1698	\$3	10,058.125	BINGO MANIA	6/1/15	2/14/16	3/30/16	40	96.95%	73	67	0	1,369	\$2,922.00	\$6,243.00	\$46,944.00	\$79,986.00
	1704	\$5	10,298.475	\$100,000 MEGA BINGO	5/18/15	1/21/16	3/6/16	42	88.31%	0	0	1,880	10,617	\$29,975.00	\$48,160.00	\$123,970.00	\$229,050.00
	1687	\$5	10,273.275	20X THE CASH	7/20/15			33	93.67%	4,643	2,659	222	23	\$786,355.00	\$732,745.00	\$759,660.00	\$836,800.00
	1709	\$5	8,197.125	BONUS BREAK THE BANK	6/1/15			40	92.88%	1,508	508	2,675	2,267	\$107,200.00	\$118,385.00	\$136,170.00	\$174,125.00
Win!	2/3																

Liability for 1679 / for Life to Date

Product Status:
ActiveSmartCash Enabled:
N/A

Validation Range: 07/22/2015 - 12/31/2037

Outstanding Prizes

Tier	Ref	SmartCash	Tier Value	Count	Amount	Tickets Paid Life to Date	Amount Paid Life to Date	% paid	Est. Tickets Sold
1	1	N/A	\$5.00	278274	\$1,391,370.00	311220	\$1,556,100.00	52.79%	2918568
2	2	N/A	\$10.00	134923	\$1,349,230.00	160065	\$1,600,650.00	54.26%	2999672
3	3	N/A	\$10.00	120157	\$1,201,570.00	137816	\$1,378,160.00	53.42%	2953297
4	4	N/A	\$20.00	16527	\$330,540.00	20345	\$406,900.00	55.18%	3050301
5	5	N/A	\$20.00	16438	\$328,760.00	20425	\$408,500.00	55.41%	3063043
6	6	N/A	\$20.00	24988	\$499,760.00	30258	\$605,160.00	54.77%	3027758
7	7	N/A	\$20.00	16963	\$339,260.00	19874	\$397,480.00	53.95%	2982516
8	0	N/A	\$50.00	6085	\$304,250.00	7698	\$384,900.00	55.85%	3087563
9	0	N/A	\$50.00	6138	\$306,900.00	7686	\$384,300.00	55.60%	3073607
10	0	N/A	\$50.00	6153	\$307,650.00	7679	\$383,950.00	55.52%	3069032
11	0	N/A	\$50.00	6335	\$316,750.00	7474	\$373,700.00	54.12%	2992076
12	0	N/A	\$100.00	1414	\$141,400.00	1823	\$182,300.00	56.32%	3113334
13	0	N/A	\$100.00	1454	\$145,400.00	1780	\$178,000.00	55.04%	3042718
14	0	N/A	\$100.00	1440	\$144,000.00	1791	\$179,100.00	55.43%	3064364
15	0	N/A	\$100.00	1834	\$183,400.00	2298	\$229,800.00	55.61%	3074478
16	0	N/A	\$100.00	1908	\$190,800.00	2303	\$230,300.00	54.69%	3023364
17	0	N/A	\$100.00	1468	\$146,800.00	1759	\$175,900.00	54.51%	3013343
18	0	N/A	\$1,000.00	22	\$22,000.00	24	\$24,000.00	52.17%	2884265
19	0	N/A	\$1,000.00	18	\$18,000.00	28	\$28,000.00	60.87%	3364976
20	0	N/A	\$1,000.00	22	\$22,000.00	24	\$24,000.00	52.17%	2884265
21	0	N/A	\$1,000.00	25	\$25,000.00	21	\$21,000.00	45.65%	2523732
22	0	N/A	\$5,000.00	7	\$35,000.00	8	\$40,000.00	53.33%	2948360
23	0	N/A	\$5,000.00	2	\$10,000.00	3	\$15,000.00	60.00%	3316905
24	0	N/A	\$100,000.00	2	\$200,000.00	2	\$200,000.00	50.00%	2764087
Totals:				642597	\$7,959,840.00	742,404	\$9,407,200.00		

**ADDENDUM NO. 1 TO
TRADEMARK LICENSE AGREEMENT BETWEEN LICENSOR AND SPONSOR
March 2015**

This ADDENDUM NO. 1 TO TRADEMARK LICENSE AGREEMENT BETWEEN LICENSOR AND SPONSOR is attached to and fully incorporated into that certain TRADEMARK LICENSE AGREEMENT, effective as of the last date shown to the signature lines therein, by and between Houston NFL Holdings, L.P., d/b/a Houston Texans, and the Texas Lottery Commission (the "Agreement").

Capitalized terms used but not defined herein shall have the meaning given to them in the Agreement.

1. FEES AND CONSIDERATION

In consideration of being granted the right to use the Team's Trademarks during the Term, SPONSOR shall allocate funds not to exceed two hundred ninety-three thousand seven hundred fifty dollars (\$293,750) for Licensing Fees and one million one hundred ninety-one thousand one hundred and fifty dollars (\$1,191,150) in Merchandise Allocation payments for the following:

- a. Payment to LICENSOR of a royalty based upon the actual Sales of the Game (as defined in section 1.3 of the Agreement) that occur up to and including the date of the 2016 NFL Super Bowl game, as follows:

Licensing Fee Sales Allocation

(Based on actual ticket sales – invoiced monthly)

Sell Through Range*	Licensing Percentage	Price per Ticket	Actual Sales	Licensing Fee
Up to 4 million tickets	1.00	\$5	\$20,000,000	\$200,000
4,000,001 to 5.5 million	1.25	\$5	\$7,500,000	\$93,750
Total Licensing Fee Allocation:				\$293,750

- * License percentage fees apply directly to the relevant sales tier and are not retroactive to lower sales levels.

SPONSOR (with the assistance of PRINTER) agrees to print with the intent to distribute and sell approximately five million five hundred thousand (5,500,000) Texas Lottery scratch-off tickets bearing the Team's Trademarks and that the scratch-off tickets shall be sold at retail for a price of \$5.00 per ticket.

For example: If the initial sales period indicated sales of 4,250,000 tickets, the invoiced amount would be calculated as:

TEXAS LOTTERY
GAME NO. 1679 "HOUSTON TEXANS"
6/2/2015 - VERSION E

\$17,357,040.00	\$18,794,448.45	65
62.83%		

3,794,448.45

**COMPLETE
POOLS# 1-52**

5528175

Line	Month	Unit	Qty	Whi	Value	Cost (\$/hr)	Price	Wkly rate	Total	Total Price Cost	% Profit Ratio
01	1		\$5	\$5	\$5.00	9.3778	8.00	12,800.00	689,464	\$2,947,470.00	15.88%
02	1		\$5 (GOALPOST)	\$10	\$10.00	16.7403	4.00	6,400.00	264,688	\$2,949,890.00	15.70%
03	1		\$10	\$10	\$10.00	21.4263	3.50	5,600.00	287,873	\$2,979,730.00	13.79%
04	3		\$10 + (\$5 x 2)	\$20	\$20.00	148.9268	0.50	800.00		\$27,440.00	3.92%
05	2		\$5 (GOALPOST) + \$10	\$20	\$20.00	148.9554	0.50	800.00	36,863	\$37,250.00	5.82%
06	1		\$10 (GOALPOST)	\$20	\$20.00	100.0647	0.75	1,200.00	56,346	\$1,104,320.00	5.89%
07	1		\$20	\$20	\$20.00	150.0713	0.50	800.00	36,237	\$76,740.00	3.92%
08	5		\$20 + (\$10 x 2) + (\$5 x 4)	\$50	\$50.00	401.0665	0.19	300.00	13,783	\$688,150.00	3.67%
09	2		\$20 (GOALPOST) + \$10	\$30	\$30.00	369.8969	0.19	300.00	13,324	\$691,200.00	3.88%
10	4		\$20 + \$10 (GOALPOST) + (\$5 x 2)	\$50	\$50.00	368.9656	0.19	300.00	13,232	\$690,000.00	3.86%
11	1		\$50	\$50	\$50.00	400.3313	0.19	300.00	13,268	\$690,450.00	3.67%
12	10		(\$20 x 2) + (\$10 x 4) + (\$5 x 4)	\$100	\$100.00	1707.8682	0.04	70.00	3,237	\$323,700.00	1.72%
13	6		\$50 + \$20 + (\$10 x 2) + (\$5 x 2)	\$100	\$100.00	1719.3524	0.04	70.00	3,234	\$323,400.00	1.72%
14	2		\$50 x 2	\$100	\$100.00	1710.9796	0.04	70.00	3,231	\$323,100.00	1.72%
15	3		\$50 + \$20 (GOALPOST) + \$10	\$100	\$100.00	1337.8533	0.06	90.00	4,132	\$413,200.00	2.20%
16	1		\$50 (GOALPOST)	\$100	\$100.00	1312.7539	0.06	91.00	4,211	\$421,100.00	2.24%
17	1		\$100	\$100	\$100.00	1713.1004	0.04	70.00	3,237	\$323,700.00	1.72%
18	20		(\$100 x 5) + (\$50 x 7) + (\$20 x 7) + (\$20 x 5) + \$10	\$1,000	\$1,000.00	120177.7174	0.00	1.00	48	\$48,000.00	0.24%
19	18		(\$100 x 9) + (\$50 (GOALPOST) x 5) + (\$20 x 5)	\$1,000	\$1,000.00	120177.7174	0.00	1.00	48	\$48,000.00	0.24%
20	8		(\$100 (GOALPOST) x 4) + (\$50 x 4)	\$1,000	\$1,000.00	120177.7174	0.00	1.00	48	\$48,000.00	0.24%
21	1		\$1,000	\$1,000	\$1,000.00	120177.7174	0.00	1.00	48	\$48,000.00	0.24%
22	20		\$1,000 (GOALPOST) + (\$100 x 2) + (\$50 x 9) + (\$20 x 2) + \$10	\$5,000	\$5,000.00	369545.0000	0.00	0.33	15	\$75,000.00	0.40%
23	1		\$5,000	\$5,000	\$5,000.00	1102635.0000	0.00	0.11	5	\$25,000.00	0.13%
24	1		\$100,000	\$100,000	\$100,000.00	1382043.7500	0.00	0.09	4	\$40,000.00	2.13%
			TEXANS JERSEYS			\$475.00			1,015	\$482,125.00	2.97%
			SUITE & ON FIELD CONTEST EXPERIENCE			\$48,890.00			5	\$244,650.00	1.30%
			PRIVATE JET AWAY GAME TRIP			\$48,595.00			5	\$247,575.00	1.32%
			SEASON TICKETS FOR TWO YEARS AND PLAYER MEET & GREET			\$5,410.00			40	\$218,400.00	1.15%
			SUITE & ON FIELD CONTEST EXPERIENCE Federal Withholding			\$16,330.33			5	\$81,541.65	0.43%
			PRIVATE JET AWAY GAME TRIP Federal Withholding			\$16,530.00			5	\$82,650.00	0.44%
			SEASON TICKETS FOR TWO YEARS AND PLAYER MEET & GREET Federal Withholding			\$1,801.67			40	\$72,066.80	0.38%

* Exact quantity to be delivered to the lottery.

There will be no more than 21 winners per pack.

No.	03/08/16	Game Name	Game No	Inv No.	Vendor	TLC PO #
		Houston Texans	1679	1017767	SGI	362-15-9204 RL022

Truck #	Description/Tickets Delivered Qty	Units per 1000	Unit Price	Amount
1	2,715,675	2,715.68	\$24.45	\$66,398.25
2	2,812,500	2,812.50	\$24.45	\$68,765.63
				<u>\$135,163.88</u>

Delivered	5,528,175
Ordered	5,520,000
2% under	5,409,600
2% over	5,630,400
Acceptable Range	0

Total	\$135,163.88
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Instant Ticket Game Analysis
8/25/13-8/29/15

Average Number of Weeks for 85% Average Sell Through

Price Point					Price Point				
Print Quantities	\$1	\$2	\$3	\$5	Print Quantities	\$10	\$20	\$25	\$50
< 5M	None	None	None	None	2M	None	Week 17*	None	None
5M-9.99M	Week 21*	Week 20	Week 21*	Week 23	3M	None	Week 12*	None	None
10M-14.99M	Week 18	None	Week 32	Week 28*	4M	Week 15*	Week 28*	None	None
15M-19.99M	None	Week 14*	Week 40*	Week 44	5M	Week 17	Week 53*	None	None
20M-24.99M	Week 29	None	Week 25	Week 40	6M	Week 27	None	None	None
25M-29.99M	Week 24*	None	Week 32*	None	7M	None	None	None	None
30M-34.99M	Week 41	Week 38*	Week 42*	None	8M	Week 11*	None	None	None
>35M	None	None	None	None	>9M	Week 46*	None	None	None

Average Weekly Dollar Sales at 85% Average Sell Through

Price Point					Price Point				
Print Quantities	\$1	\$2	\$3	\$5	Print Quantities	\$10	\$20	\$25	\$50
< 5M	None	None	None	None	2M	None	\$2,594.609	None	None
5M-9.99M	\$374,525	\$672,785	\$888,939	\$1,662,696	3M	None	\$5,141,903	None	None
10M-14.99M	\$563,510	None	\$1,254,287	\$1,577,681	4M	\$2,420,727	\$2,572,436	None	None
15M-19.99M	None	\$1,868,863	\$1,056,146	\$1,903,474	5M	\$2,791,527	\$1,645,408	None	None
20M-24.99M	\$670,685	None	\$2,099,544	\$2,268,456	6M	\$1,935,874	None	None	None
25M-29.99M	\$906,926	None	\$1,998,723	None	7M	None	None	None	None
30M-34.99M	\$679,082	\$1,371,324	\$1,878,107	None	8M	\$6,420,059	None	None	None
>35M	None	None	None	None	>9M	\$2,249,003	None	None	None

None = no games at this level with 85% sell through
* only one game at this level with 85% sell through

Excludes Promotional Tickets
Unaudited - For Internal Use Only