

# **Massachusetts State Lottery Commission Meeting**

## *Executive Director's Report*

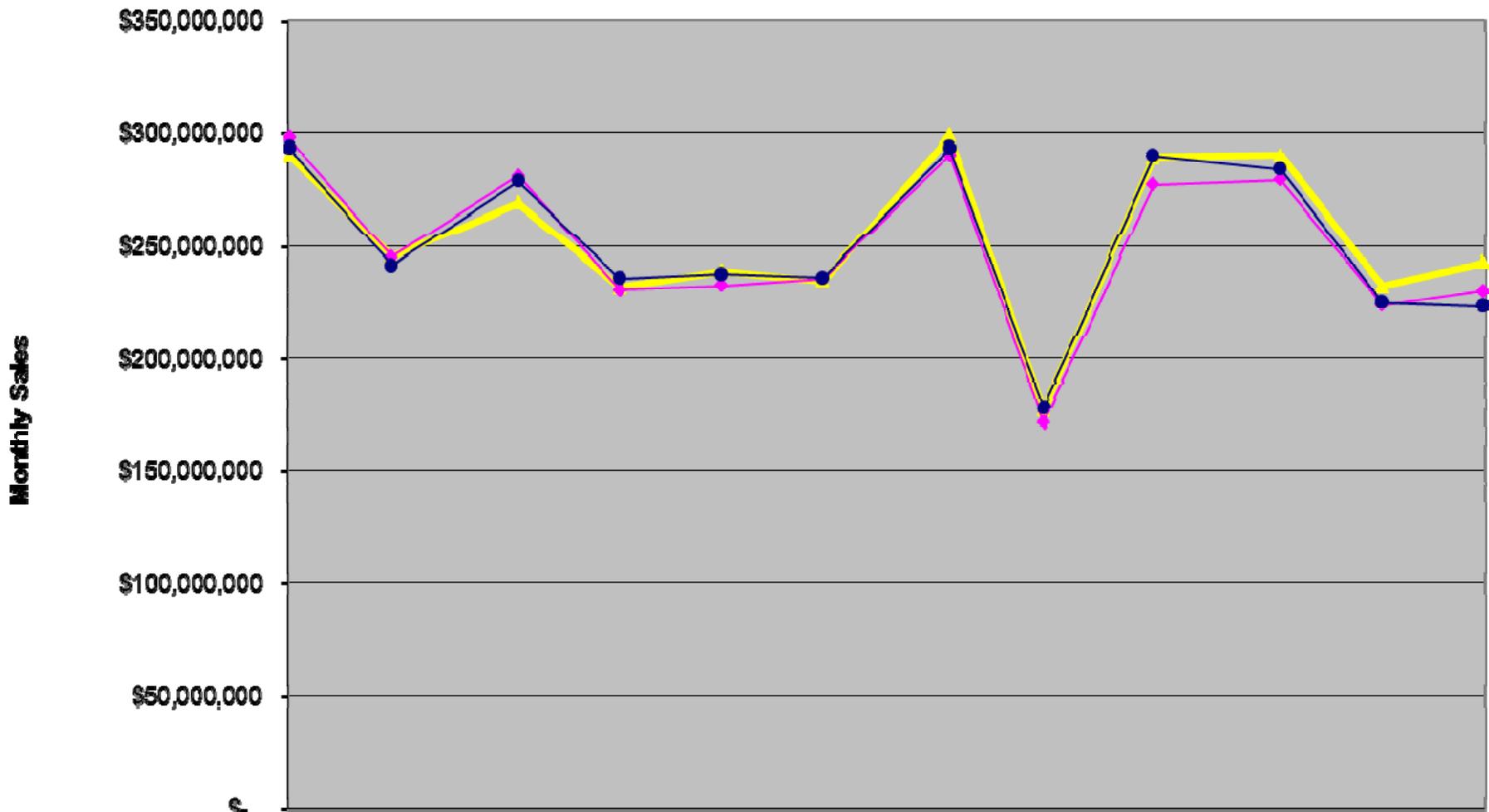
**Delivered by Paul R. Sternburg  
November 29, 2011**



# Lottery Sales Update

- Fiscal Year 2012 Lottery sales continue to be on the rise, with October's results ringing in \$13 million higher than last year. While a 0.8% increase in prize payouts impacted the gain, the Lottery's overall net profit in October 2011 still grew by \$6 million.
- The prize payout in October 2011 is 0.8% higher than the rate in October 2010; however, the Lottery's overall prize payout for the first four months of FY12 is 72 percent compared to a 73.1% prize payout for the same time period in FY11.
- This 1.1% decrease in prize payout thus far in FY12, coupled with several months of strong sales brings the Lottery's overall increase in net profit to \$23 million for the first third of the year.
- October's sales increase was largely fueled by *Instant Ticket* sales, which were up \$13 million. Sales for the multi-state *Powerball* game increased by \$4 million due to the higher jackpot levels this year; *Mass Cash* sales were up \$2 million; and, *Keno* saw a \$1 million increase last month.
- Games that experienced sales decreases were the multi-state *Mega Millions* game, due to smaller jackpots compared to last year's offerings; *Cash WinFall* sales decreased by \$3 million largely because the jackpot was won before the game reached its signature \$2 million "rolldown" mark; and, *The Numbers Game* was down \$1 million due to the continued cannibalization stemming from *Mass Cash's* expanded draw schedule.

### Instant Game Monthly Sales Nov 08 thru Oct 11



|                           | 12/02/10     | 1/1/2011     | 2/6/2011     | 3/6/2011     | 4/2/2011     | 4/30/2011    | 5/0/2011     | 5/30/2011    | 7/30/2011    | 8/3/2011     | 10/1/2011    | 10/28/2011   |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Nov10-Oct11 Monthly Sales | \$290,600.77 | \$346,104.10 | \$289,611.08 | \$231,842.64 | \$238,933.81 | \$234,849.19 | \$298,918.37 | \$177,128.33 | \$289,640.66 | \$290,742.92 | \$232,227.72 | \$242,681.84 |
| Nov09-Oct10 Monthly Sales | \$297,768.36 | \$346,198.92 | \$281,620.02 | \$233,870.68 | \$232,733.74 | \$236,778.86 | \$290,738.99 | \$171,860.75 | \$277,438.83 | \$279,768.86 | \$224,164.31 | \$230,284.6* |
| Nov08-Oct09 Monthly Sales | \$293,658.65 | \$341,338.03 | \$279,887.82 | \$235,838.57 | \$237,777.12 | \$238,115.83 | \$293,577.54 | \$176,177.83 | \$290,361.38 | \$264,699.73 | \$226,028.98 | \$223,532.16 |



Month Ending

# Top performers in October by price point

**Fast \$50**  
 Released 8/9/11  
 Price Point: \$1  
 October Sales: \$2.8 M



**Cashword**  
 Released 9/23/11  
 Price Point: \$2  
 October sales: \$12.1 M



**20X The Cash**  
 Released 9/23/11  
 Price Point: \$5  
 October sales: \$22.68 M



# Top performers in October by price point

**Mass.  
Millionaire Mania**  
Released 6/15/11  
Price Point: \$10  
October sales: \$14.9 M

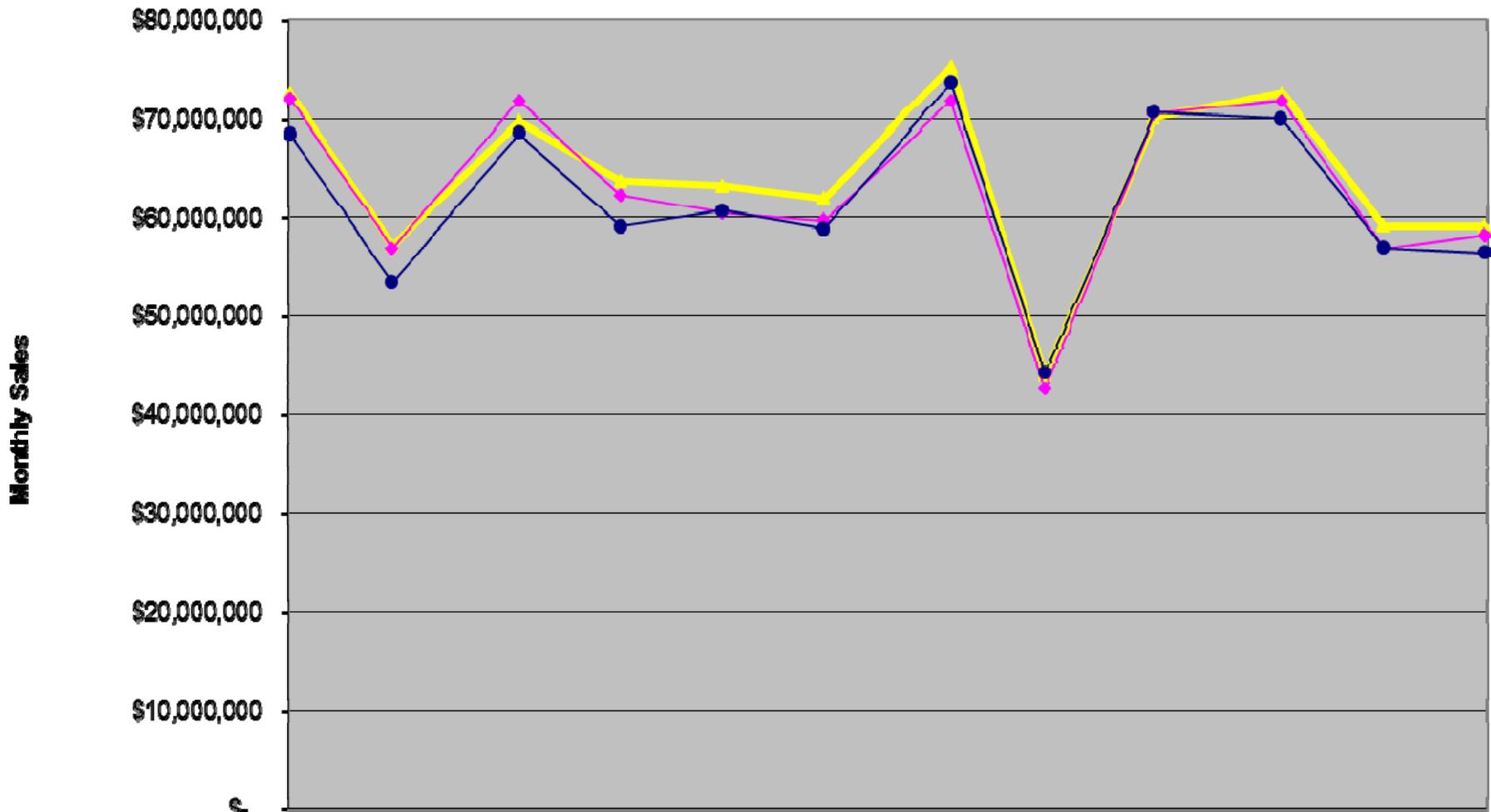


**\$10,000,000  
Diamond Millionaire**  
Released 9/23/11  
Price Point: \$20  
October sales: \$34 M



**INSTANT  
GAMES**

## KENO Game Monthly Sales Nov 08 thru Oct 11

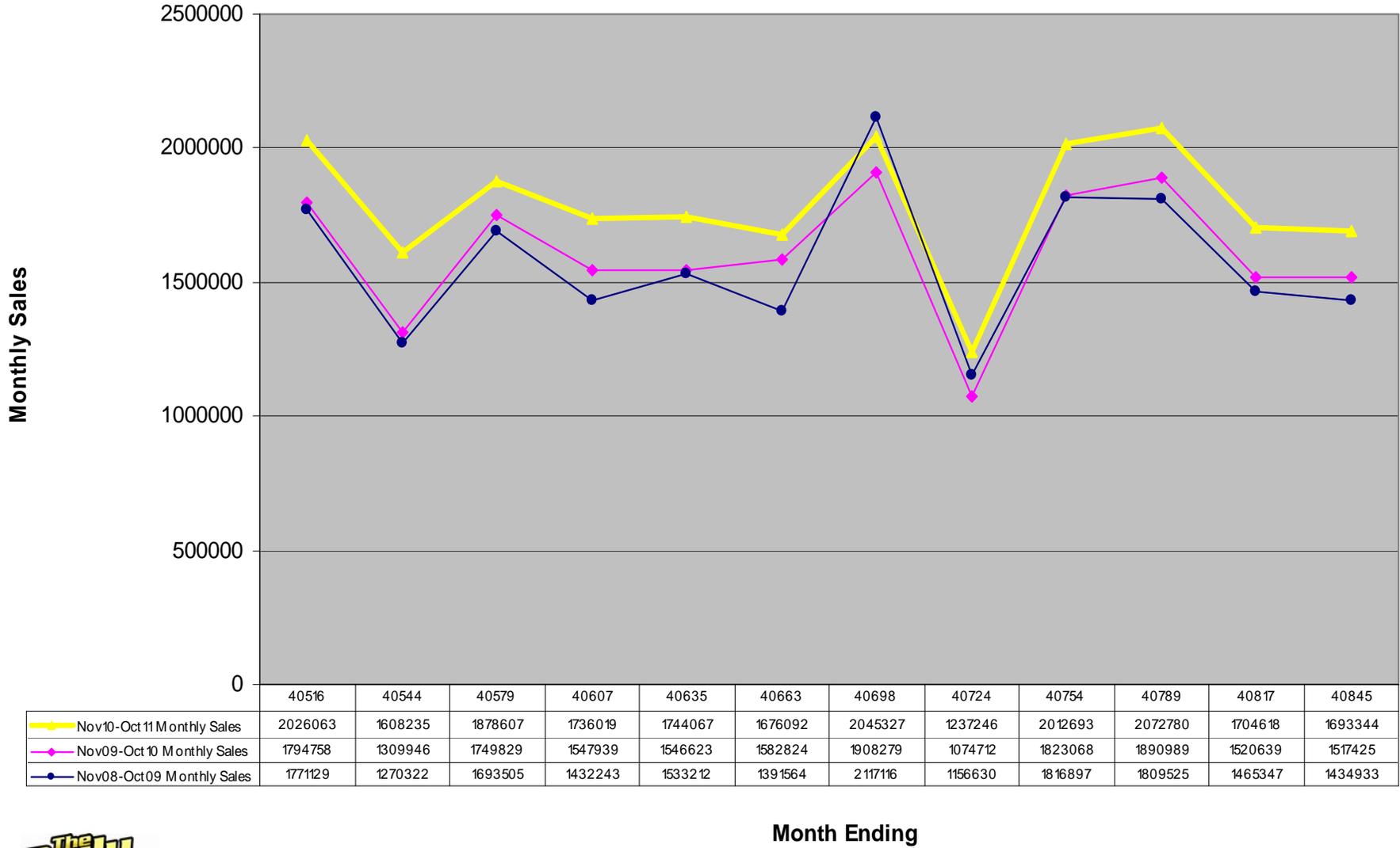


|                           | 12/02/10     | 1/1/2011     | 2/6/2011     | 3/6/2011     | 4/2/2011     | 4/30/2011    | 5/9/2011     | 5/30/2011    | 7/30/2011    | 8/3/2011     | 10/12/11     | 10/28/2011   |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Nov10-Oct11 Monthly Sales | \$72,868,948 | \$67,173,914 | \$68,763,884 | \$63,723,343 | \$53,288,022 | \$61,948,220 | \$76,374,639 | \$44,633,827 | \$70,087,330 | \$72,637,641 | \$68,187,172 | \$68,677,881 |
| Nov09-Oct10 Monthly Sales | \$72,043,331 | \$68,513,417 | \$71,790,488 | \$62,282,380 | \$50,483,783 | \$68,648,880 | \$71,815,338 | \$42,608,911 | \$70,481,304 | \$71,818,367 | \$68,936,801 | \$68,222,816 |
| Nov08-Oct09 Monthly Sales | \$68,521,720 | \$53,414,371 | \$68,585,055 | \$59,116,188 | \$50,877,223 | \$58,833,449 | \$73,727,879 | \$44,131,997 | \$70,842,387 | \$69,989,878 | \$68,950,538 | \$68,451,738 |

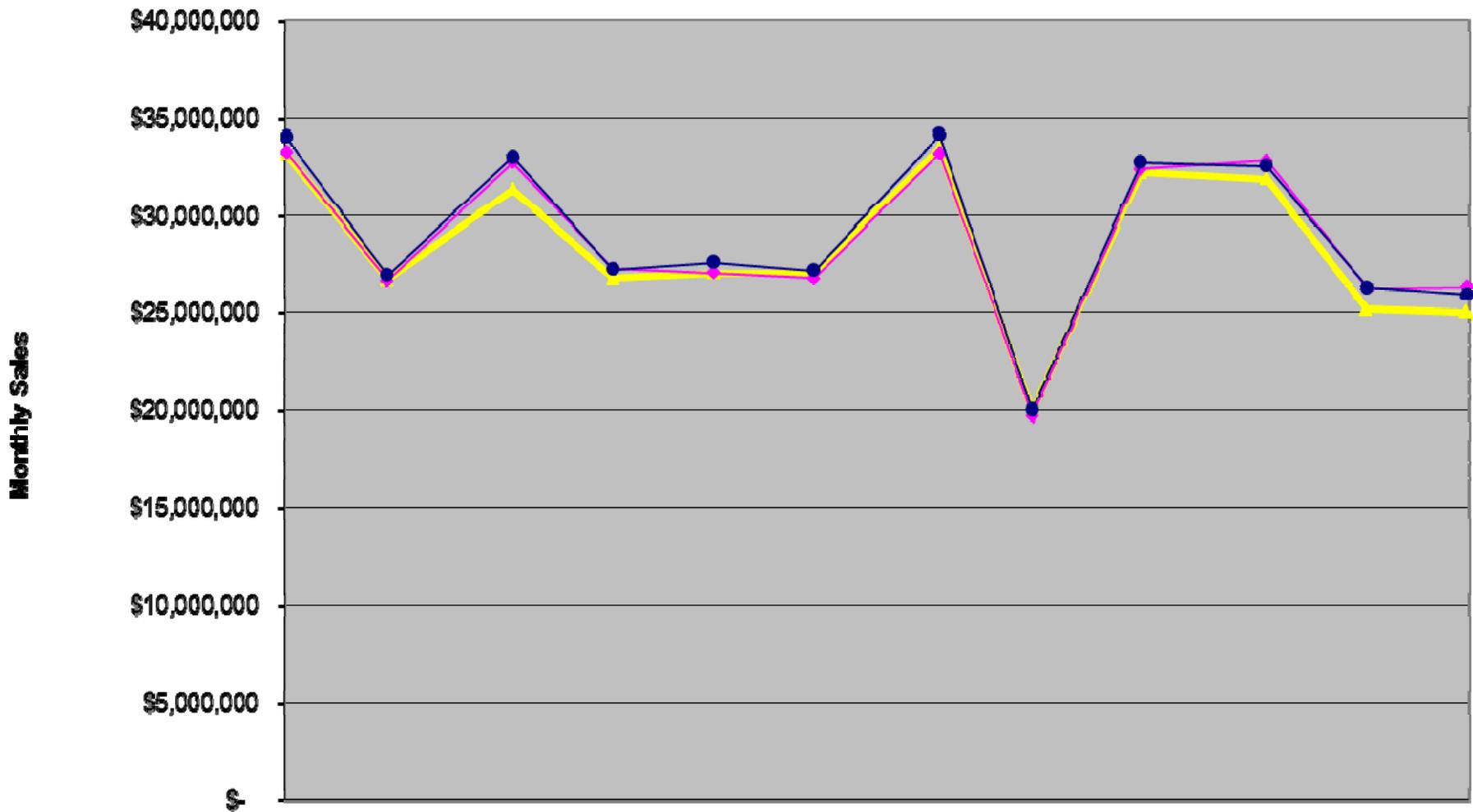


Month Ending

## Race Game Monthly Sales Nov 08 thru Oct 11

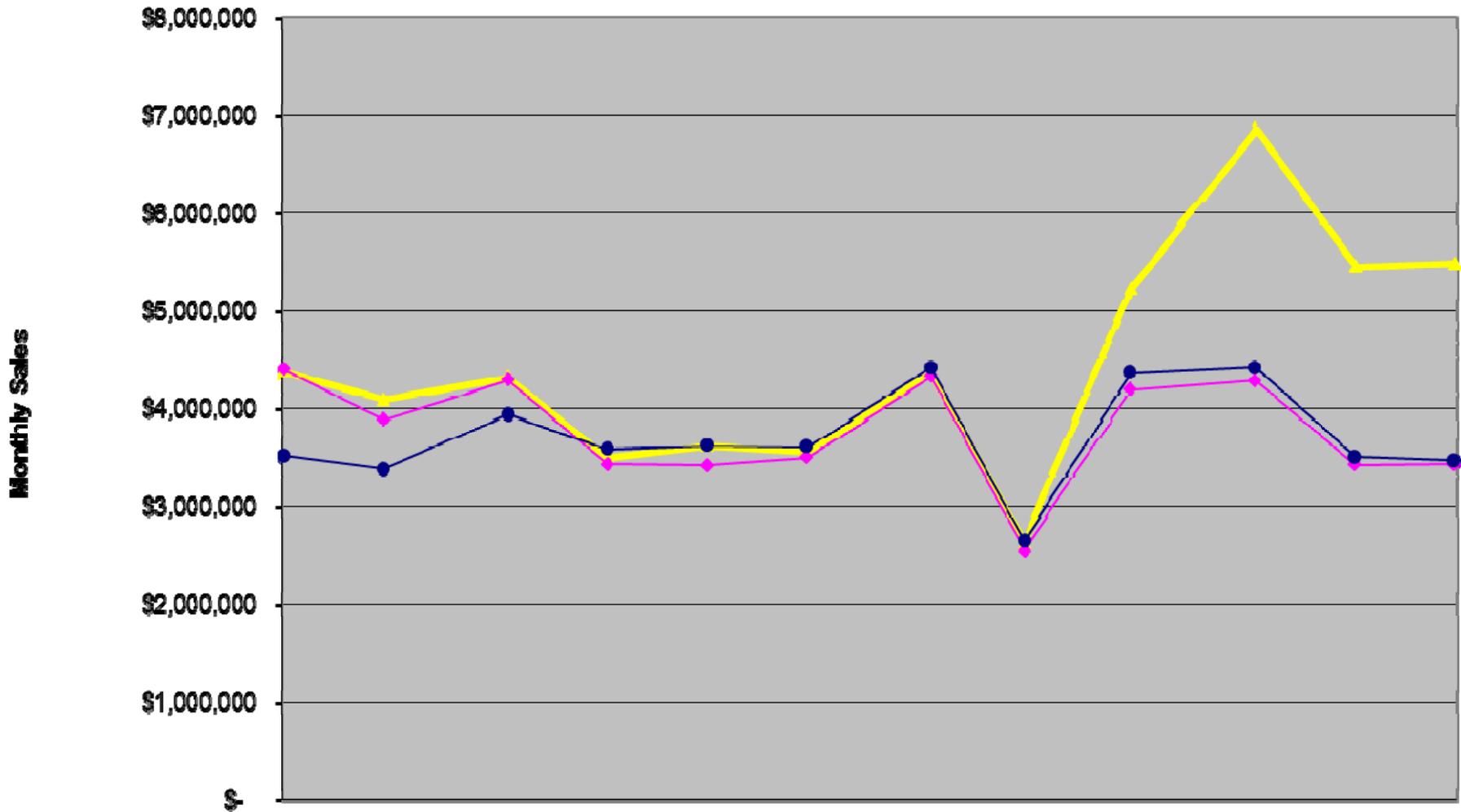


## Numbers Game Monthly Sales Nov 08 thru Oct 11



|                             | 12/02/10     | 1/1/2011     | 2/6/2011     | 3/6/2011     | 4/2/2011     | 4/30/2011    | 6/02/2011    | 8/30/2011    | 7/30/2011    | 9/3/2011     | 10/12/2011   | 10/28/2011   |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Nov 10-Oct 11 Monthly Sales | \$33,168,833 | \$28,726,004 | \$31,366,661 | \$28,812,928 | \$27,863,003 | \$27,070,774 | \$33,483,332 | \$19,827,891 | \$32,241,280 | \$31,698,967 | \$26,134,613 | \$24,988,841 |
| Nov 09-Oct 10 Monthly Sales | \$33,272,364 | \$28,690,610 | \$32,794,821 | \$27,276,789 | \$27,478,848 | \$28,686,374 | \$33,217,839 | \$19,878,609 | \$32,410,221 | \$32,843,964 | \$28,298,676 | \$28,342,732 |
| Nov 08-Oct 09 Monthly Sales | \$34,043,712 | \$28,546,966 | \$33,020,733 | \$27,263,312 | \$27,813,967 | \$27,190,470 | \$34,183,836 | \$19,979,044 | \$32,748,436 | \$32,675,271 | \$28,319,788 | \$26,536,233 |

## Mass Cash Game Monthly Sales Nov 08 thru Oct 11

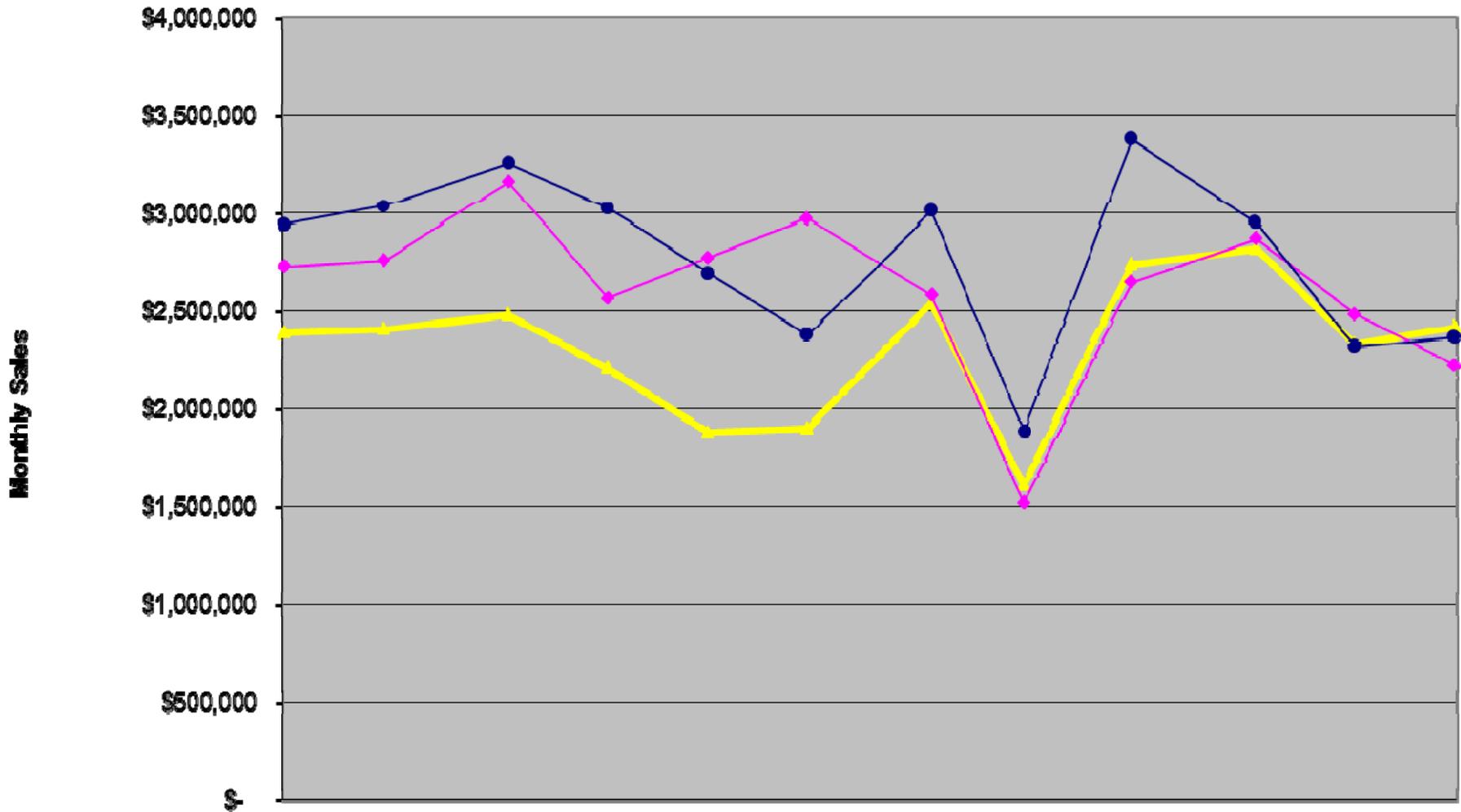


|                             | 12/2/2010   | 1/1/2011    | 2/6/2011    | 3/6/2011    | 4/2/2011    | 4/30/2011   | 5/9/2011    | 5/30/2011   | 7/30/2011   | 8/3/2011    | 10/1/2011   | 10/28/2011  |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nov 10-Oct 11 Monthly Sales | \$4,373,624 | \$4,089,223 | \$4,317,643 | \$3,486,779 | \$3,618,711 | \$3,666,482 | \$4,362,466 | \$2,636,842 | \$6,238,160 | \$8,661,982 | \$6,481,313 | \$6,481,649 |
| Nov 09-Oct 10 Monthly Sales | \$4,389,487 | \$3,880,104 | \$4,289,638 | \$3,428,188 | \$3,417,708 | \$3,488,188 | \$4,324,139 | \$2,663,677 | \$4,182,069 | \$4,286,382 | \$3,420,098 | \$3,431,287 |
| Nov 08-Oct 09 Monthly Sales | \$3,616,343 | \$3,390,268 | \$3,943,934 | \$3,690,302 | \$3,618,362 | \$3,606,168 | \$4,417,348 | \$2,662,938 | \$4,396,027 | \$4,421,481 | \$3,602,774 | \$3,488,431 |



Month Ending

## Megabucks Game Monthly Sales Nov 08 thru Oct 11

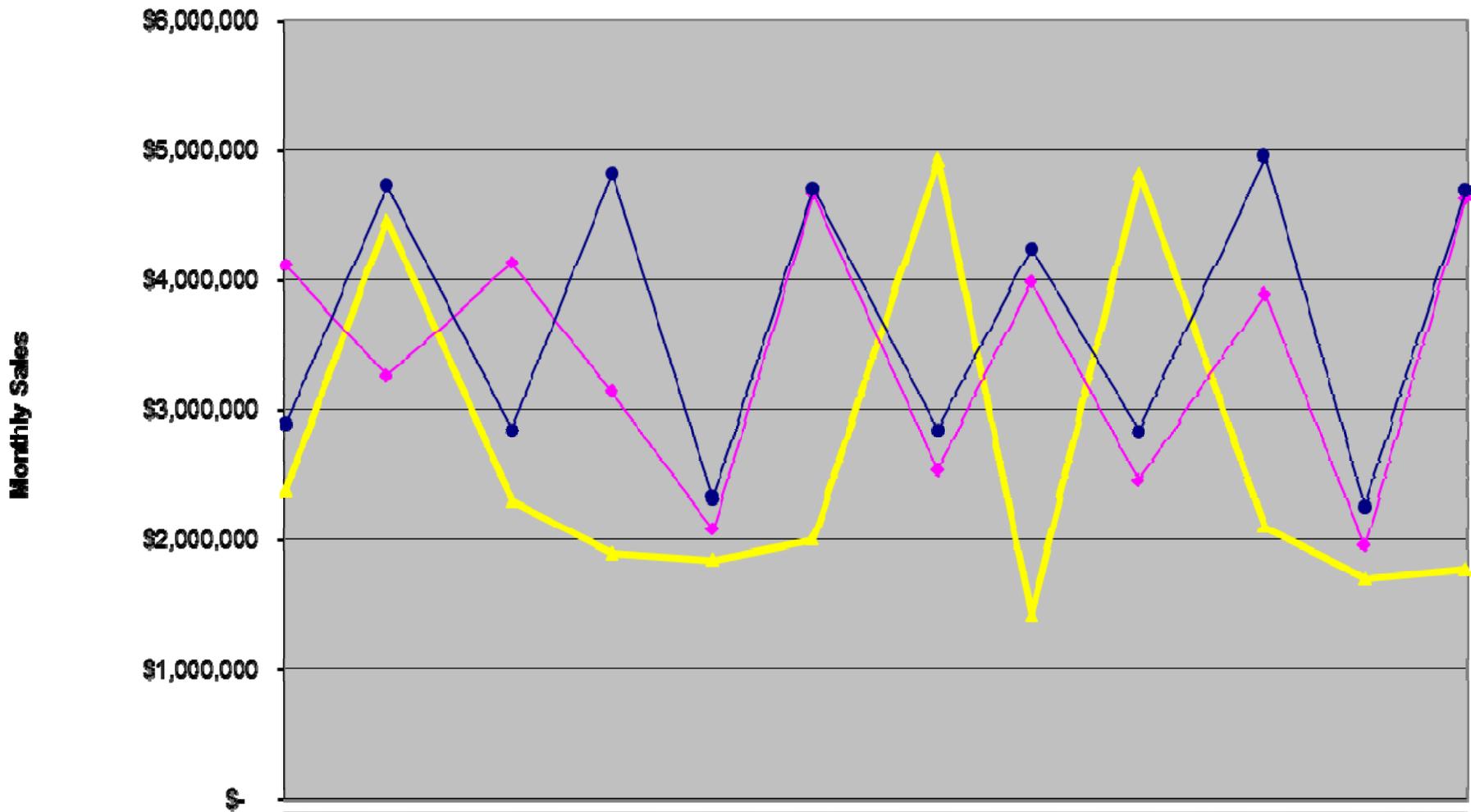


|                             | 12/2/2010   | 1/1/2011    | 2/6/2011    | 3/6/2011    | 4/2/2011    | 4/30/2011   | 6/4/2011    | 6/30/2011   | 7/30/2011   | 9/3/2011    | 10/1/2011   | 10/28/2011  |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nov 10-Oct 11 Monthly Sales | \$2,389,823 | \$2,449,416 | \$2,481,937 | \$2,206,106 | \$1,876,503 | \$1,900,644 | \$2,636,472 | \$1,607,68* | \$2,742,647 | \$2,823,990 | \$2,327,303 | \$2,418,813 |
| Nov 09-Oct 10 Monthly Sales | \$2,730,667 | \$2,761,609 | \$3,186,619 | \$2,570,290 | \$2,776,368 | \$2,974,068 | \$2,684,907 | \$1,516,062 | \$2,662,162 | \$2,871,261 | \$2,466,106 | \$2,220,619 |
| Nov 08-Oct 09 Monthly Sales | \$2,941,793 | \$3,036,672 | \$3,284,679 | \$3,026,677 | \$2,699,339 | \$2,376,629 | \$3,012,416 | \$1,884,316 | \$3,384,688 | \$2,963,182 | \$2,316,107 | \$2,388,330 |



Month Ending

### Cash Winfall Game Monthly Sales Nov 08 thru Oct 11

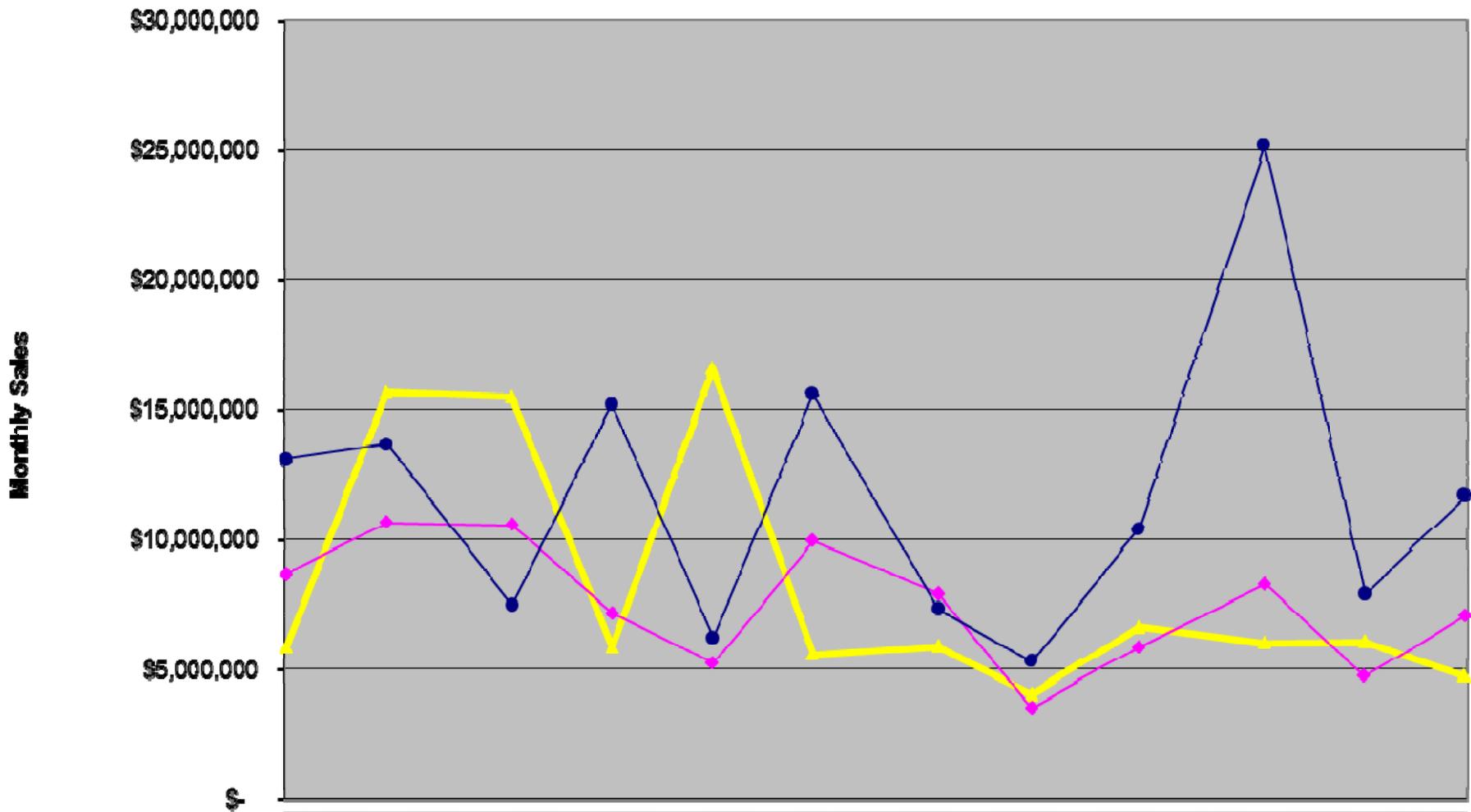


|                             | 12/0/2010   | 1/1/2011    | 2/6/2011    | 3/6/2011    | 4/2/2011    | 4/30/2011   | 6/0/2011    | 6/30/2011   | 7/30/2011   | 8/3/2011    | 10/1/2011   | 10/28/2011  |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Nov 10-Oct 11 Monthly Sales | \$2,379,783 | \$4,470,730 | \$2,308,710 | \$1,894,820 | \$1,841,414 | \$1,999,702 | \$4,927,068 | \$1,427,748 | \$4,826,768 | \$2,104,832 | \$1,700,768 | \$1,772,768 |
| Nov 09-Oct 10 Monthly Sales | \$4,116,605 | \$3,290,306 | \$4,135,018 | \$3,136,662 | \$2,081,970 | \$4,866,266 | \$2,638,028 | \$3,682,374 | \$2,462,192 | \$3,668,328 | \$1,964,272 | \$4,833,496 |
| Nov 08-Oct 09 Monthly Sales | \$2,888,505 | \$4,729,228 | \$2,848,778 | \$4,825,048 | \$2,317,548 | \$4,707,430 | \$2,847,214 | \$4,249,498 | \$2,838,878 | \$4,956,368 | \$2,258,884 | \$4,894,382 |



Month Ending

## Mega Millions Game Monthly Sales Nov 08 thru Oct 11

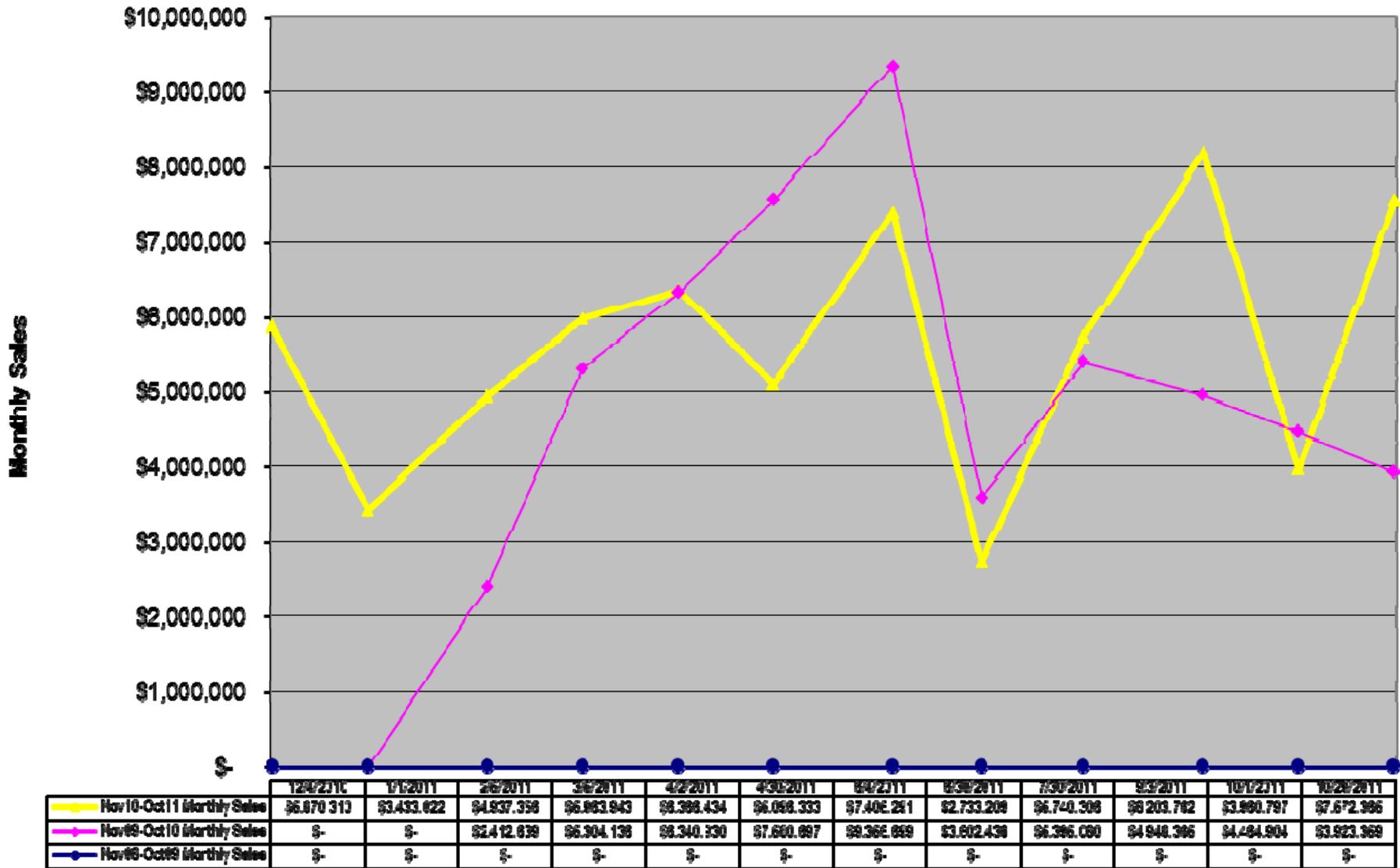


|                           | 12/0/2010    | 1/1/2011     | 2/6/2011     | 3/6/2011     | 4/22/2011    | 4/30/2011    | 6/0/2011    | 6/30/2011   | 7/30/2011    | 8/3/2011     | 10/1/2011   | 10/28/2011   |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|
| Nov10-Oct11 Monthly Sales | \$6,083,271  | \$16,668,868 | \$16,471,338 | \$6,890,784  | \$16,678,686 | \$6,666,416  | \$6,916,940 | \$4,640,274 | \$6,986,663  | \$6,044,284  | \$6,893,264 | \$4,732,239  |
| Nov09-Oct10 Monthly Sales | \$8,889,763  | \$10,676,467 | \$10,691,247 | \$7,211,226  | \$5,249,310  | \$9,964,180  | \$7,946,979 | \$3,628,946 | \$6,883,089  | \$8,316,970  | \$4,721,634 | \$7,127,421  |
| Nov08-Oct09 Monthly Sales | \$13,067,853 | \$13,690,410 | \$7,520,331  | \$15,202,368 | \$6,257,260  | \$15,577,338 | \$7,362,147 | \$5,214,676 | \$10,416,395 | \$25,167,984 | \$7,338,368 | \$11,679,247 |



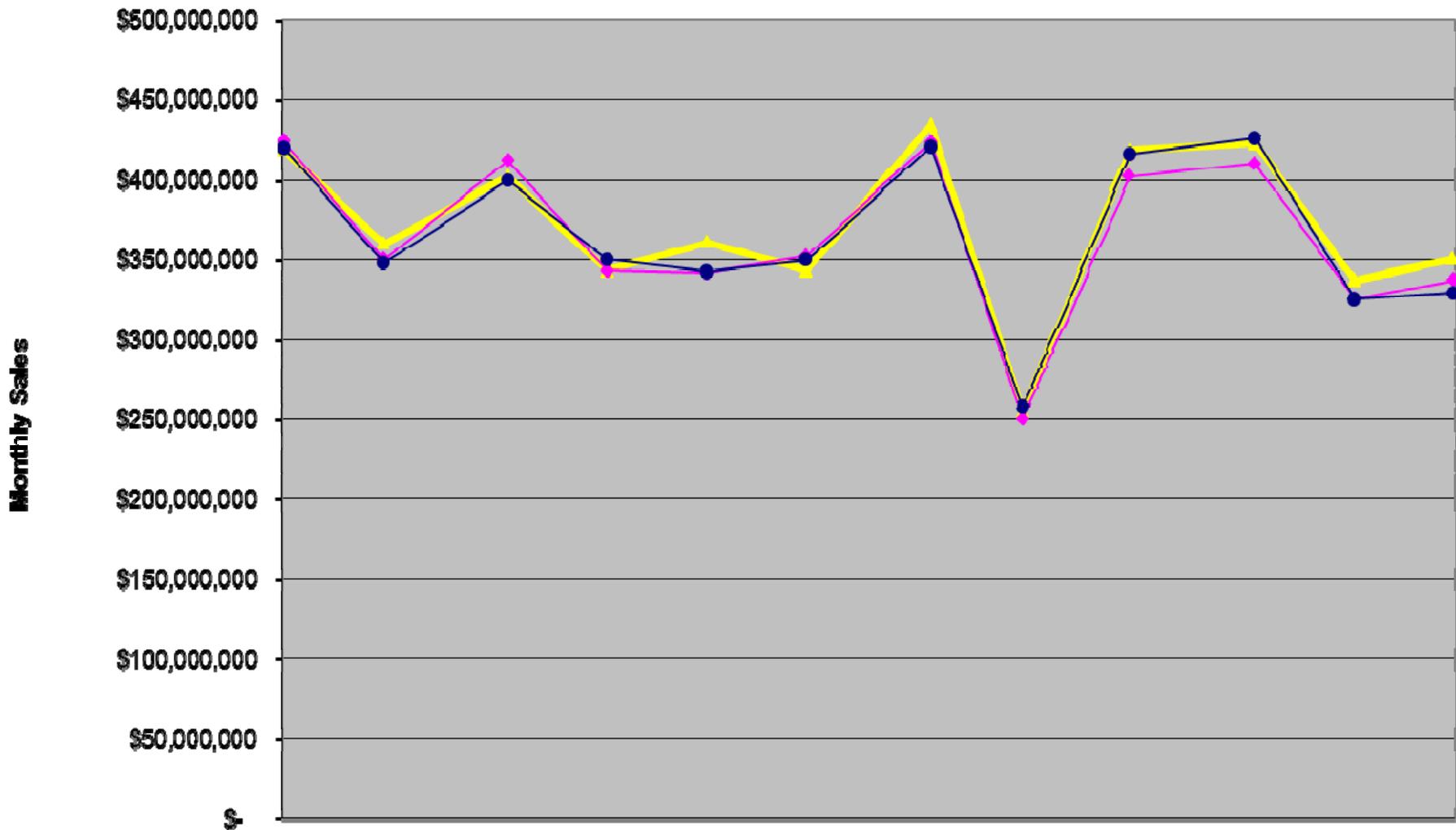
Month Ending

## Powerball Game Monthly Sales Nov 08 thru Oct 11



Month Ending

## All Game Monthly Sales Nov 08 thru Oct 11



|                           | 12/9/2010    | 1/6/2011     | 2/3/2011     | 3/2/2011     | 4/2/2011     | 4/30/2011    | 6/9/2011     | 6/30/2011    | 7/30/2011    | 8/31/2011    | 10/1/2011    | 10/28/2011   |
|---------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Nov10-Oct11 Monthly Sales | \$418,433.11 | \$360,873.19 | \$402,614.40 | \$343,696.09 | \$361,283.36 | \$343,489.86 | \$434,978.37 | \$264,789.97 | \$419,094.68 | \$423,396.04 | \$337,777.48 | \$360,616.08 |
| Nov09-Oct10 Monthly Sales | \$424,633.26 | \$360,891.29 | \$412,619.03 | \$343,436.86 | \$341,893.26 | \$362,483.29 | \$424,428.33 | \$266,102.43 | \$402,726.29 | \$410,616.96 | \$326,928.14 | \$337,686.84 |
| Nov08-Oct09 Monthly Sales | \$426,328.72 | \$347,807.44 | \$389,942.60 | \$363,270.62 | \$342,491.42 | \$349,806.80 | \$421,248.31 | \$267,646.93 | \$418,663.12 | \$428,442.02 | \$326,778.19 | \$329,682.42 |

Month Ending

**MSLC Revenue Results \***  
**October FY12 vs. October FY11**  
(\$ millions)

|                 | <u>Payout %</u> | <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%  | \$243        | 69.3%             | \$230        |                   | \$13             | 5.5%            |
| MegaMillions    | 50%             | 5            | 1.3%              | 7            |                   | -\$2             | -33.7%          |
| Powerball       | 50%             | 8            | 2.2%              | 4            |                   | \$4              | 93.1%           |
| Keno            | 70%             | 59           | 16.9%             | 58           |                   | \$1              | 1.5%            |
| Mass Cash       | 55%             | 5            | 1.6%              | 3            |                   | \$2              | 60.1%           |
| Race Game       | 70%             | 2            | 0.5%              | 2            |                   | \$0              | 11.2%           |
| Cash WinFall    | 60%             | 2            | 0.5%              | 5            |                   | -\$3             | -61.8%          |
| Numbers Game    | 63%             | 25           | 7.1%              | 26           |                   | -\$1             | -5.1%           |
| Megabucks       | 55%             | 2            | 0.7%              | 2            |                   | \$0              | 9.0%            |
| <b>Total</b>    |                 | <b>\$351</b> | <b>100.0%</b>     | <b>\$338</b> |                   | <b>\$13</b>      | <b>3.8%</b>     |
| Instant Tickets |                 | \$243        | 69.3%             | \$230        | 68.2%             | \$13             | 5.5%            |
| Online Games    |                 | 108          | 30.7%             | 107          | 31.8%             | \$0              | 0.3%            |
| <b>Total</b>    |                 | <b>\$351</b> | <b>100.0%</b>     | <b>\$338</b> | <b>100.0%</b>     | <b>\$13</b>      | <b>3.8%</b>     |

\* As reported on MSLC Weekly Sales Report dated October 29, 2011.

## MSLC Revenue Results \*

FY12 vs. FY11

Through October 29, 2011

(\$ millions)

|                 | <u>Payout %</u> | <u>FY12</u>    | <u>% of Total</u> | <u>FY11</u>    | <u>% of Total</u> | <u>\$</u><br><u>Change</u> | <u>%</u><br><u>Change</u> |
|-----------------|-----------------|----------------|-------------------|----------------|-------------------|----------------------------|---------------------------|
| Instant Tickets | 69.9% to 80.4%  | \$1,055        | 68.9%             | \$1,012        |                   | \$44                       | 4.3%                      |
| MegaMillions    | 50%             | 24             | 1.5%              | 26             |                   | -\$3                       | -9.6%                     |
| Powerball       | 50%             | 25             | 1.7%              | 19             |                   | \$7                        | 36.0%                     |
| Keno            | 70%             | 261            | 17.0%             | 257            |                   | \$4                        | 1.4%                      |
| Mass Cash       | 55%             | 23             | 1.5%              | 15             |                   | \$8                        | 50.4%                     |
| Race Game       | 70%             | 7              | 0.5%              | 7              |                   | \$1                        | 10.8%                     |
| Cash WinFall    | 60%             | 10             | 0.7%              | 13             |                   | -\$3                       | -19.6%                    |
| Numbers Game    | 63%             | 114            | 7.5%              | 118            |                   | -\$4                       | -3.1%                     |
| Megabucks       | 55%             | 10             | 0.7%              | 10             |                   | \$0                        | 0.8%                      |
| <b>Total</b>    |                 | <b>\$1,531</b> | <b>100.0%</b>     | <b>\$1,477</b> |                   | <b>\$54</b>                | <b>3.7%</b>               |
|                 |                 |                |                   |                |                   |                            |                           |
| Instant Tickets |                 | \$1,055        | 68.9%             | \$1,012        | 68.5%             | \$44                       | 4.3%                      |
| Online Games    |                 | 475            | 31.1%             | 465            | 31.5%             | \$10                       | 2.2%                      |
| <b>Total</b>    |                 | <b>\$1,531</b> | <b>100.0%</b>     | <b>\$1,477</b> | <b>100.0%</b>     | <b>\$54</b>                | <b>3.7%</b>               |

\* As reported on MSLC Weekly Sales Report dated October 29, 2011.

# Lottery Reform Scorecard

- Procurement:
  - With the hiring of the Lottery's CFO, a working team has been formed to review procurement and purchasing practices and policies. Initial meetings suggest that the Lottery may ask the Commission to reconsider its February 11, 2000 resolution authorizing the Lottery to enter into contracts not exceeding a maximum liability of \$50,000 without prior Commission approval, in order to address current Lottery business needs and reflect current OSD policy.
- Governance:
  - Draft by-laws will be circulated shortly to Commission members for discussion and future vote.
  - The Open Checkbook – a project developed by the Executive Office for Administration & Finance, the Office of the Treasurer and the Office of the Comptroller – will go live November 30th. It provides a window to state government and public access to state government spending information. The Lottery is setting up an additional phone line and email address to receive and respond properly to all inquiries.

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.

