

Massachusetts State Lottery Commission Meeting

Executive Director's Report

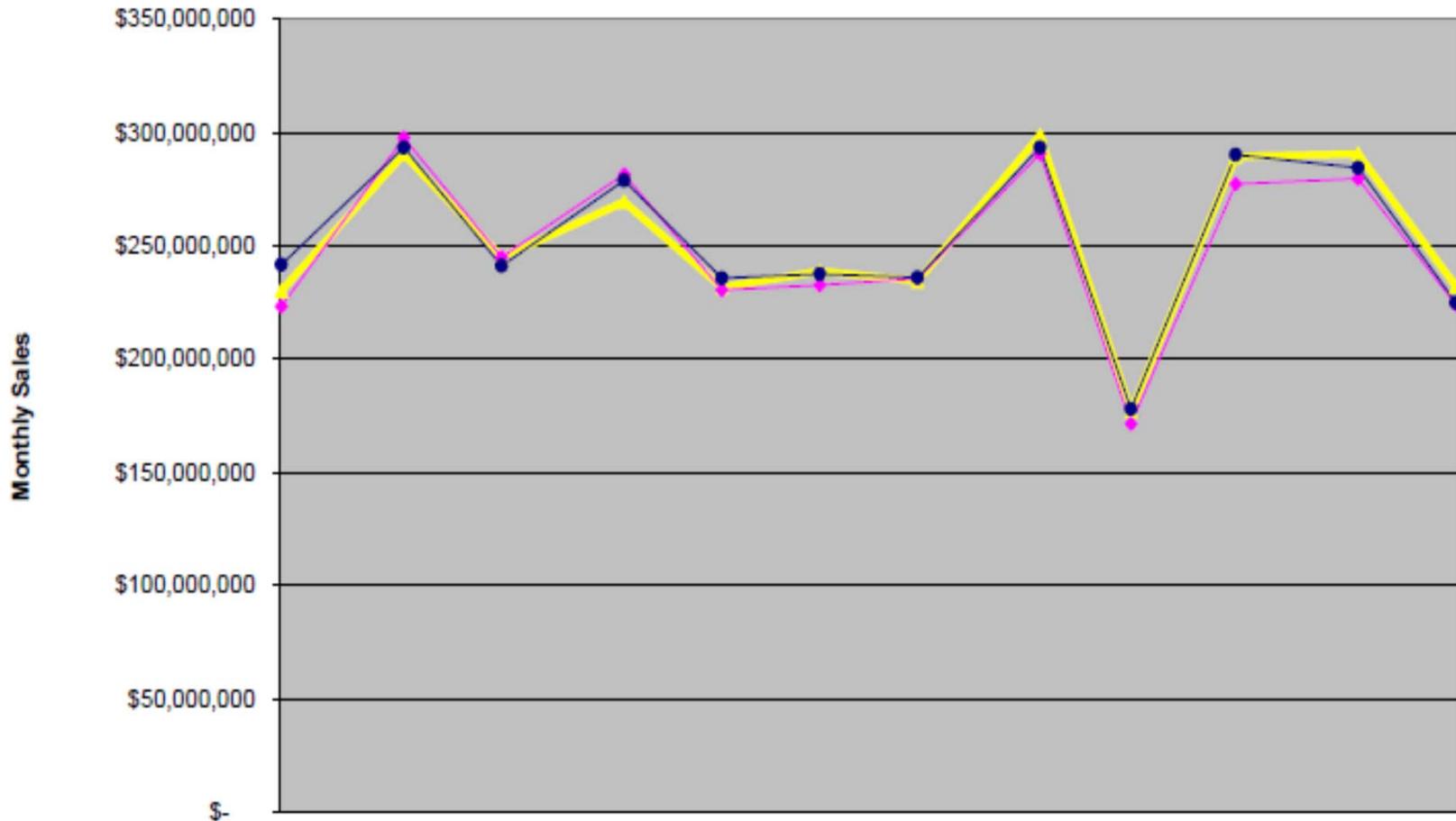
Delivered by Paul R. Sternburg
November 9, 2011



Lottery Sales Update

- Overall sales were up \$12 million for the month, prize payments were also \$13 million higher than last year. The payout this September was 73.31%, compared to 71.79% in 2010.
- This 1.52% increase in prize payout impacted the Lottery's September net profit, which was down \$2.2 million for the month, but the overall transfer for the first quarter of Fiscal Year 2012 was up \$16.8 Million.
- Instant sales in September were up \$8 million following the release of four new games - *\$10,000,000 Diamond Millionaire* (\$20), *20X The Cash* (\$5), *Strike It Witch* (\$5), and *2011 New England Patriots* (\$2).
- Other games strong performers were Keno, which was up \$2.2 million thanks to a 2nd chance promotion launched in the first weeks of the month, Mass Cash which was up \$2 million following the move to a nightly draw schedule, and Mega Millions which was up \$1 million due to higher average jackpots as compared to last year's offerings.
- The multi-state Powerball game and The Numbers Game each saw \$1 million sales decreases respectively due to lower jackpots offered in the multi-state game and cannibalization from Mass Cash's new nightly draw schedule.

Instant Game Monthly Sales Oct 08 thru Sept 11



	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$230,266,512	\$290,680,776	\$245,104,186	\$269,511,067	\$231,842,548	\$238,933,616	\$234,549,190	\$298,916,076	\$177,126,381	\$288,540,558	\$290,742,927	\$232,227,724
Oct09-Sept10 Monthly Sales	\$223,532,159	\$297,786,355	\$245,199,925	\$281,620,024	\$230,670,567	\$232,736,741	\$236,776,651	\$290,738,599	\$171,650,751	\$277,436,639	\$279,756,652	\$224,154,313
Oct08-Sept09 Monthly Sales	\$241,880,568	\$293,658,854	\$241,338,030	\$279,067,620	\$235,838,572	\$237,777,129	\$236,115,833	\$293,577,542	\$178,177,889	\$290,351,366	\$284,599,739	\$225,028,588

Month Ending



Key performers in recent game releases



Strike it Witch

Price Point: \$5

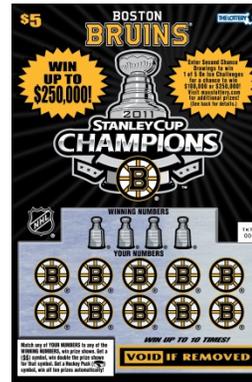
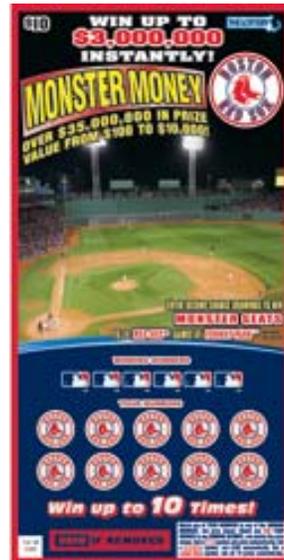
Weeks on Sale: 5

Total Sales to Date: \$12.2 million

- Strike it Witch sold out of the warehouse in just four (4) weeks.
- 5 million tickets were printed for this game which was released on September 20th.
- Ordered 5 million tickets, which was the proper quantity to ensure that the game would not infringe into the holiday sales season.
- Prior years' Halloween-themed ticket print runs have been between 6 million – 8 million with inventory occupying warehouse and retailer shelf space for several months beyond the Halloween season.

Second Chance Drawings

- Each of the Lottery's licensed Instant Tickets offer Second Chance components through which players can win prizes such as merchandise, trips, sporting event tickets and other branded items associated with the featured Instant Ticket. Second Chance drawings are scheduled as pre-determined sales marks are reached throughout the life of each ticket.
- To participate in Second Chance drawings, players must enter non-winning tickets, either online or via U.S. Mail.
- As a result of strong sales within the portfolio of licensed instant games over the last several months, we project that five Second Chance drawings will take place by the end of November. These include: \$2 *Boston Red Sox* drawing #3 (Week of 11/12); \$5 *Monster Money* drawing #4 (Week of 11/12); \$2 *New England Patriots* drawing #2 (Week of 11/12); \$5 *Boston Bruins Stanley Cup Champions* drawing #1 (Week of 11/19); and, \$5 *Price Is Right* drawing #3 (Week of 11/26).

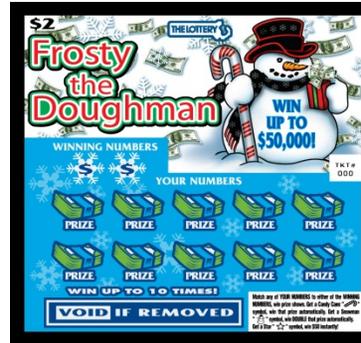


Holiday Instant Ticket Releases (Nov. 1st)

Holiday Cash
 Price Point: \$1
 Top Prize: \$4,000



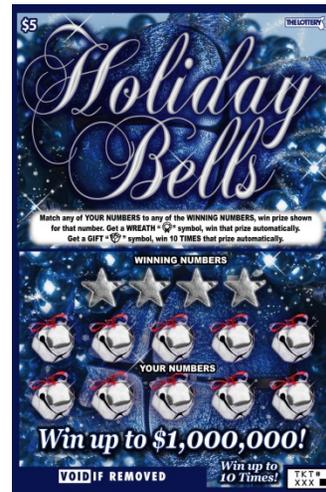
Frosty the Doughman
 Price Point: \$2
 Top Prize: \$50,000



Jingle Jackpot
 Price Point: \$10
 Top Prize: \$2 million

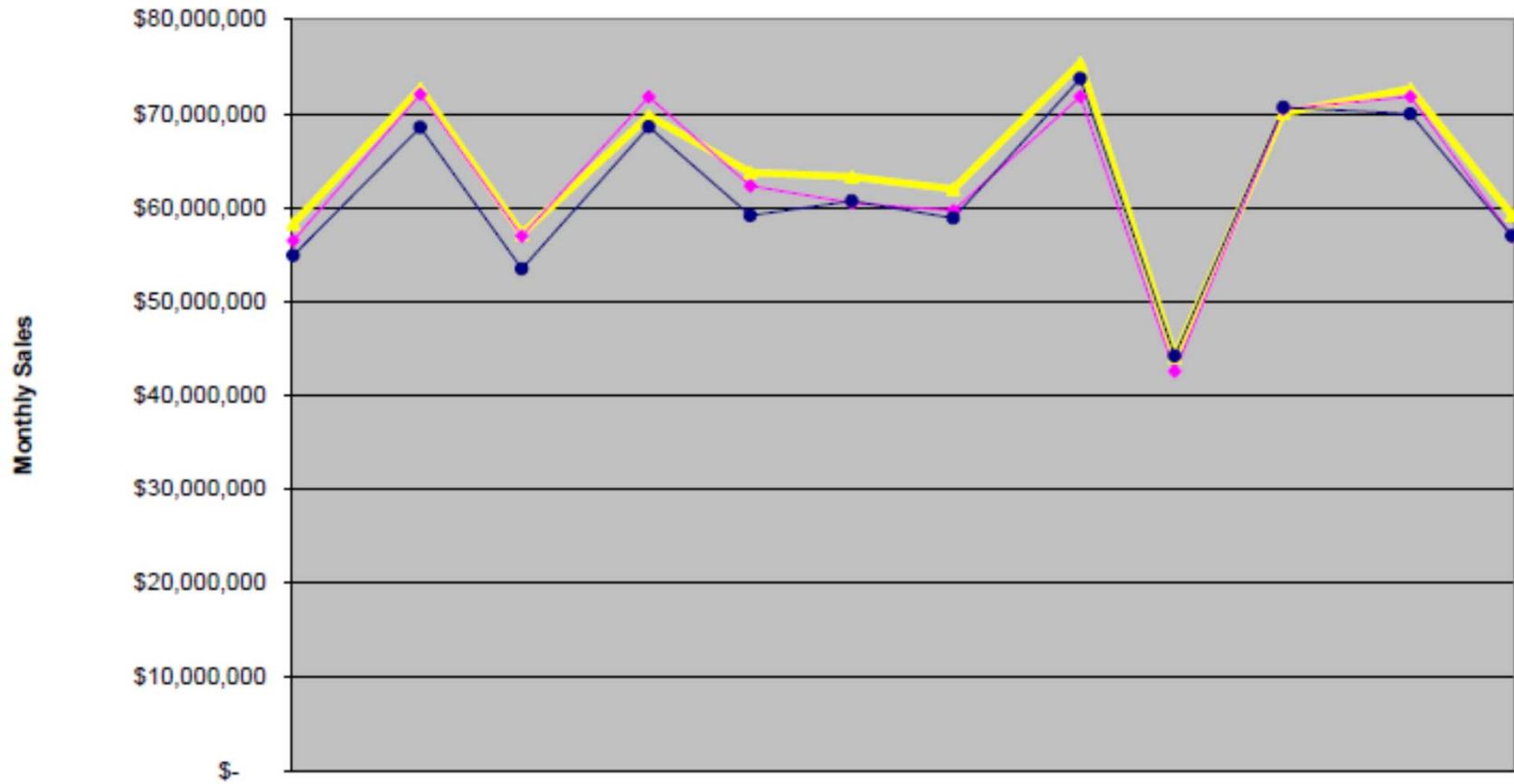


Holiday Bells
 Price Point: \$5
 Top Prize: \$1 million



**INSTANT
 GAMES**

KENO Game Monthly Sales Oct 08 thru Sept 11

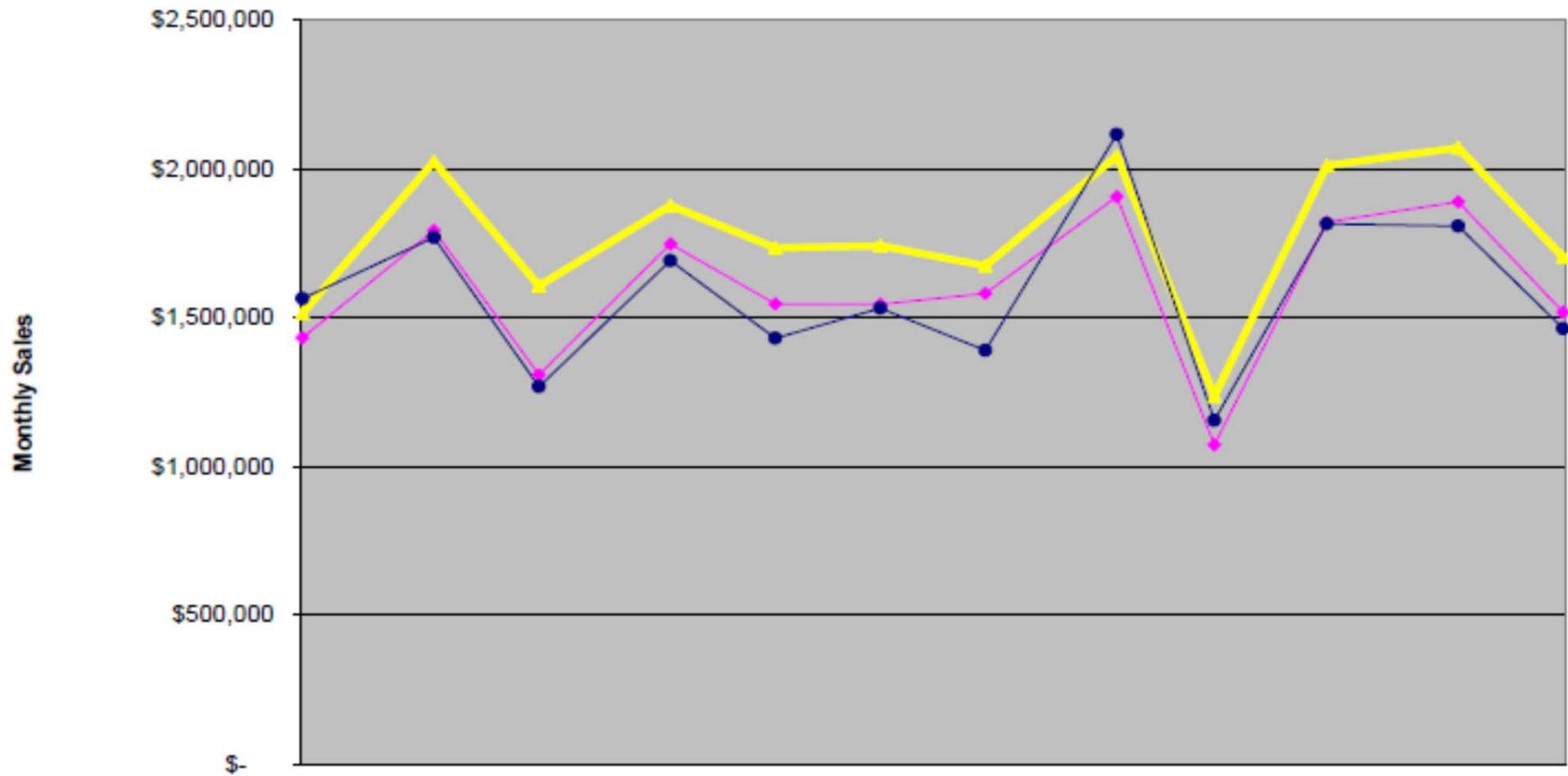


	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$58,222,815	\$72,659,946	\$57,173,914	\$68,753,994	\$63,723,343	\$63,268,022	\$61,946,220	\$75,374,599	\$44,033,827	\$70,087,630	\$72,637,541	\$59,167,172
Oct09-Sept10 Monthly Sales	\$56,451,730	\$72,043,331	\$56,913,417	\$71,790,468	\$62,282,300	\$60,463,763	\$59,646,060	\$71,815,309	\$42,506,911	\$70,481,804	\$71,819,357	\$56,939,601
Oct08-Sept09 Monthly Sales	\$54,850,975	\$68,523,720	\$53,414,371	\$68,585,055	\$59,110,106	\$60,677,223	\$58,833,449	\$73,727,679	\$44,131,997	\$70,642,387	\$69,969,878	\$56,950,538

Month Ending



Race Game Monthly Sales Oct 08 thru Sept 11

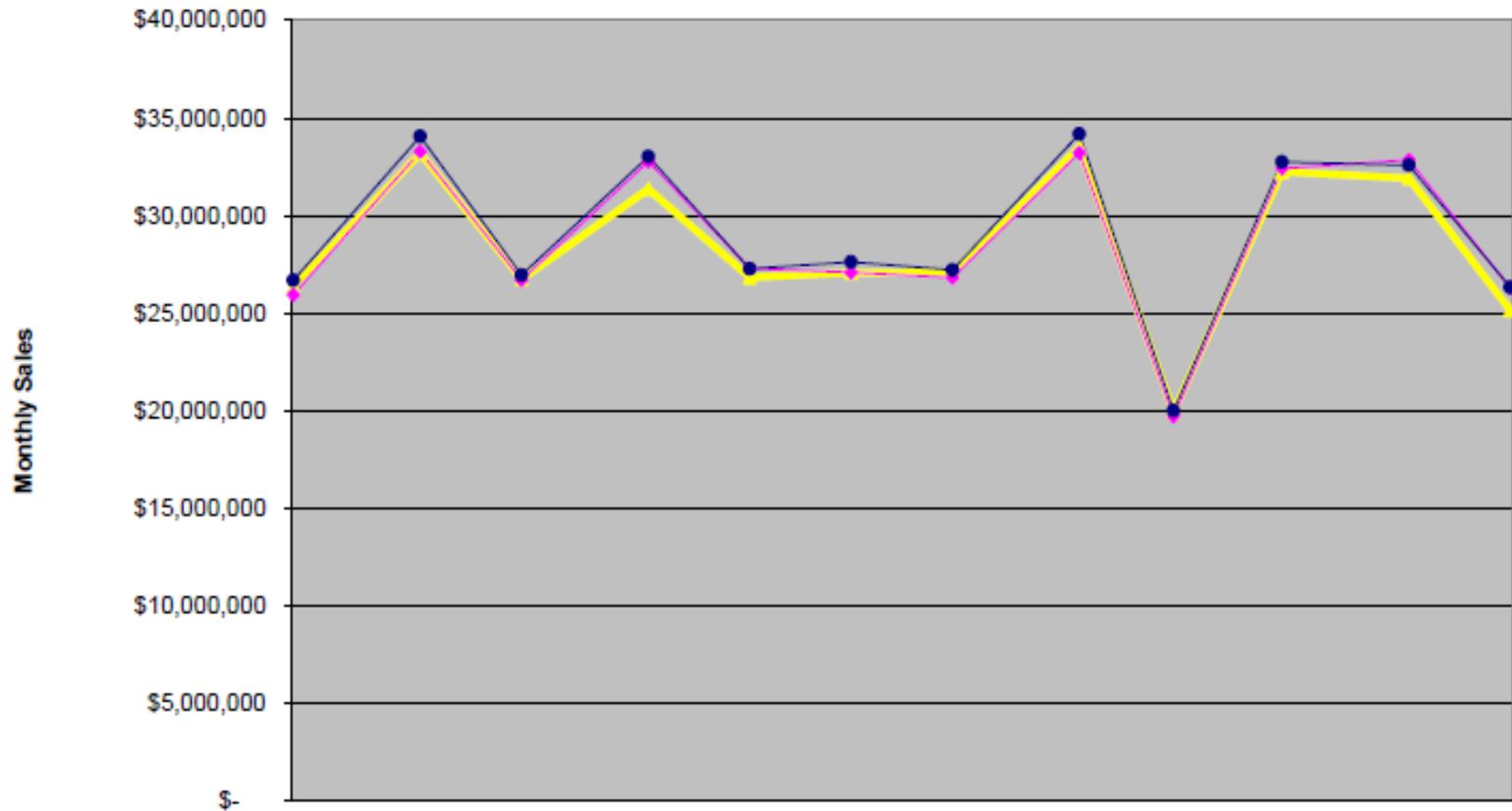


	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$1,517,425	\$2,026,063	\$1,608,235	\$1,878,607	\$1,736,019	\$1,744,067	\$1,676,092	\$2,045,327	\$1,237,246	\$2,012,693	\$2,072,780	\$1,704,618
Oct09-Sept10 Monthly Sales	\$1,434,933	\$1,794,758	\$1,309,946	\$1,749,829	\$1,547,939	\$1,546,623	\$1,582,824	\$1,908,279	\$1,074,712	\$1,823,068	\$1,890,989	\$1,520,639
Oct08-Sept09 Monthly Sales	\$1,565,578	\$1,771,129	\$1,270,322	\$1,693,505	\$1,432,243	\$1,533,212	\$1,391,564	\$2,117,116	\$1,156,630	\$1,816,897	\$1,809,525	\$1,465,347

Month Ending



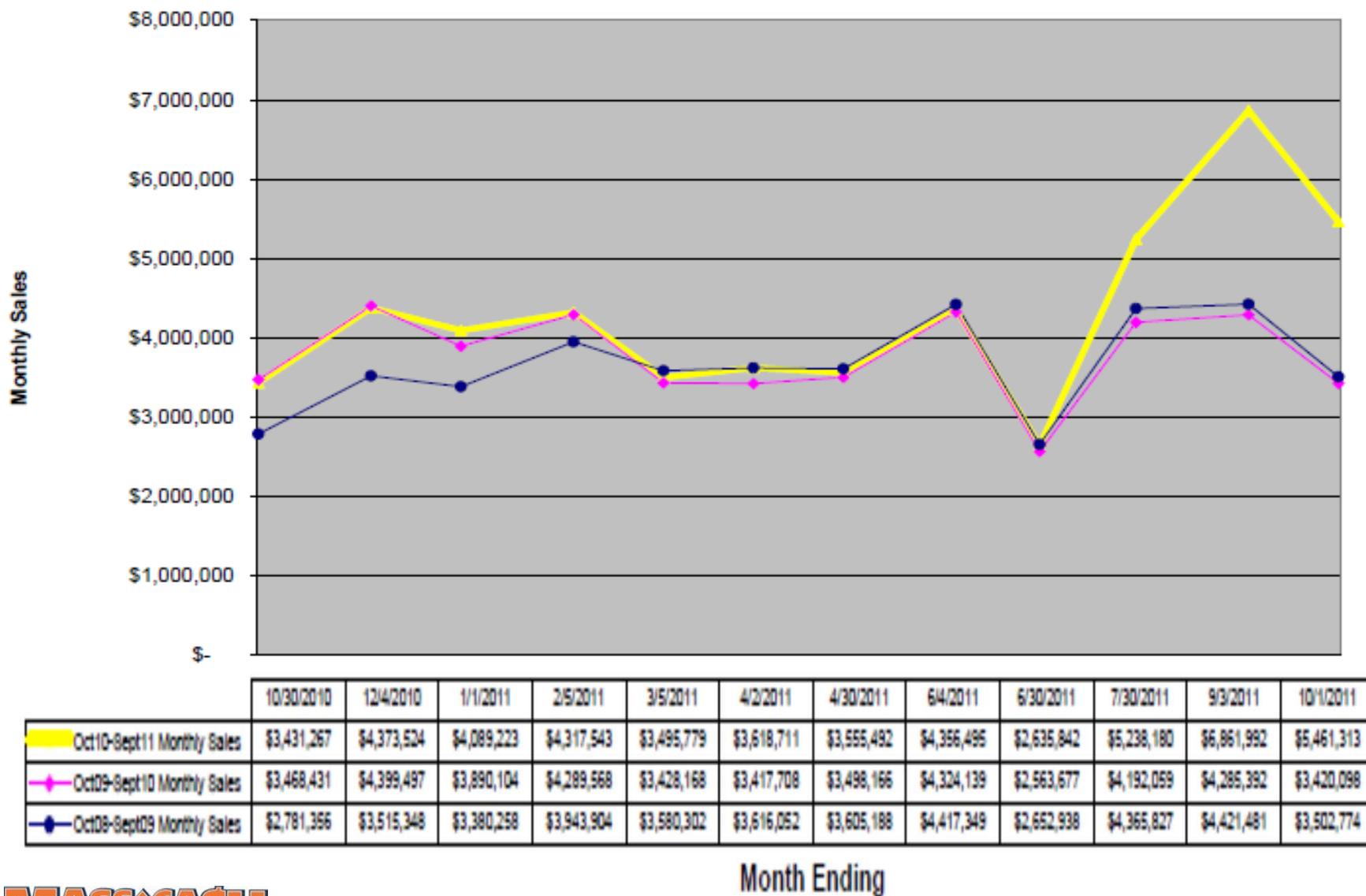
Numbers Game Monthly Sales Oct 08 thru Sept 11



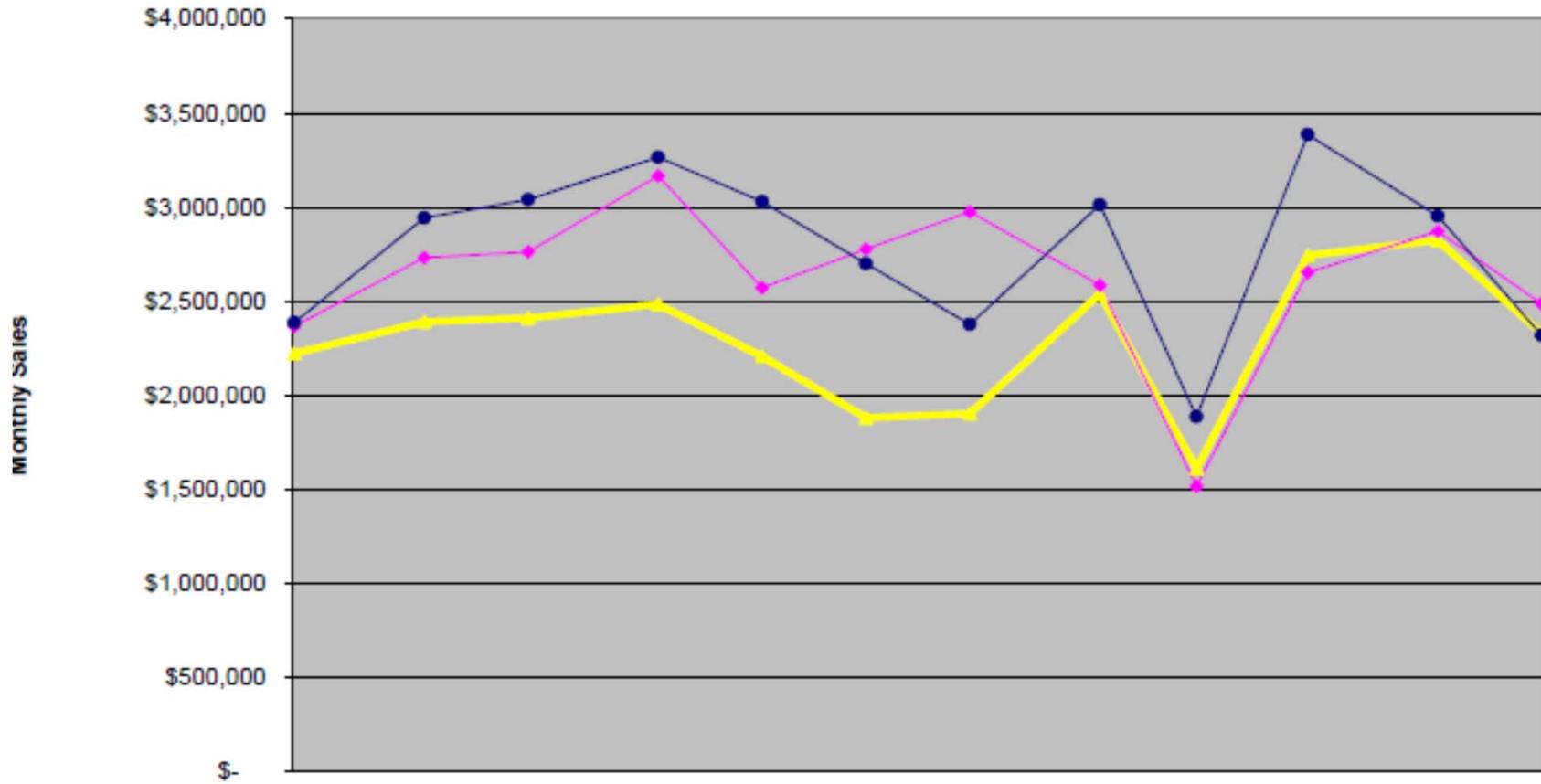
	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$26,342,732	\$33,189,633	\$26,725,004	\$31,355,851	\$26,812,928	\$27,063,003	\$27,070,774	\$33,498,382	\$19,927,891	\$32,241,280	\$31,896,957	\$25,134,513
Oct09-Sept10 Monthly Sales	\$25,935,233	\$33,272,384	\$26,680,618	\$32,764,621	\$27,275,789	\$27,076,648	\$26,805,374	\$33,217,899	\$19,676,509	\$32,410,221	\$32,843,654	\$26,268,575
Oct08-Sept09 Monthly Sales	\$26,664,412	\$34,043,712	\$26,945,965	\$33,020,733	\$27,253,312	\$27,613,957	\$27,198,470	\$34,166,855	\$19,979,044	\$32,746,435	\$32,575,271	\$26,319,786

Month Ending

**Mass Cash Game Monthly Sales
Oct 08 thru Sept 11**



Megabucks Game Monthly Sales Oct 08 thru Sept 11

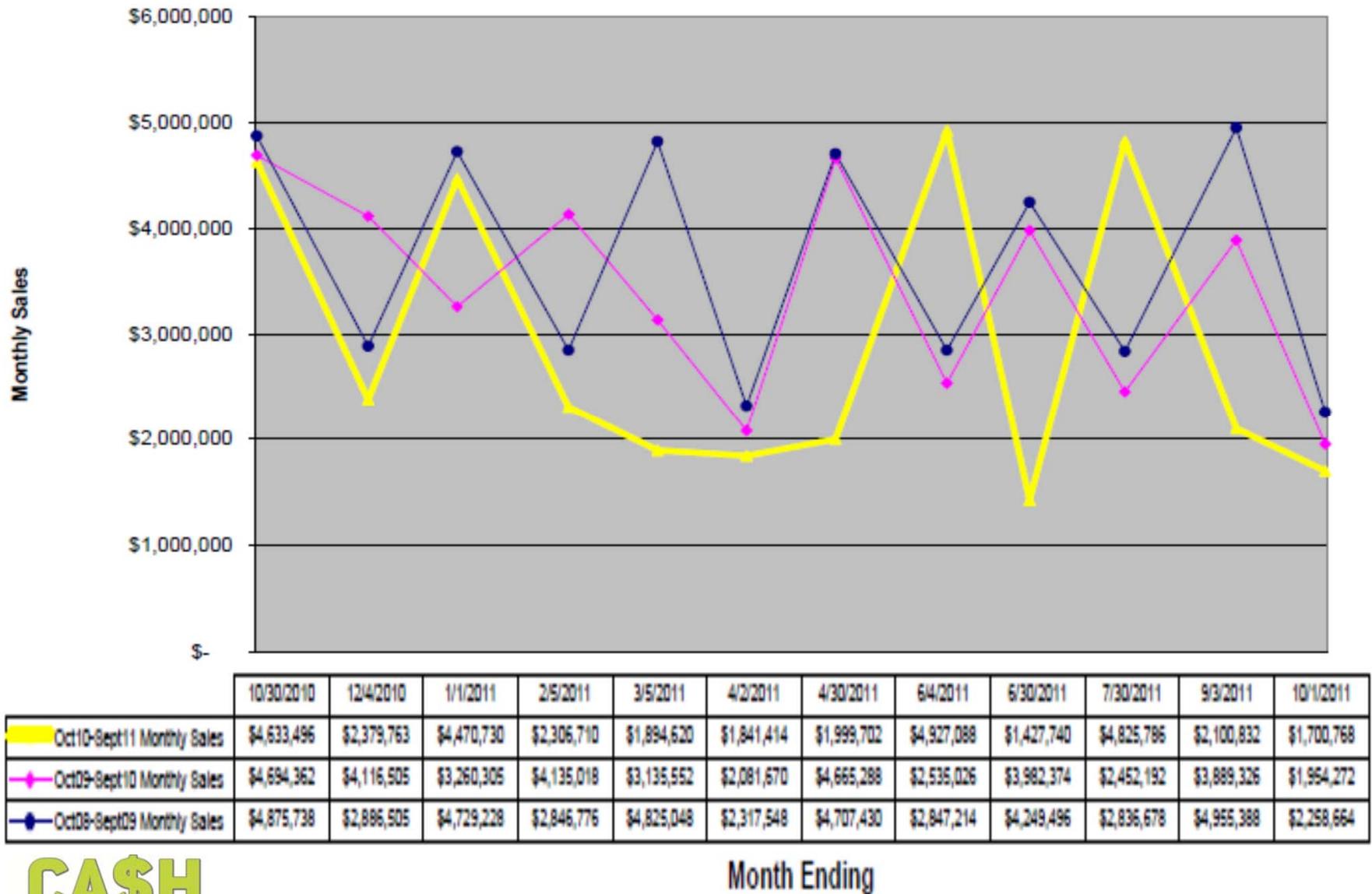


	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$2,220,819	\$2,389,826	\$2,409,018	\$2,481,937	\$2,205,105	\$1,878,503	\$1,900,644	\$2,538,472	\$1,607,561	\$2,742,547	\$2,823,960	\$2,327,303
Oct09-Sept10 Monthly Sales	\$2,366,330	\$2,730,667	\$2,751,509	\$3,165,619	\$2,570,280	\$2,775,858	\$2,974,056	\$2,584,907	\$1,515,082	\$2,652,162	\$2,871,261	\$2,485,109
Oct08-Sept09 Monthly Sales	\$2,385,569	\$2,941,798	\$3,038,872	\$3,264,579	\$3,028,577	\$2,689,039	\$2,376,529	\$3,012,415	\$1,884,318	\$3,384,868	\$2,963,182	\$2,316,107

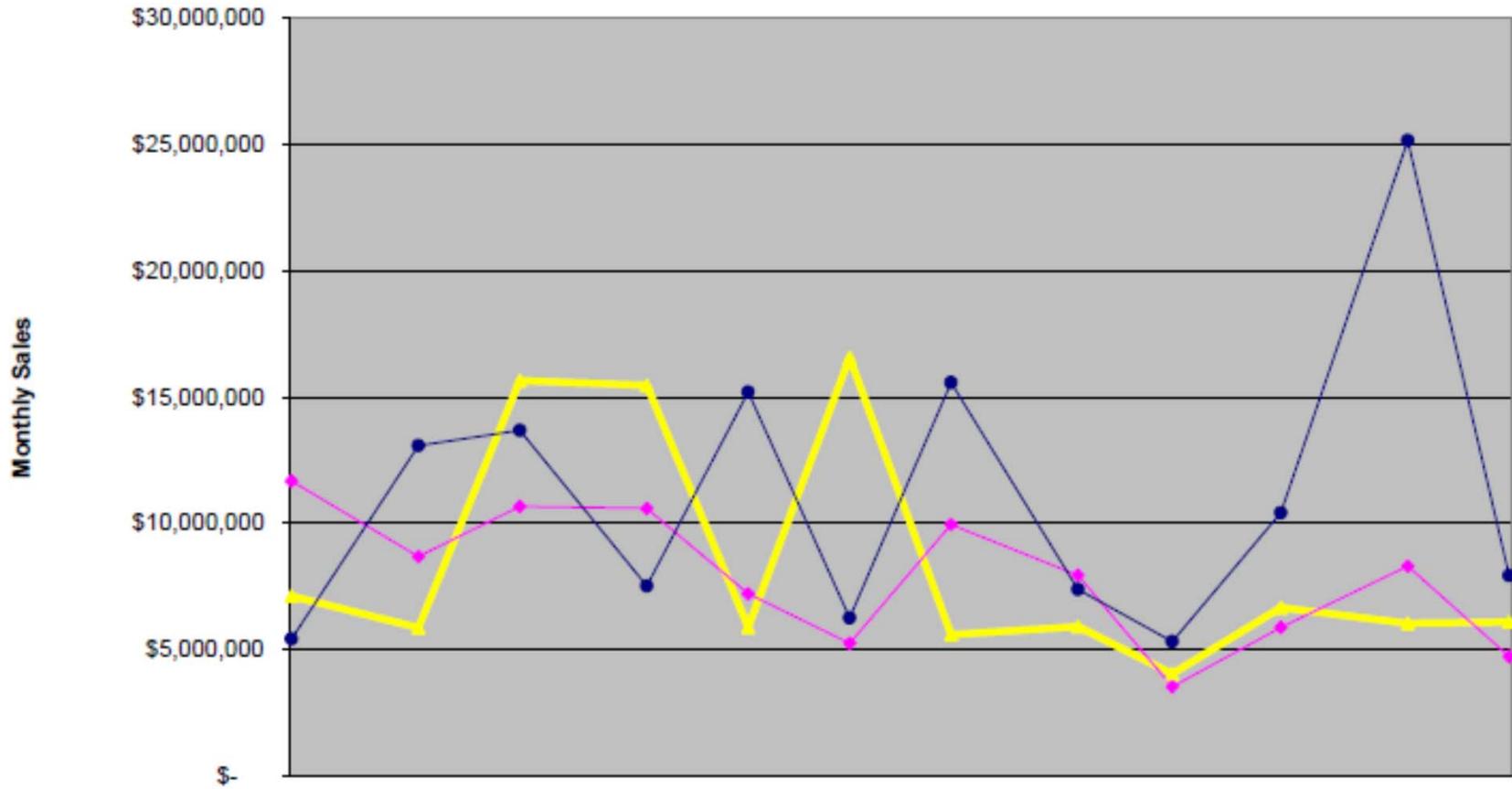
MEGABUCKS
DOUBLER

Month Ending

**Cash Winfall Game Monthly Sales
Oct 08 thru Sept 11**



Mega Millions Game Monthly Sales
Oct 08 thru Sept 11

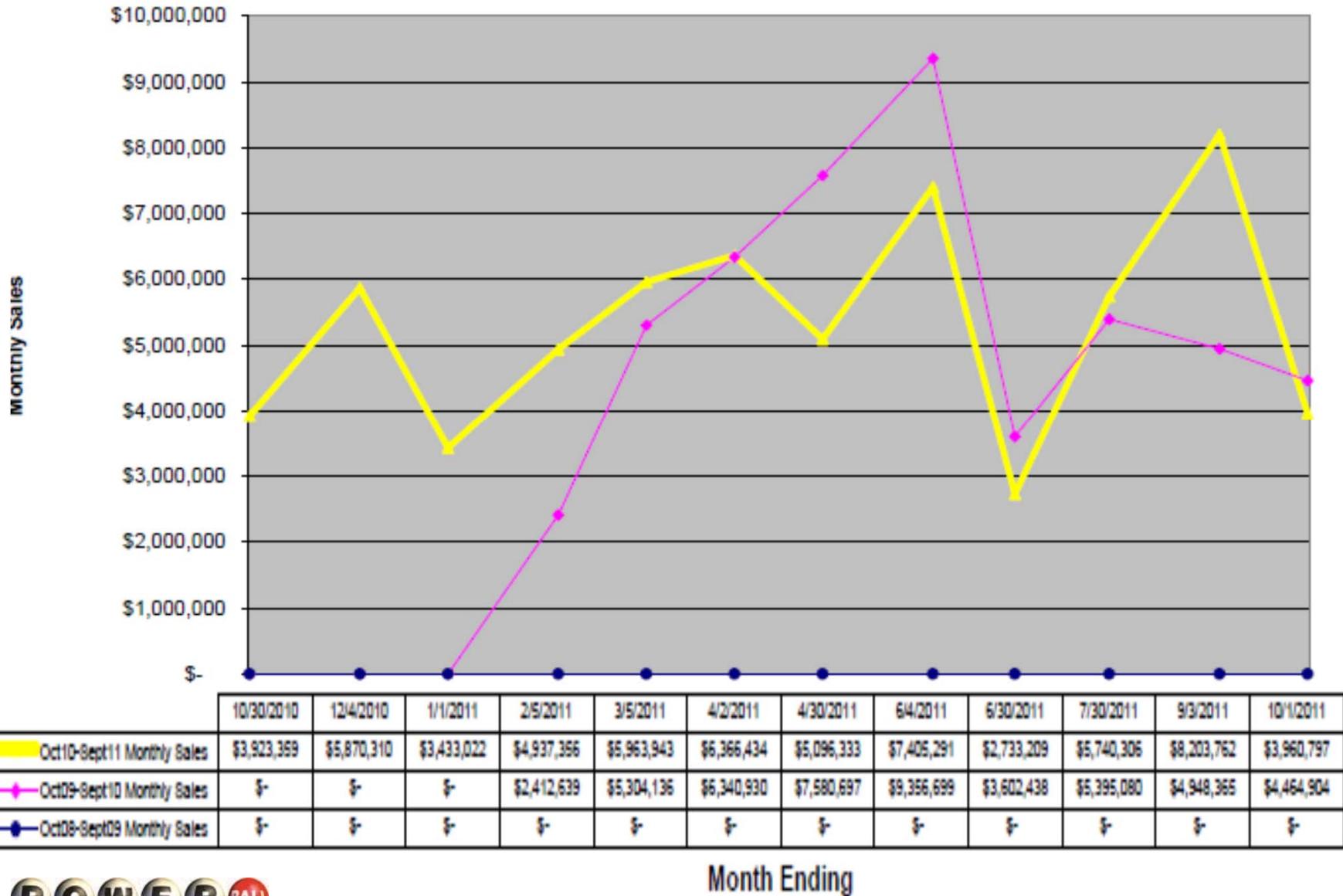


	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$7,127,421	\$6,863,271	\$15,659,869	\$15,471,338	\$6,890,784	\$16,576,585	\$5,595,416	\$5,916,940	\$4,040,274	\$6,665,583	\$6,044,294	\$5,093,254
Oct09-Sept10 Monthly Sales	\$11,679,247	\$8,689,758	\$10,675,467	\$10,591,247	\$7,211,225	\$5,249,310	\$9,954,180	\$7,945,979	\$3,528,946	\$6,883,069	\$8,310,970	\$4,721,634
Oct08-Sept09 Monthly Sales	\$5,424,321	\$13,087,663	\$13,690,410	\$7,520,331	\$15,202,368	\$6,257,260	\$15,577,338	\$7,382,147	\$5,314,676	\$10,418,665	\$25,167,564	\$7,936,388

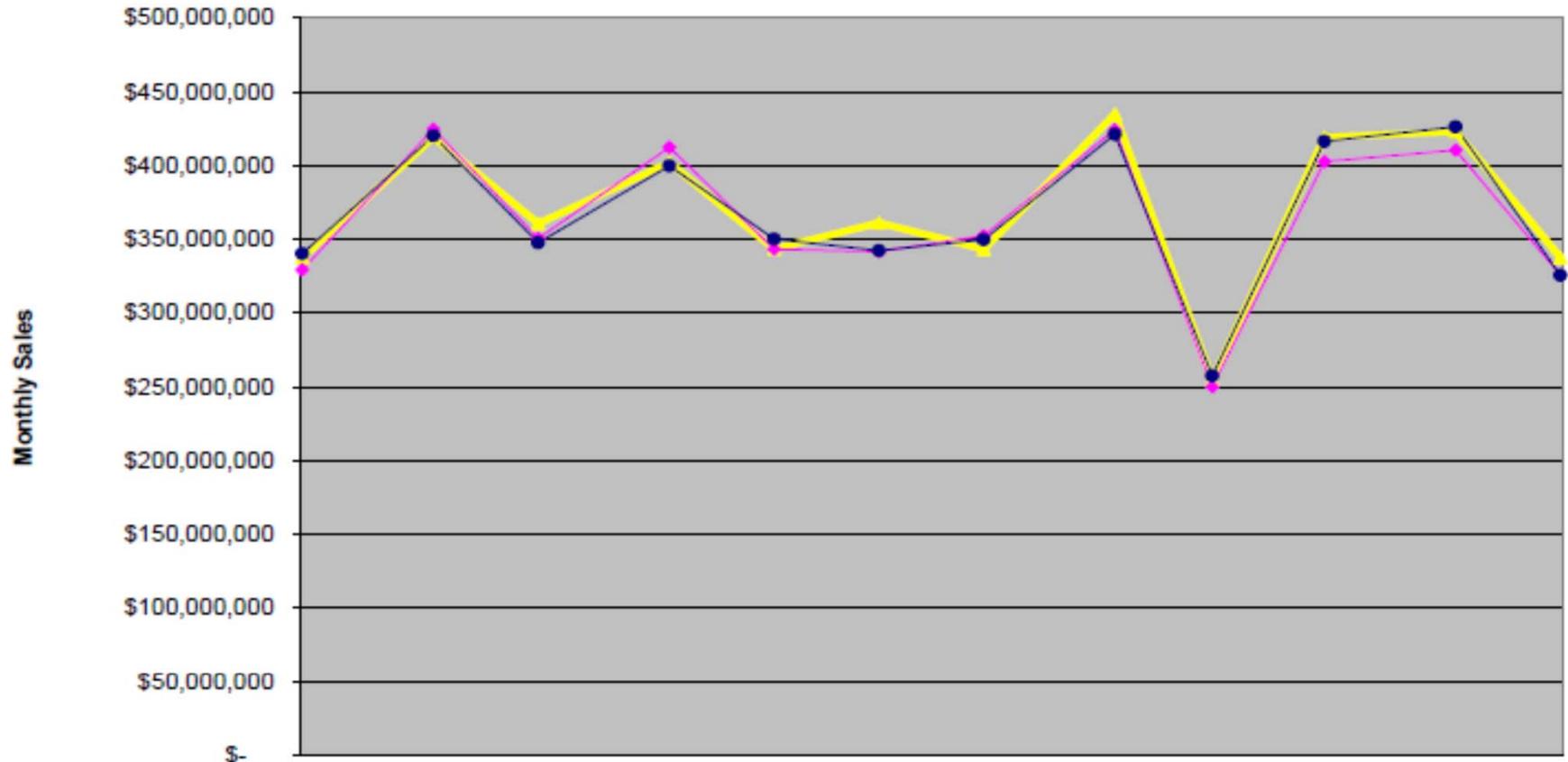
Month Ending



Powerball Game Monthly Sales Oct 08 thru Sept 11



**All Game Monthly Sales
Oct 08 thru Sept 11**



	10/30/2010	12/4/2010	1/1/2011	2/5/2011	3/5/2011	4/2/2011	4/30/2011	6/4/2011	6/30/2011	7/30/2011	9/3/2011	10/1/2011
Oct10-Sept11 Monthly Sales	\$337,685,846	\$419,433,112	\$360,673,191	\$402,014,403	\$343,565,069	\$361,290,355	\$343,489,863	\$434,978,670	\$254,769,971	\$419,094,563	\$423,385,045	\$337,777,462
Oct09-Sept10 Monthly Sales	\$329,562,425	\$424,833,255	\$350,691,291	\$412,519,033	\$343,425,956	\$341,690,251	\$352,483,296	\$424,426,836	\$250,102,400	\$402,726,294	\$410,615,966	\$325,929,145
Oct08-Sept09 Monthly Sales	\$340,428,517	\$420,328,729	\$347,807,446	\$399,942,503	\$350,270,528	\$342,491,420	\$349,805,801	\$421,248,317	\$257,546,988	\$416,563,123	\$426,442,028	\$325,778,192

Month Ending

MSLC Revenue Results *

September FY12 vs. September FY11

(\$ millions)

	Payout %	<u>FY12</u>	<u>% of Total</u>	<u>FY11</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
Instant Tickets	69.9% to 80.4%	\$232	68.7%	\$224	68.8%	\$8	3.6%
MegaMillions	50%	6	1.8%	5	1.4%	1	29.8%
Powerball	50%	4	1.2%	5	1.4%	-1	-11.1%
Keno	70%	59	17.5%	57	17.5%	2	4.0%
Mass Cash	55%	6	1.8%	3	1.0%	2	61.8%
Race Game	70%	2	0.5%	2	0.5%	0	13.3%
Cash WinFall	60%	2	0.5%	2	0.8%	0	-15.0%
Numbers Game	63%	25	7.4%	26	8.1%	-1	-4.6%
Megabucks	55%	2	0.7%	3	0.8%	0	-8.0%
Total		\$338	100.0%	\$326	100.0%	\$12	3.6%
Instant Tickets		\$232	69.1%	\$224	68.9%	\$8	3.6%
Online Games		106	30.9%	102	31.1%	4	3.7%
Total		\$338	100.0%	\$326	100.0%	\$12	3.6%

* As reported on MSLC Weekly Sales Report dated October 1, 2011.

MSLC Revenue Results *

FY12 vs. FY11

Through October 1, 2011

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	89.9% to 80.4%	\$813	68.8%	\$781	68.6%	\$31	4.0%
MegaMillions	50%	19	1.6%	19	1.7%	0	-0.5%
Powerball	50%	18	1.5%	15	1.3%	3	20.9%
Keno	70%	202	17.1%	199	17.5%	3	1.4%
Mass Cash	55%	18	1.5%	12	1.0%	6	47.9%
Race Game	70%	6	0.5%	5	0.5%	1	11.5%
Cash WinFall	60%	9	0.7%	8	0.7%	0	3.8%
Numbers Game	63%	89	7.6%	92	8.0%	-2	-2.5%
Megabucks	55%	8	0.7%	8	0.7%	0	-1.3%
Total		\$1,180	100.0%	\$1,139	100.0%	\$41	3.8%
Instant Tickets		\$813	69.1%	\$781	68.9%	\$31	4.0%
Online Games		368	30.9%	358	31.1%	10	2.8%
Total		\$1,180	100.0%	\$1,139	100.0%	\$41	3.8%

* As reported on MSLC Weekly Sales Report dated October 1, 2011.

Lottery Reform Scorecard

- **Procurement**

- We have instituted a revised evaluation system for the RFR process that standardizes the point system to offer additional clarity for our procurement management teams. The revision reflects the Treasurer’s “Invest in Massachusetts” program.
- We were pleased to partner with the Boston Bar Association in advertising our (recently closed) RFR seeking qualified law firms for legal work at the MSLC. The BBA, for the first time, circulated a state agency’s RFR notice to help promote rigorous and diverse competition in the public procurement process.

- **Operations Policy**

- The draft by-laws for the MSLC has now circulated widely for discussion.
- The MSLC’s website will soon include an expanded governance page that provides additional transparency regarding the Commission and its meetings.

Lottery Governance Webpage Updates

Massachusetts State Lottery - About the Lottery - Windows Internet Explorer

http://www.masslottery.com/about/new-index.html

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THE LOTTERY

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About the Lottery

The Massachusetts State Lottery was established by the legislature in 1971 in response to the need for revenues for the 351 cities and towns of the commonwealth.

To provide an operating structure for the Lottery, the Legislature established a five-member commission that includes the state treasurer as chairperson, the secretary of public safety, the state comptroller, and two gubernatorial appointees.

The Commissioners set overall policy for the Lottery that reflects its statutory mission and vision. They advise and make recommendations to the Executive Director of the Lottery regarding its operation and administration.

Contact Us
(781) 849-5555
Headquarters
60 Columbian Street
Braintree, MA 02184
[See all offices](#)

The Lottery Gives Back
Each year, the Massachusetts State Lottery returns money to the cities and towns across the commonwealth to help aid our communities.
[Find out how much your town has received.](#)

History of the Lottery
1973: The Lottery is first established.
1978: The first Lotto game is introduced. A first for the entire country.
1987: Mass Millions is introduced.
1991: Mass Cash is introduced.
[Read More](#)

Employment Opportunities
We offer our employees excellent benefits, flexible positions, and long-term stability.
[Apply Now](#)

Procurement
For information about Lottery-related

NEW

The Lottery Leadership Team

Steven Grossman, State Treasurer & Receiver General



Steven Grossman brings to the office of Treasurer and Receiver General a family heritage of public service, a lifetime dedicated to helping others, and years of experience as a hard-working businessman with a sense of responsibility for the well-being of his colleagues and his community.

He is committed to using the full potential of the Treasurers office to protect the publics money, help create jobs, boost small businesses, and bring new standards of transparency and disclosure to state government.

[Read More](#)

Paul R. Sternburg, Executive Director

Lottery Governance Webpage Updates

NEW →

Massachusetts State Lottery - About the Lottery - Windows Internet Explorer
http://www.masslottery.com/about/new-index.html

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Paul R. Sternburg, Executive Director

Treasurer Steven Grossman named **Paul R. Sternburg** Executive Director of the Massachusetts State Lottery on January 2011, making him the 10th director since the Lottery's inception in 1971.

As Executive Director, Paul is responsible for leading the operations of the Lottery's five regional offices and its 400 employees, as well as a network of over 7,400 retailers that work together to generate more than \$4.5 billion in revenue and return \$900 million each year in local aid to the Commonwealth's 351 cities and towns.

▶ [Read More](#)

Massachusetts Lottery State Commissioners

Martin J Benison, Comptroller

Martin J. Benison has served as Comptroller of the Commonwealth since 1999. He is chairman of the Governmental Accounting Standards Advisory Council, First Vice President of the National Association of State Auditors, Comptrollers and Treasurers and Past President of the National Association of State Comptrollers.

▶ [Read More](#)

Mary Elizabeth Heffernan, Secretary of Public Safety

Mary Elizabeth Heffernan was appointed Secretary of Public Safety and Security by Governor Patrick in January 2010. She brings to that position more than 20 years of experience in criminal justice and governmental affairs, including her previous service as the Undersecretary of Criminal Justice within the Executive Office of Public Safety and Security and Associate General Counsel and Director of Intergovernmental and Regulatory Affairs at Beth Israel Deaconess Medical Center in Boston.

▶ [Read More](#)

Procurement ← **NEW**

For information about *Lottery-related procurements* in process please click on one of the below links.

- [Upcoming Procurements](#)
- [Current Procurements](#)
- [Awarded Procurements](#)

Commission Meetings and Materials ← **NEW**

- [By-Laws](#)
- [Committee Charters](#)
- [Schedule](#)
- [Notices](#)
- [Commission Meeting Minutes](#)

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.

