

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg

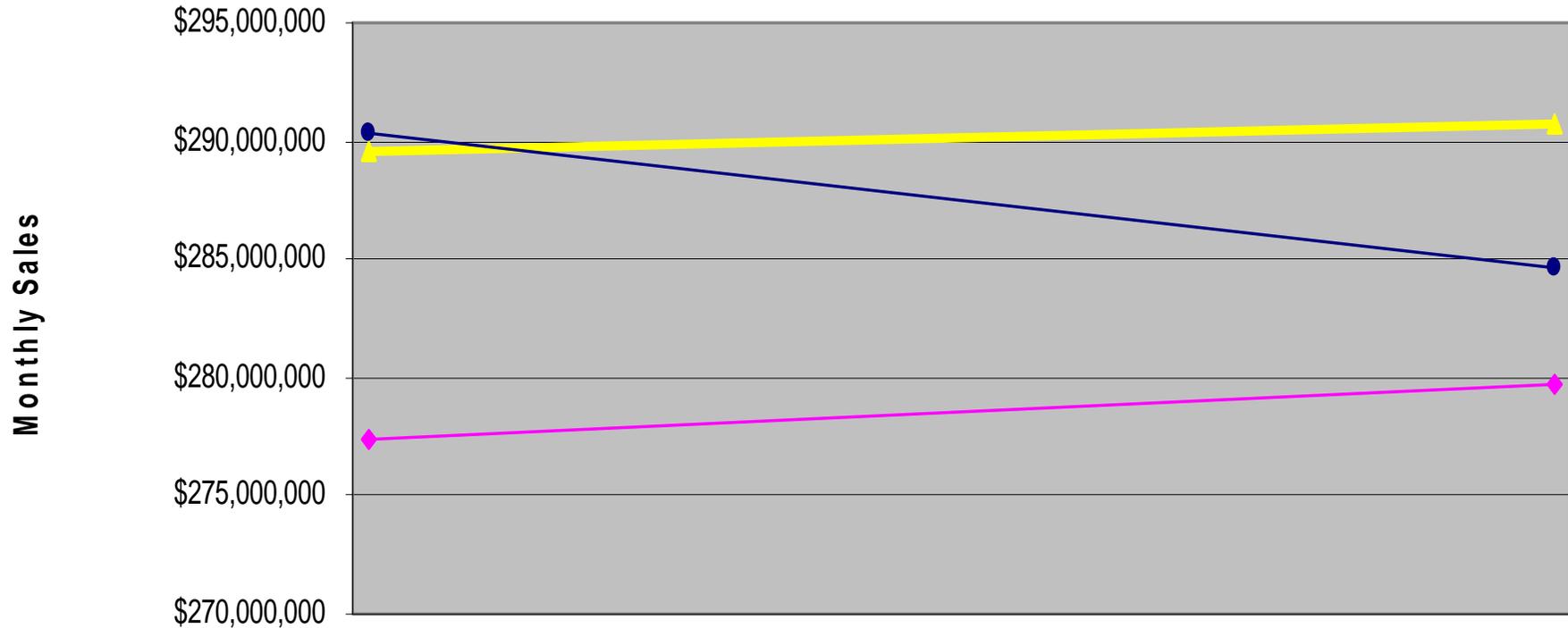
October 5, 2011



Lottery Sales Update

- The Lottery's overall net profit for the first two months of FY12 is up \$18.8 million thanks to strong sales performances in July and August coupled with a prize payout rate that was \$6 million lower than August 2010.
- Overall, sales for the month of August were up \$13 million. This increase can largely be attributed to an \$11 million bump in Instant Ticket sales.
- Instant sales will continue to be strong in the coming weeks/months following a release of four games in September, yesterday's Bruins Instant Ticket launch and an exciting suite of holiday-themed games planned in November.
- Other games that performed well in August were Powerball, Keno and Mass Cash. Sales for the multi-state Powerball game saw a \$3 million increase last month; Mass Cash continues to benefit from the expanded draw schedule, which helped increase game sales by \$3 million.
- Three games experienced decreases - Mega Millions, Cash WinFall and the Numbers Game, which were down \$2 million, \$2 million and \$1 million respectively.

**Instant Game Monthly Sales
YTD 2010 thru 2012**



	30-Jul	3-Sep
★ 2012 Monthly Sales	\$289,540,558	\$290,742,927
◆ 2011 Monthly Sales	\$277,436,639	\$279,756,652
● 2010 Monthly Sales	\$290,351,366	\$284,599,739

Month Ending



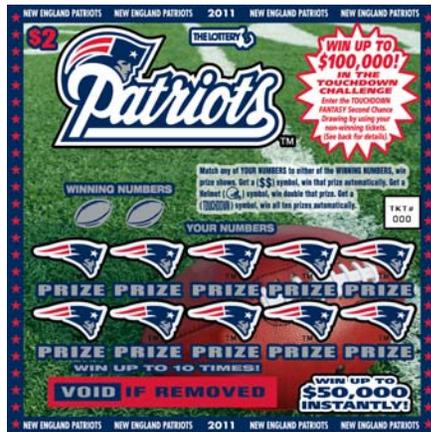
Key performers in recent game releases

2011 New England Patriots

Price Point: \$2

Weeks on Sale: 2

Total Sales To Date: \$5.3 M



Strike it Witch

Price Point: \$5

Weeks on Sale: 2

Total Sales to Date:

\$7 M



20X The Cash

Price Point: \$5

Weeks on Sale: 2

Total Sales to Date:

\$10.8 M

\$10,000,000

Diamond Millionaire

Price Point: \$20

Weeks on Sale: 2

Total Sales To Date: \$15.8 M



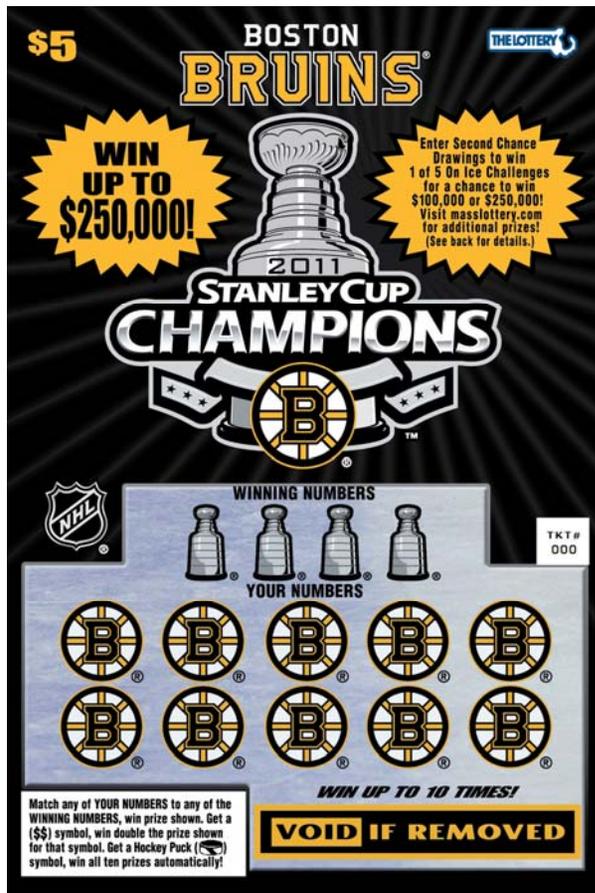
New Instant Game Release: Oct. 4th

2011 Boston Bruins Stanley Cup Champions Instant Ticket

Price Point: \$5

Estimated Sales: \$60.48 million

Estimated Net Profit: \$9.65 million



- 3rd Instant Ticket offering with the Boston Bruins. The previous games, a \$2 and \$5, both sold out of stores and combined for \$87million in sales and generated \$15.4 million in net profit.
- The new \$5 ticket features immediate cash prizes totaling over \$39 million, including six (6) top prizes of \$250,000, and also a 2nd-chance drawing through which players can enter their non-winning tickets for a chance to win Official Boston Bruins gear packs, one-of-a-kind VIP Experience packages, and opportunities to participate in an “On Ice Challenge” between periods at a home game and win up to \$250,000 cash.
- Massachusetts is the world-wide leader in marketing of pro sports-branded lottery games. Since 2006, the Lottery has released a total of 14 sports tickets selling more than \$1.2 billion and generating \$175 million in net profit.

New Instant Game Release – Social Media Launch



BOSTON BRUINS CONTEST

DETAILS ENTER SWEEPSTAKES INVITE FRIENDS OFFICIAL RULES

ENTER FOR A CHANCE TO WIN THIS ONCE IN A LIFETIME PRIZE PACKAGE:

- Two (2) tickets to enter the 2011 Boston Bruins Instant Ticket launch event on 10/4/11
- Chance to win Bruins Merchandise
- Watch the Bruins Practice at TD Garden
- Your picture with the Stanley Cup

ENTER NOW!

Launch event date: October 4, 2011 from 10:00 AM - 1:00 PM

NHL, the NHL Shield, and the word mark and image of the Stanley Cup are registered trademarks of the National Hockey League. Boston Bruins name and logo are registered trademarks of the NHL team. © NHL 2011. All Rights Reserved. Promotion Produced by: Cohen Friedberg Associates. www.cfapromo.com

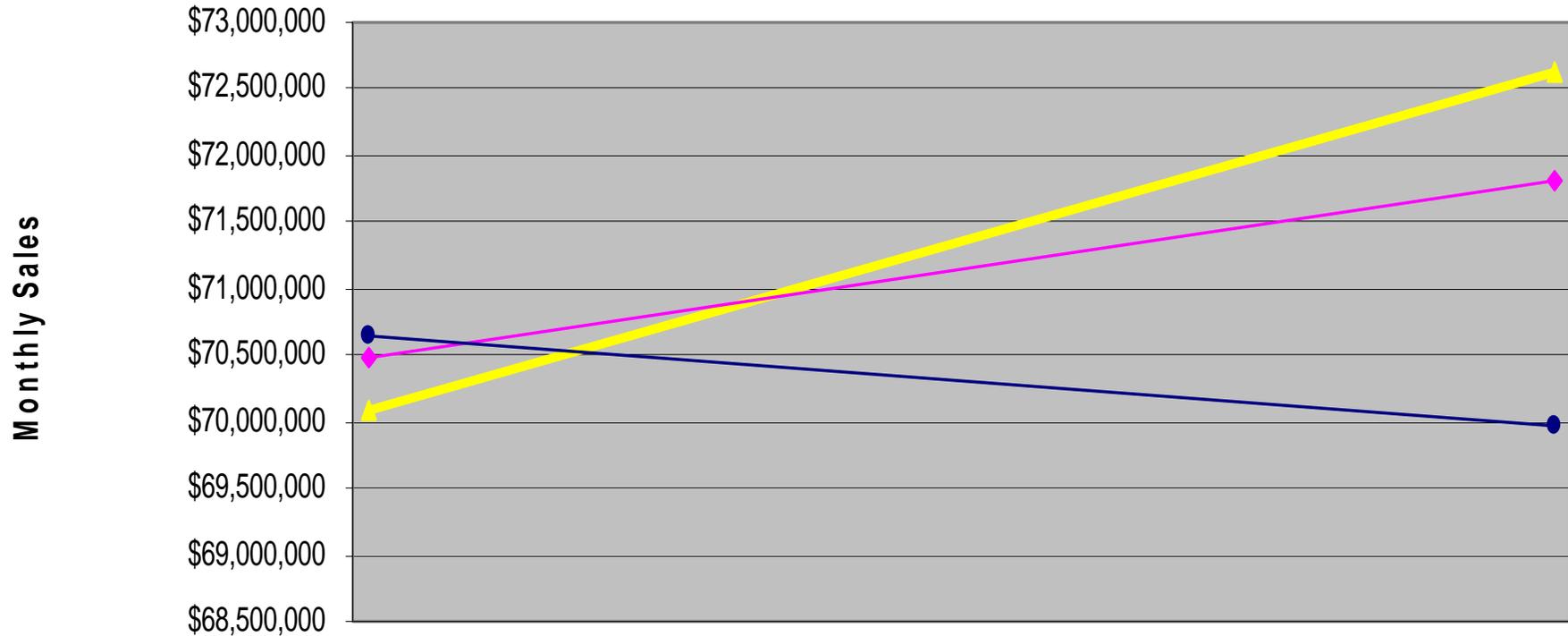
To celebrate the new game launch, the Lottery sponsored its first-ever contest on Facebook through which 75 fans won two tickets to enter the Boston Bruins Instant Ticket Launch Event on October 4th at the TD Garden. 100 of the Lottery’s top agents were also selected to attend.

Over 3,000 fans entered to win the exclusive opportunity to watch the Bruins practice, have their photo taken with the Stanley Cup and participate in the press conference to unveil the new ticket.

The contest helped build exposure of the Lottery’s Facebook page and more than double its fan base.



Keno Game Monthly Sales YTD 2010 thru 2012

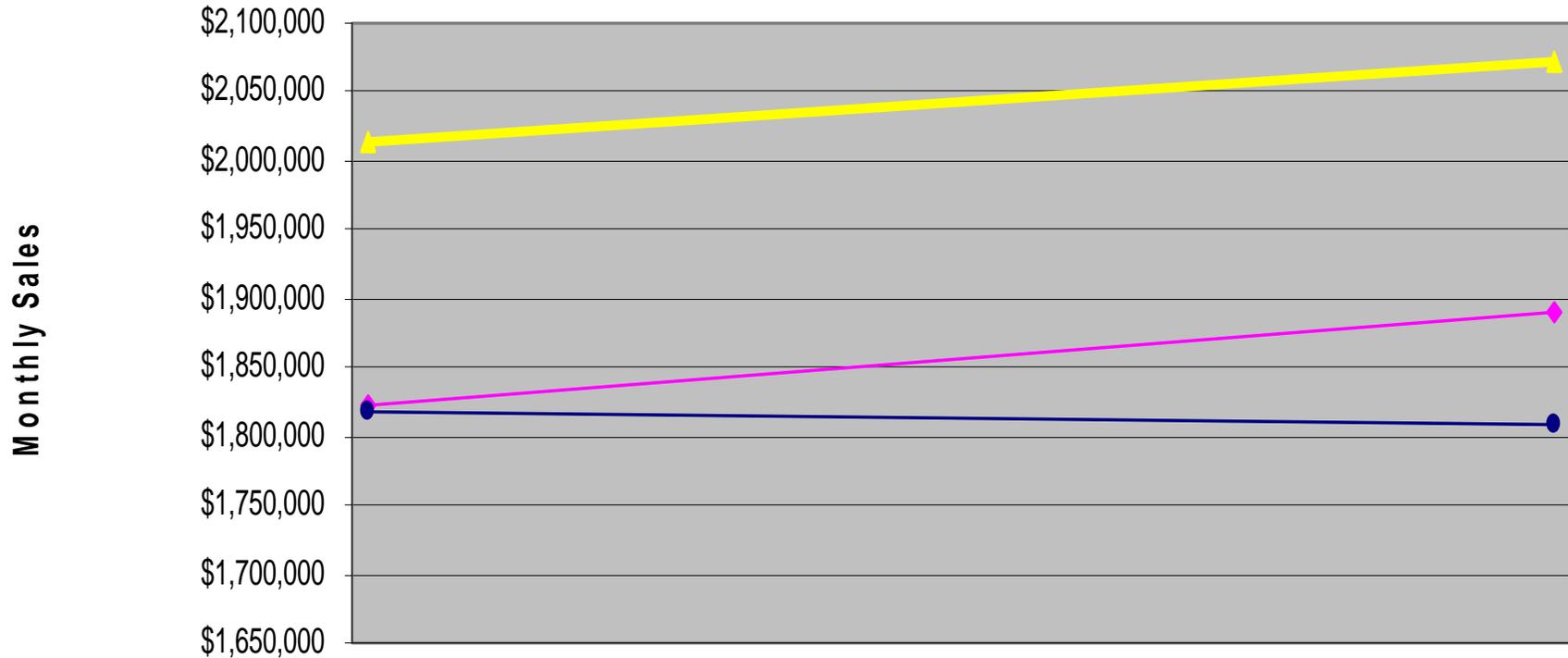


	30-Jul	3-Sep
2012 Monthly Sales	\$70,087,630	\$72,637,541
2011 Monthly Sales	\$70,481,804	\$71,819,357
2010 Monthly Sales	\$70,642,387	\$69,959,878

Month Ending



Race Game Monthly Sales YTD 2010 thru 2012

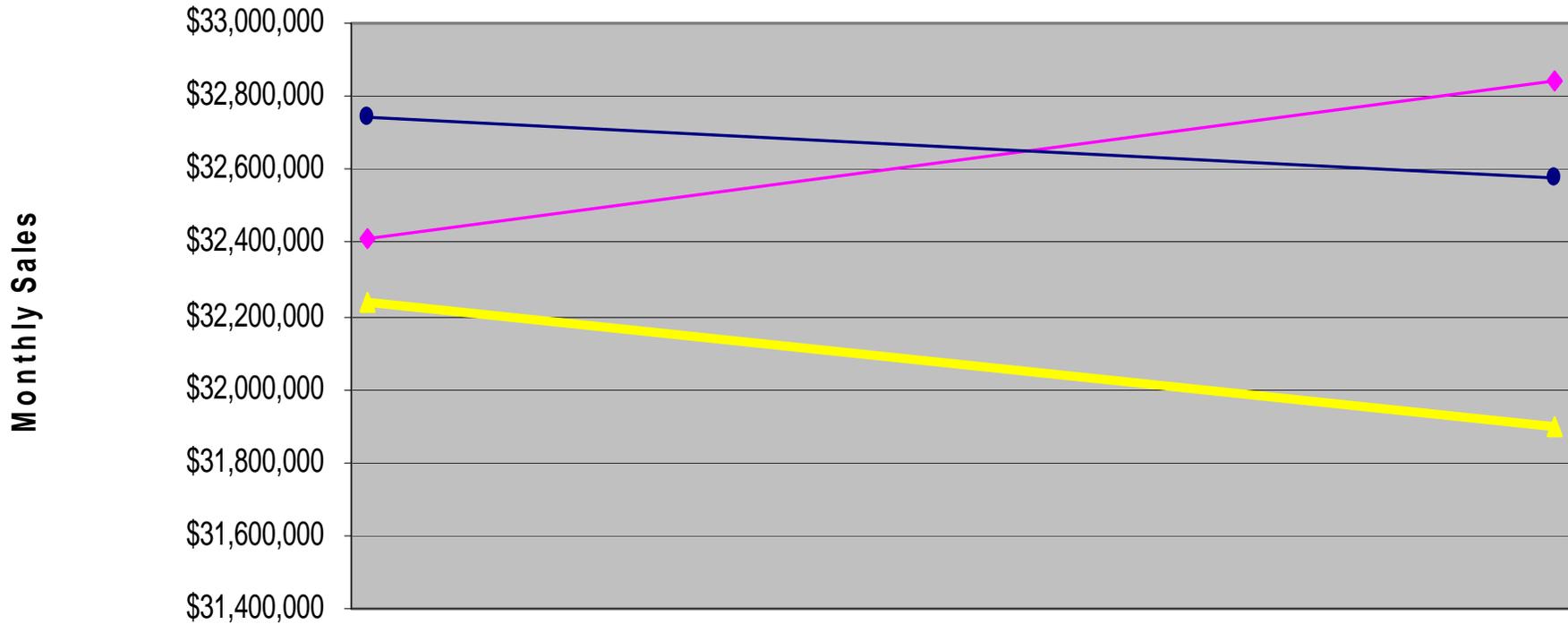


	30-Jul	3-Sep
2012 Monthly Sales	\$2,012,693	\$2,072,780
2011 Monthly Sales	\$1,823,068	\$1,890,989
2010 Monthly Sales	\$1,816,897	\$1,809,525

Month Ending



Numbers Game Monthly Sales YTD 2010 thru 2012

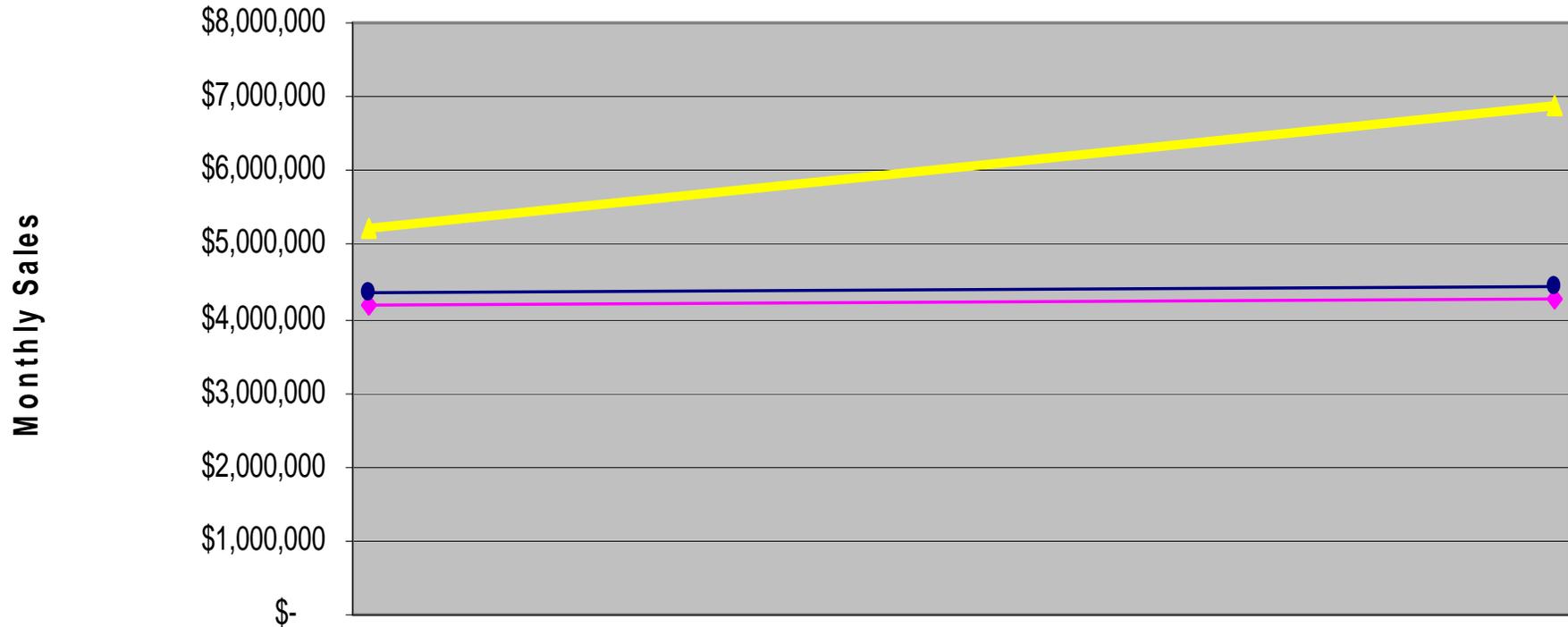


	30-Jul	3-Sep
2012 Monthly Sales	\$32,241,280	\$31,896,957
2011 Monthly Sales	\$32,410,221	\$32,843,654
2010 Monthly Sales	\$32,746,435	\$32,575,271

Month Ending



**MassCash Game Monthly Sales
YTD 2010 thru 2012**

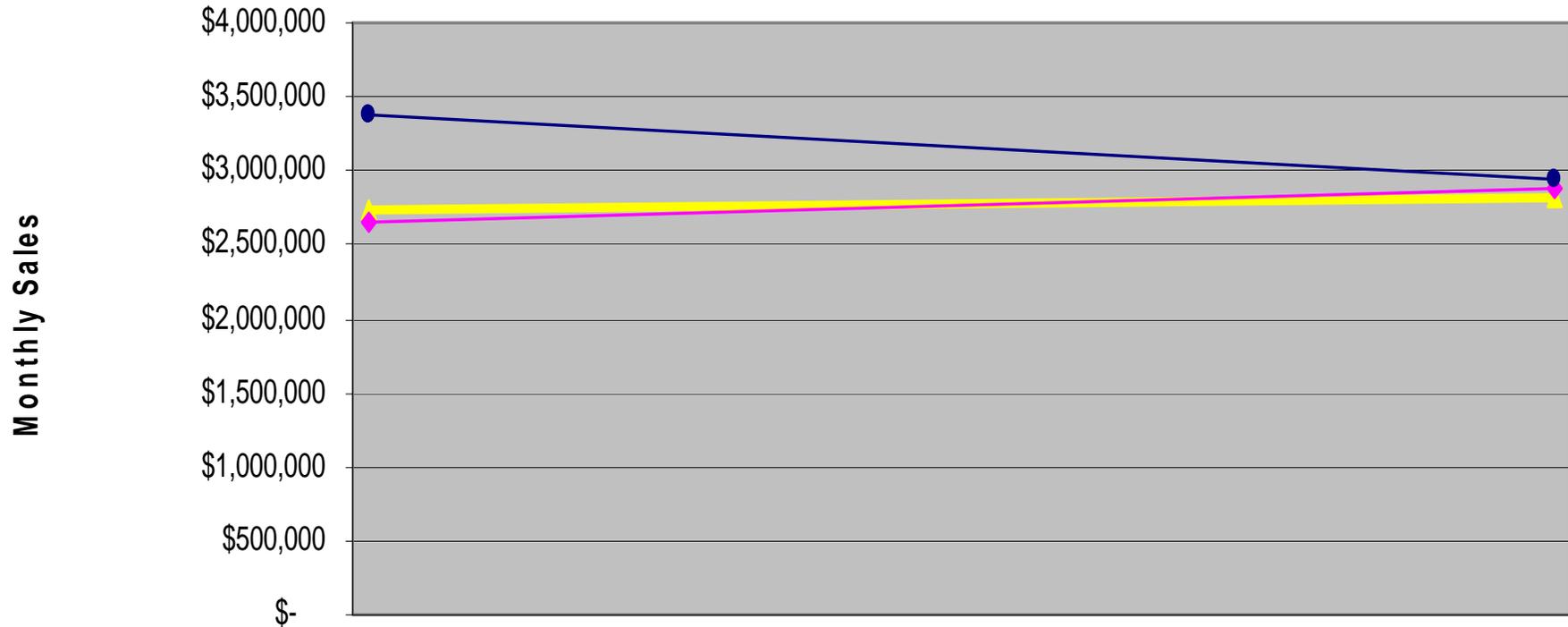


	30-Jul	3-Sep
2012 Monthly Sales	\$5,238,180	\$6,861,992
2011 Monthly Sales	\$4,192,059	\$4,285,392
2010 Monthly Sales	\$4,365,827	\$4,421,481

Month Ending



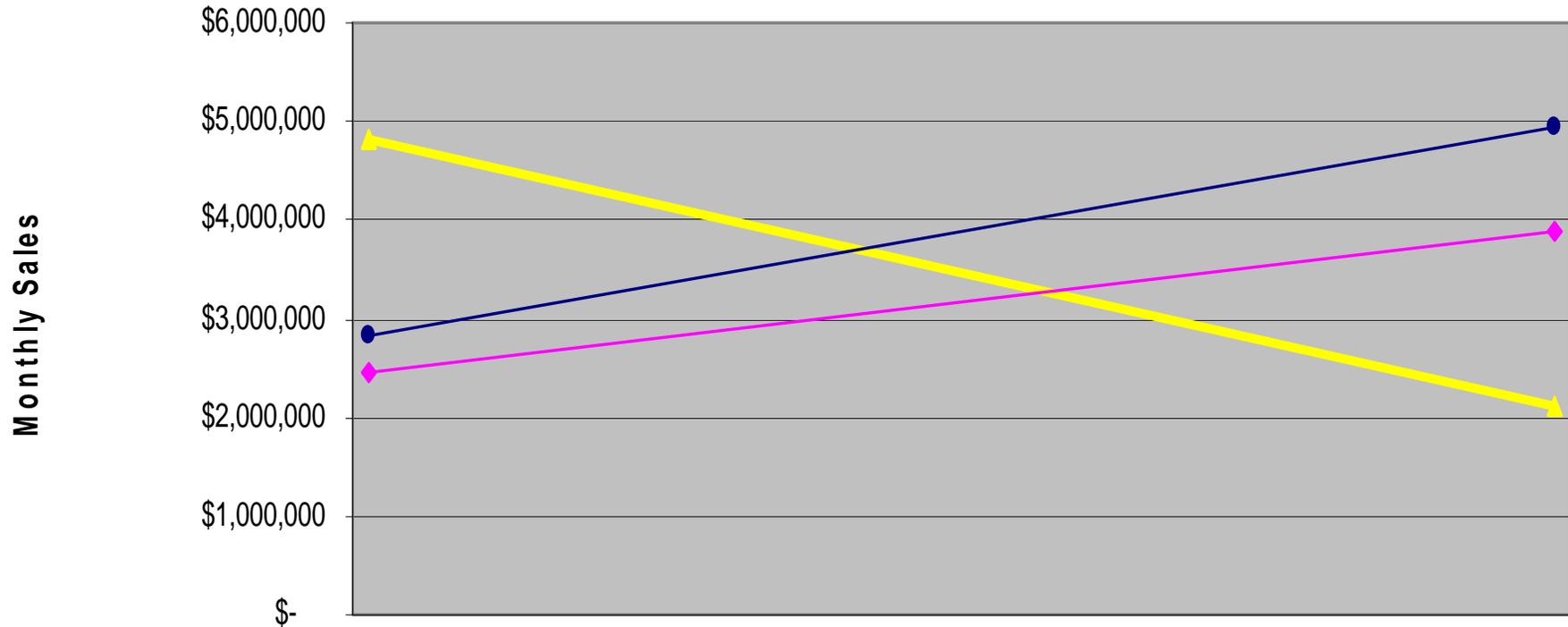
Megabucks Game Monthly Sales YTD 2010 thru 2012



	30-Jul	3-Sep
2012 Monthly Sales	\$2,742,547	\$2,823,960
2011 Monthly Sales	\$2,652,162	\$2,871,261
2010 Monthly Sales	\$3,384,868	\$2,953,182



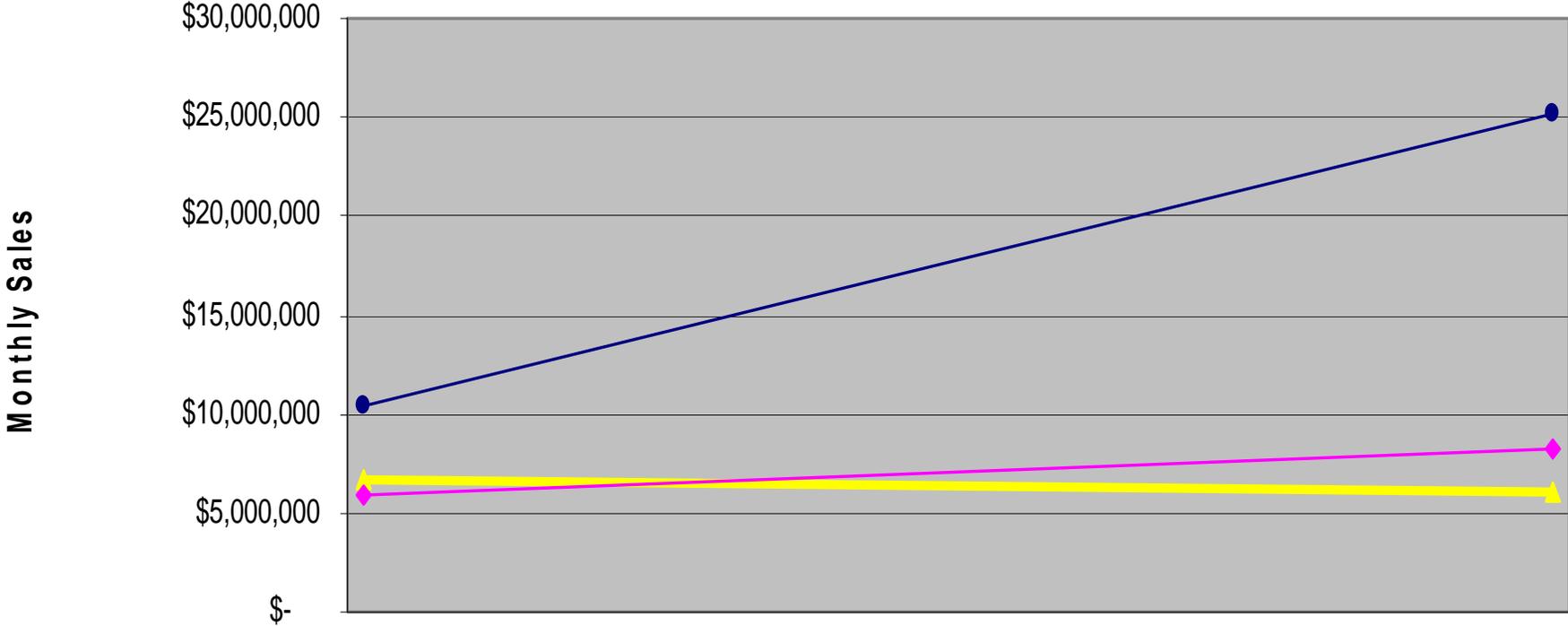
**Cash WinFall Game Monthly Sales
YTD 2010 thru 2012**



	30-Jul	3-Sep
2012 Monthly Sales	\$4,825,786	\$2,100,832
2011 Monthly Sales	\$2,452,192	\$3,889,326
2010 Monthly Sales	\$2,836,678	\$4,955,388



**Mega Millions Game Monthly Sales
YTD 2010 thru 2012**



	30-Jul	3-Sep
2012 Monthly Sales	\$6,665,583	\$6,044,294
2011 Monthly Sales	\$5,883,069	\$8,310,970
2010 Monthly Sales	\$10,418,665	\$25,167,564

Month Ending



\$32 Million Mega Millions Jackpot Winner

On August 23rd, Candido Oliveira, 47-year-old Dorchester resident, claimed the \$32 million jackpot that he won in the August 19th multi-state Mega Millions drawing.

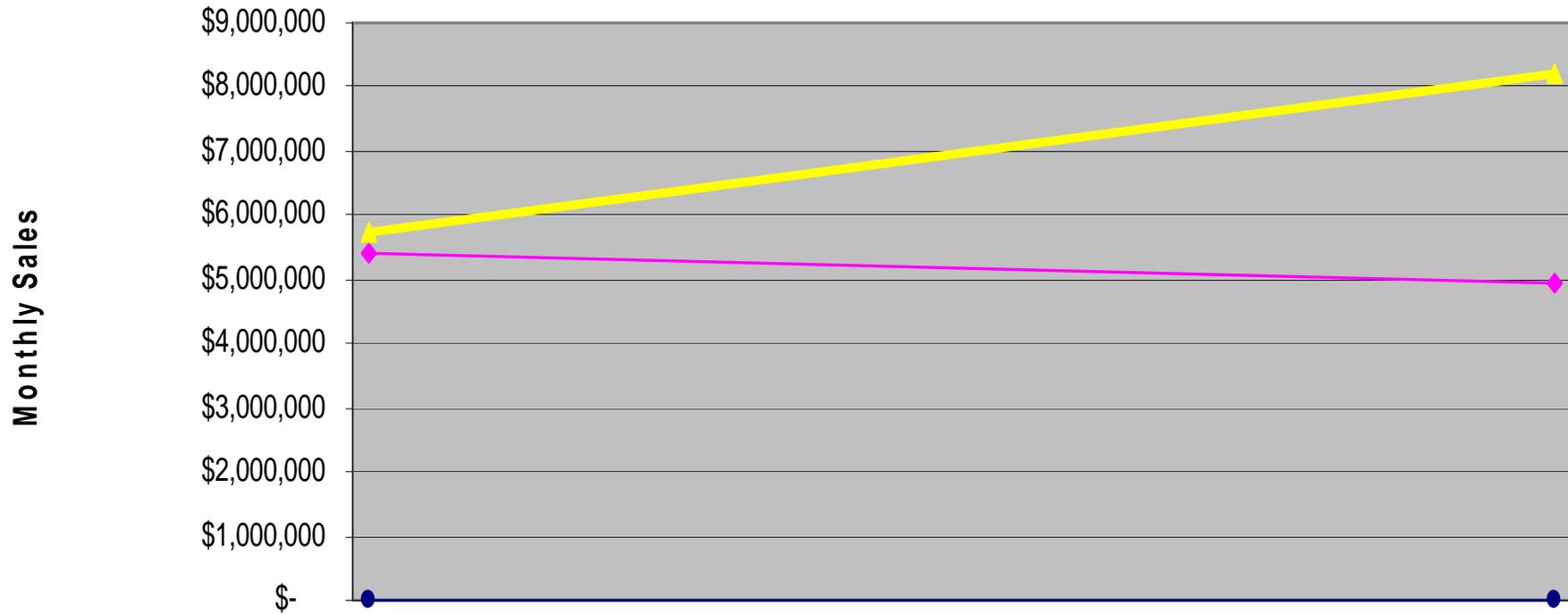
He selected the cash option on the jackpot prize and received a one-time, lump sum payment of approximately \$22.2 million, or \$15.5 million after taxes.

Hani El-Shurafa, the owner of the Dorchester Tedeschi's Food where Oliveira purchased the ticket, also benefited from his customer's win with a \$50,000 commission check for selling the winning ticket.

Oliveira's win was the first Massachusetts player to win a Mega Million jackpot since Geraldine Williams, a retired janitor from Lowell, won the then-record \$294 million top prize on July 2, 2004.



Powerball Game Monthly Sales
YTD 2010 thru 2012

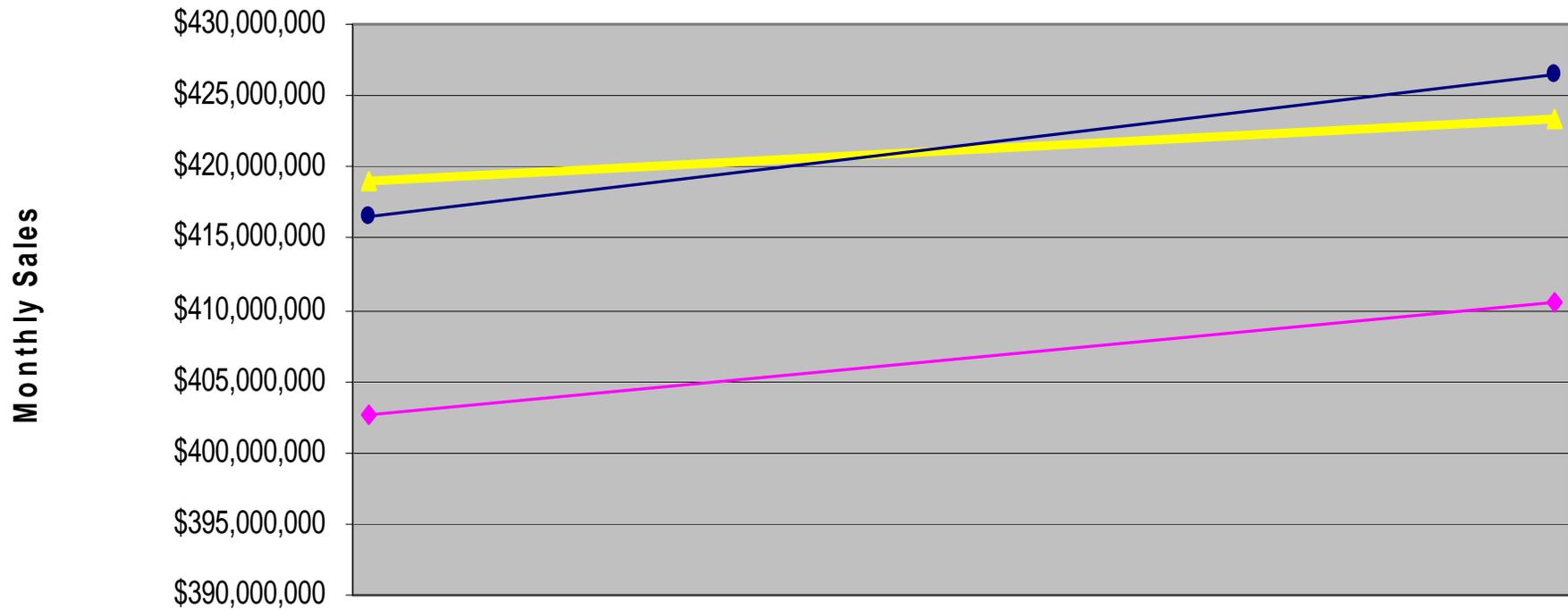


	30-Jul	3-Sep
2012 Monthly Sales	\$5,740,306	\$8,203,762
2011 Monthly Sales	\$5,395,080	\$4,948,365
2010 Monthly Sales	\$-	\$-

Month Ending



**All Game Monthly Sales
YTD 2010 thru 2012**



	30-Jul	3-Sep
2012 Monthly Sales	\$419,094,563	\$423,385,045
2011 Monthly Sales	\$402,726,294	\$410,615,966
2010 Monthly Sales	\$416,563,123	\$426,442,028

Month Ending



MSLC Revenue Results *

August FY12 vs. August FY11

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4%	\$291	68.7%	\$280	68.1%	\$11	3.9%
MegaMillions	50%	6	1.4%	8	2.0%	-2	-27.3%
Powerball	50%	8	1.9%	5	1.2%	3	65.8%
Keno	70%	73	17.2%	72	17.5%	1	1.1%
Mass Cash	55%	7	1.6%	4	1.0%	3	60.1%
Race Game	70%	2	0.5%	2	0.5%	0	9.6%
Cash WinFall	60%	2	0.5%	4	0.9%	-2	-46.0%
Numbers Game	63%	32	7.5%	33	8.0%	-1	-2.9%
Megabucks	55%	3	0.7%	3	0.7%	0	-1.6%
Total		\$423	100.0%	\$411	100.0%	\$13	3.1%
Instant Tickets		\$291	69.1%	\$280	68.9%	\$11	3.9%
Online Games		133	30.9%	131	31.1%	2	1.4%
Total		\$423	100.0%	\$411	100.0%	\$13	3.1%

* As reported on MSLC Weekly Sales Report dated September 3, 2011.



MSLC Revenue Results *

FY12 vs. FY11

Through September 3, 2011

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4%	\$580	68.9%	\$557	68.5%	\$23	4.1%
MegaMillions	50%	13	1.5%	14	1.7%	-1	-10.4%
Powerball	50%	14	1.7%	10	1.3%	4	34.8%
Keno	70%	143	16.9%	142	17.5%	0	0.3%
Mass Cash	55%	12	1.4%	8	1.0%	4	42.7%
Race Game	70%	4	0.5%	4	0.5%	0	10.2%
Cash WinFall	60%	7	0.8%	6	0.8%	1	9.3%
Numbers Game	63%	64	7.6%	65	8.0%	-1	-1.7%
Megabucks	55%	6	0.7%	6	0.7%	0	0.9%
Total		\$843	100%	\$813	100%	\$29	3.6%
Instant Tickets		\$580	69%	\$557	69%	\$23	4.1%
Online Games		262	31%	256	31%	6	2.4%
Total		\$843	100%	\$813	100%	\$29	3.6%

* As reported on MSLC Weekly Sales Report dated September 3, 2011, without adjustments for fiscal years.



Raffle Game update

The Lottery will launch sales of its first-ever online (terminal-based) raffle game at the end of October.

- The **Massachusetts \$10 Million Raffle** will award a players with a total of \$10 million in lump-sum cash prizes including:
 - One \$7 million prize
 - One \$1 million prize
 - Twenty \$50,000 prizes
 - One-thousand \$1,000 prizes
- Only 1 million tickets will be sold. Each ticket will cost \$20. The projected net return on investment is \$8,460,000.
- The drawing will take place on New Year's Day 2012 & results posted on masslottery.com
- Initial POS materials are en route to Lottery agents statewide. In addition to stand-alone pieces, the raffle ticket will also be marketed alongside our holiday and season tickets as a gift idea.



Lottery Reform Scorecard

- **Procurement**
 - We are now posting dollar values of all awarded procurements on the Lottery's website and Comm-PASS.
- **Operations Policy**
 - The Executive Director signed a hiring policy earlier in September produced by a working group that convened over the last few months to ensure a competitive, open and transparent hiring process. The group will continue to meet to discuss and implement related best practices and policies.
 - The last three trainings by the State Ethics Commission and Office of Campaign and Political Finance are scheduled for this month. At that time, we expect that 391 of an estimated total of 394 available employees will have participated in these trainings.

Thank you for this opportunity to share this information. We look forward to your feedback and to further discussion on these figures, as well as other Lottery initiatives.

