

Massachusetts State Lottery Commission Meeting

Executive Director's Report

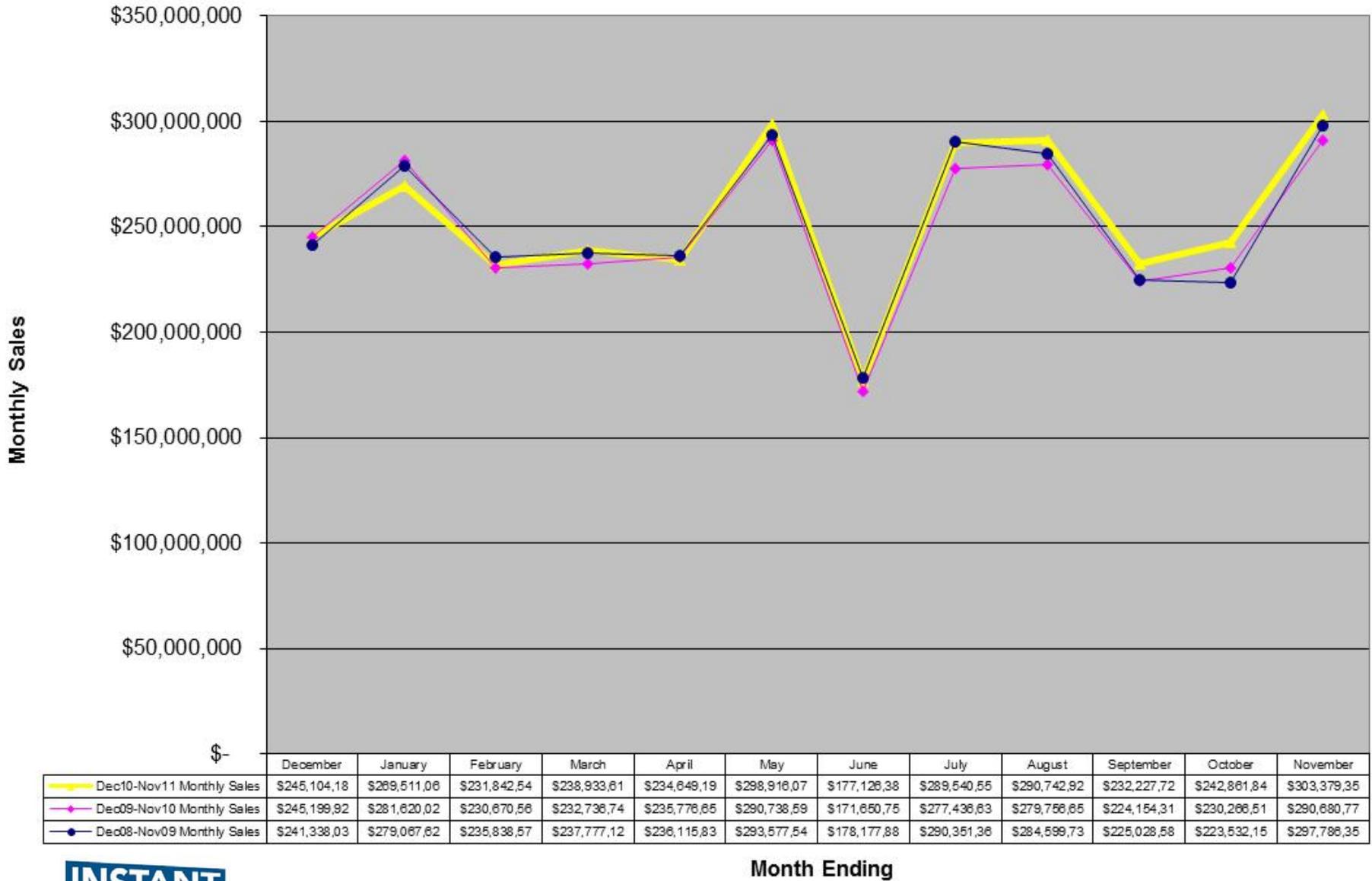
Delivered by Paul R. Sternburg
December 20, 2011



Lottery Sales Update

- The Lottery's FY12 sales are continuing to increase, with November results ringing in \$20 million higher than November 2010.
- This trend is a strong indicator that our portfolio of holiday-themed instant tickets is performing much better than last year's offerings. These robust holiday sales have helped to increase the Lottery's overall net profit in November 2011 by \$ 8 million.
- Through the first five months of FY12, the consistently strong sales along with lower average prize payout have increased the year-to-date overall net profit to \$31 million.
- The sales increase in November was largely due to a \$13 million surge in the Instant Ticket portfolio; a \$900,000 bump in Megabucks Doubler sales thanks to the game's growing jackpot; a \$2.5 million increase in Keno; a \$2.5 million increase in Mass Cash; and, a \$500,000 increase in the multi-state Powerball game. Additionally, the newly-launched \$10 Million Raffle ticket added \$2.9 million to the bottom line.
- Games that experienced decreases for the month were: Cash WinFall, which was down \$500,000 following lower jackpots offered this year, and The Numbers Game, which saw a \$1.6 million decline due to cannibalization from Mass Cash's expanded draw schedule.

Instant Game Monthly Sales Dec 08 thru Nov 11



Holiday-themed Instant sales

Holiday Cash

Price Point: \$1
 Weeks on Sale: 7
 Total Sales: \$5,118,913



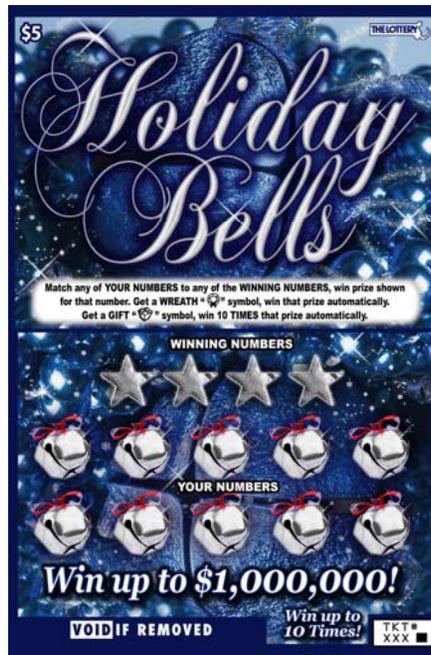
Frosty the Doughman

Price Point: \$2
 Weeks on Sale: 7
 Total Sales: \$17,024,046



Holiday Bells

Price Point: \$5
 Weeks on Sale: 7
 Total Sales: \$25,011,655

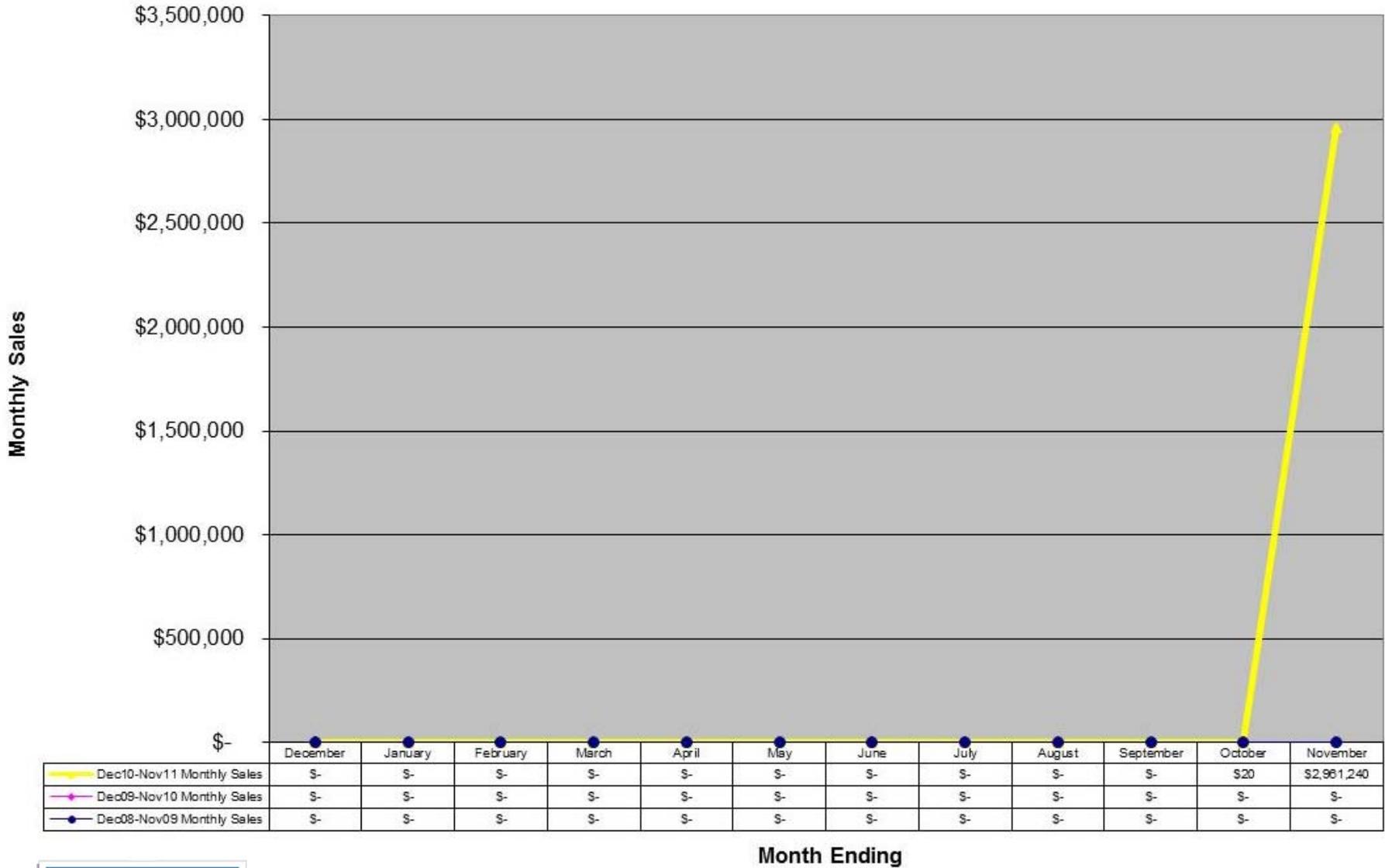


Jingle Jackpot

Price Point: \$10
 Weeks on Sale: 7
 Total Sales: \$35,157,810



Online Raffle Game Monthly Sales Dec 08 thru Nov 11

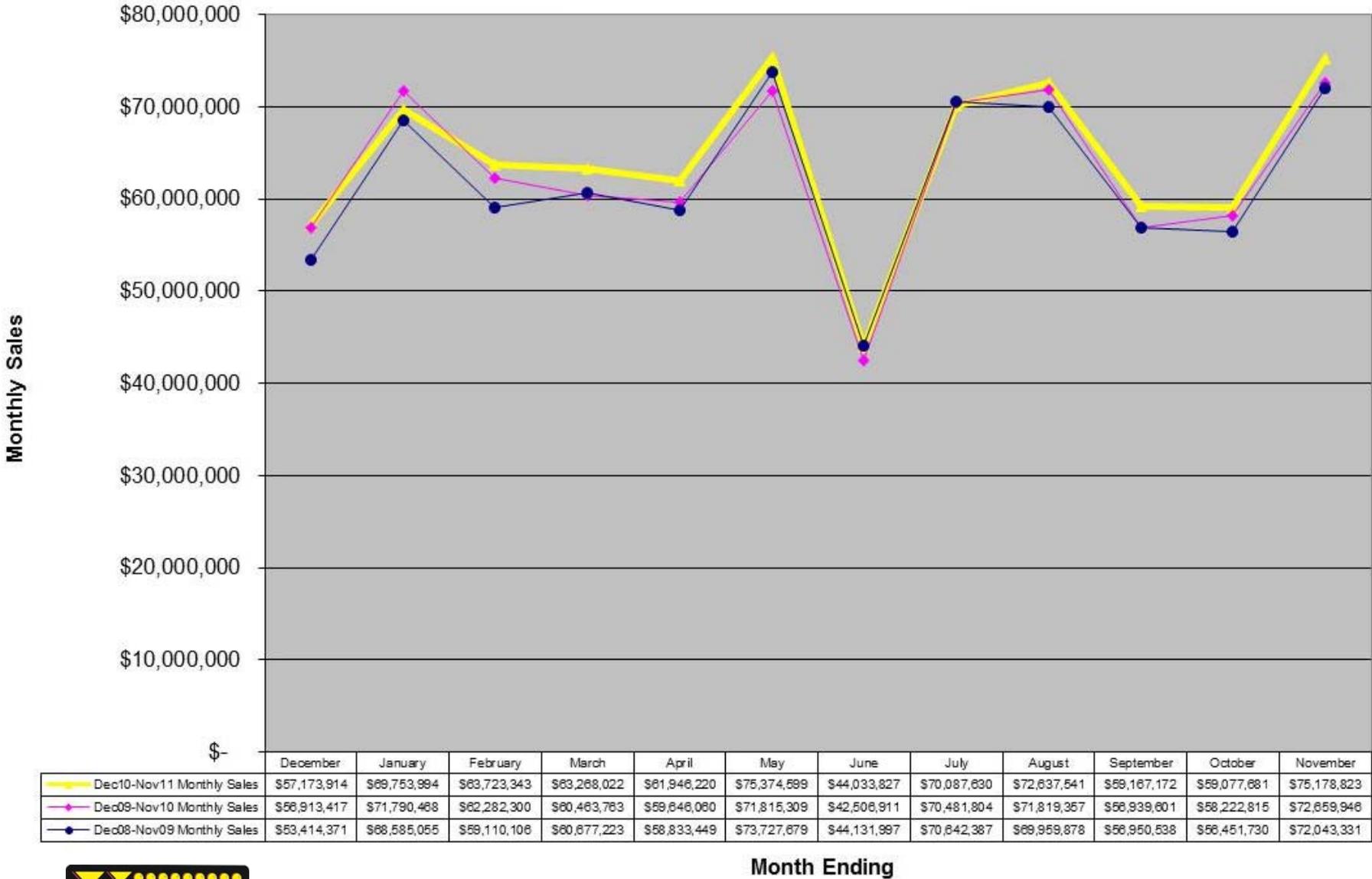


Raffle Sales Update

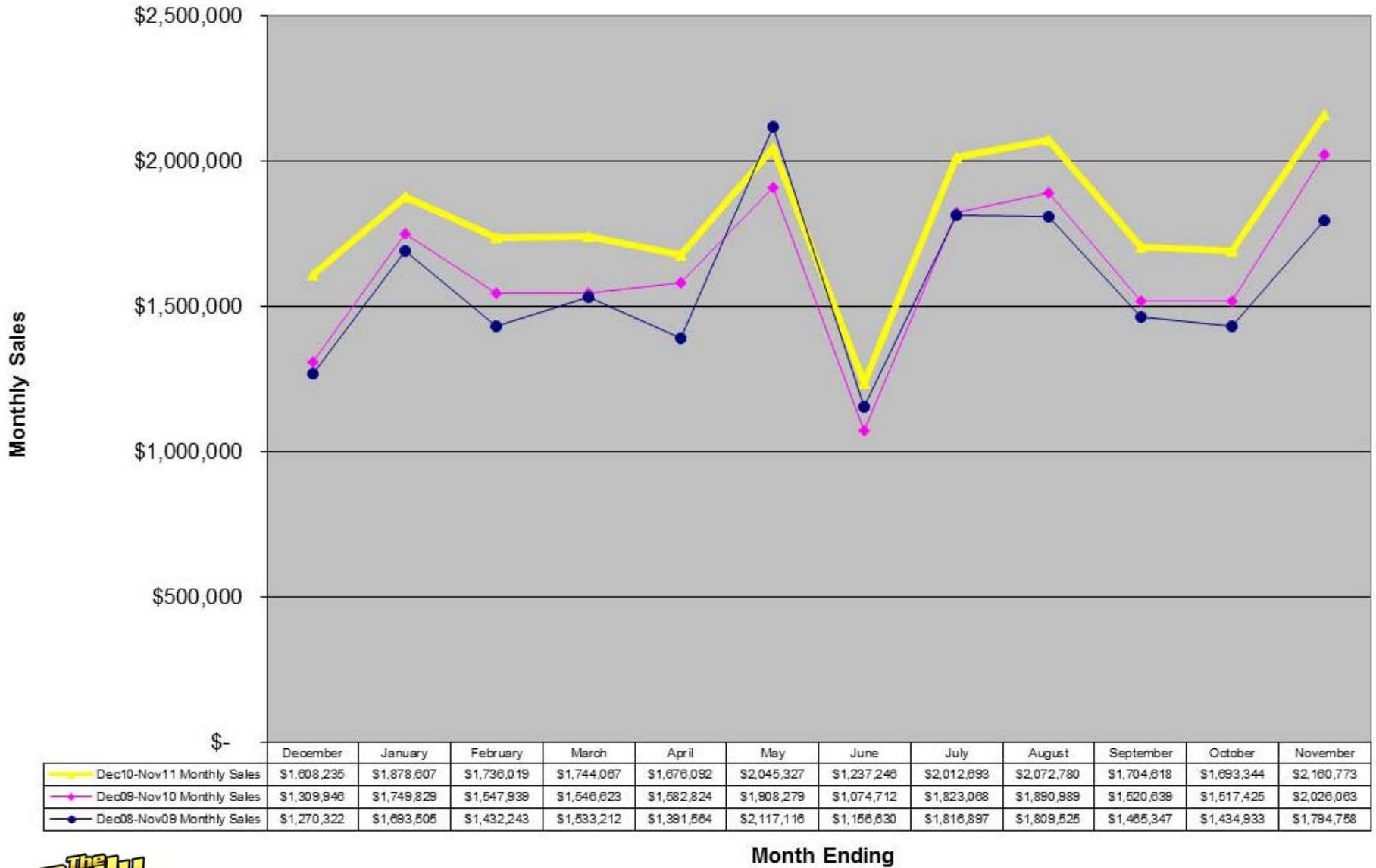
- The Lottery's first raffle-style game – the Massachusetts \$10 Million Raffle - went on sale October 30th. While ticket sales were slow out of the gate, they are actually only slightly behind the typical model/pace for a raffle style game in which the majority of purchases are made during the last two weeks of the game's availability.
- The majority of the sales typically come in the last two weeks because lottery players, particularly in Massachusetts, are accustomed to the instant gratification/win play style of an instant ticket as opposed to a draw game that a player has to wait until a drawing is held to know whether or not they have won.
- The Lottery launched a radio ad campaign which began on Black Friday and is continuing throughout the game sales period (Dec. 31), as well as a presence on Boston.com's gift giving guide. We have seen a sales increase resulting from the awareness ads and they continue to grow as each day goes by.
- We will also be launching web "pop up" ads on major news outlet sites across the Commonwealth in the coming days. These ads will complement the POS signage at our retailers highlighting the top prize and call to action of getting a ticket before it's too late. And, pending Commission approval, we will be launching a modest TV campaign during the final five days of sales.
- Additionally, we are using Facebook and Twitter to disseminate messages about the raffle, and tapping our partners – the Boston Bruins & Boston Celtics – to broadcast messages to their in-arena audiences during games.



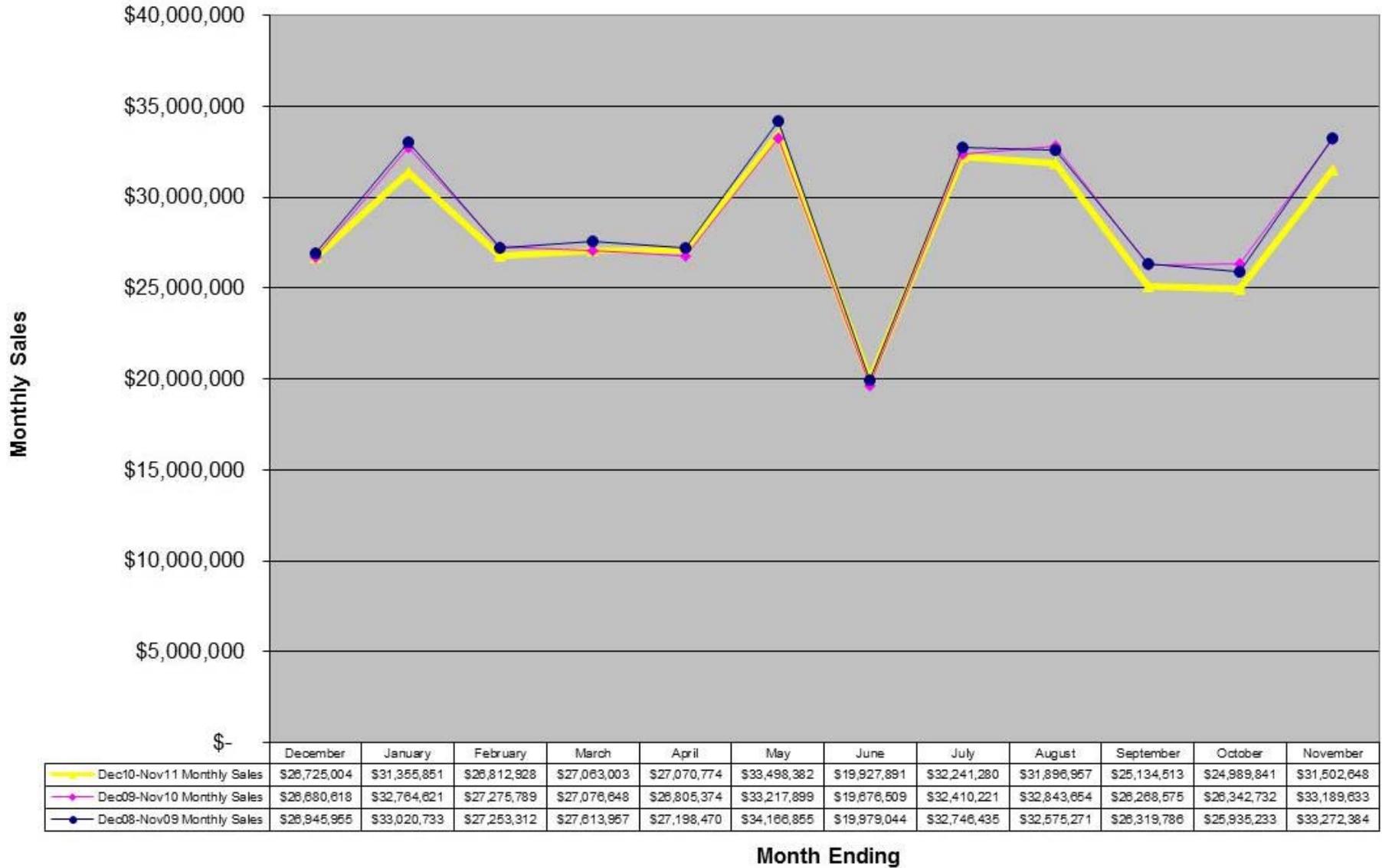
KENO Game Monthly Sales Dec 08 thru Nov 11



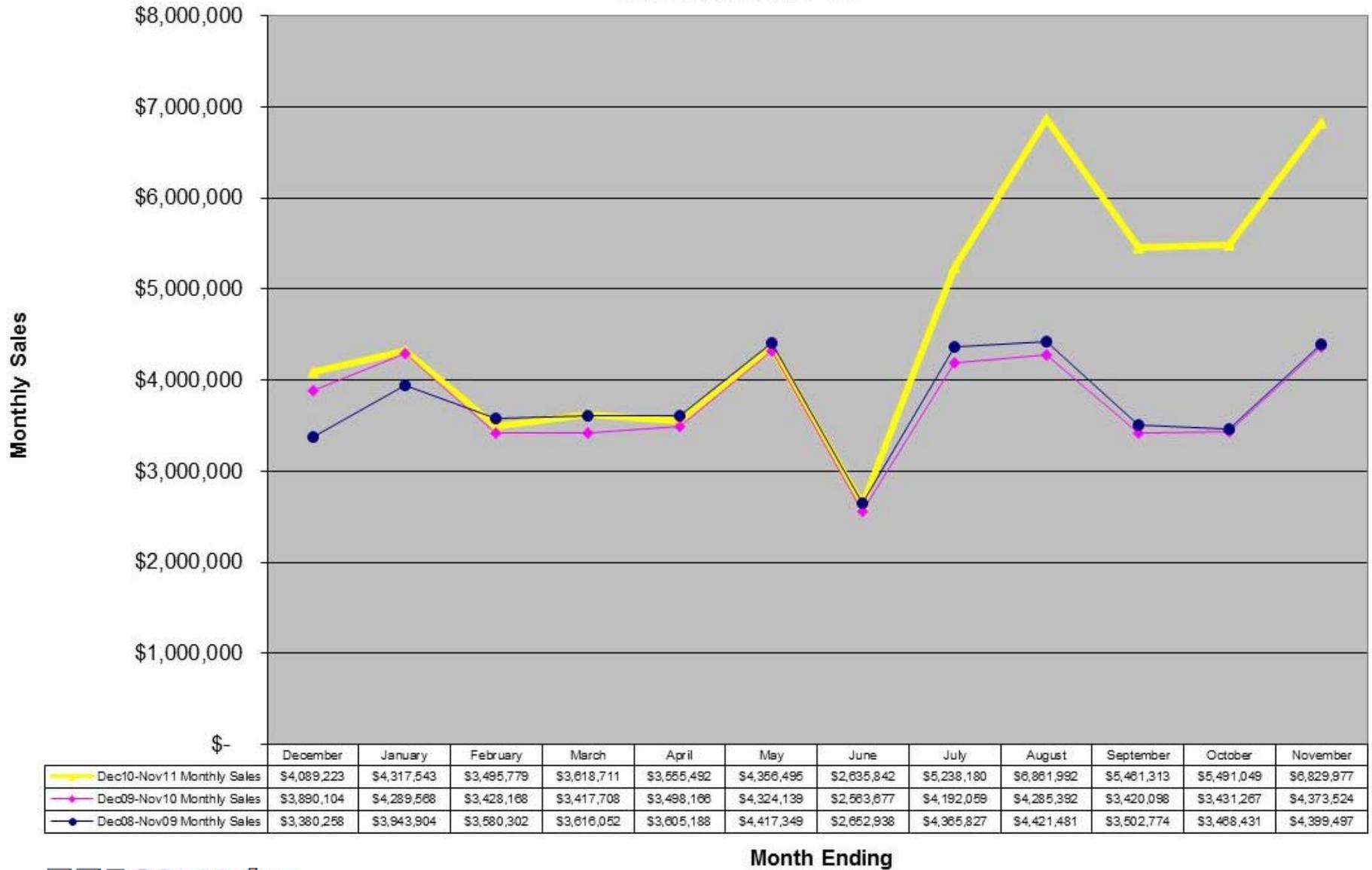
Race Game Monthly Sales Dec 08 thru Nov 11



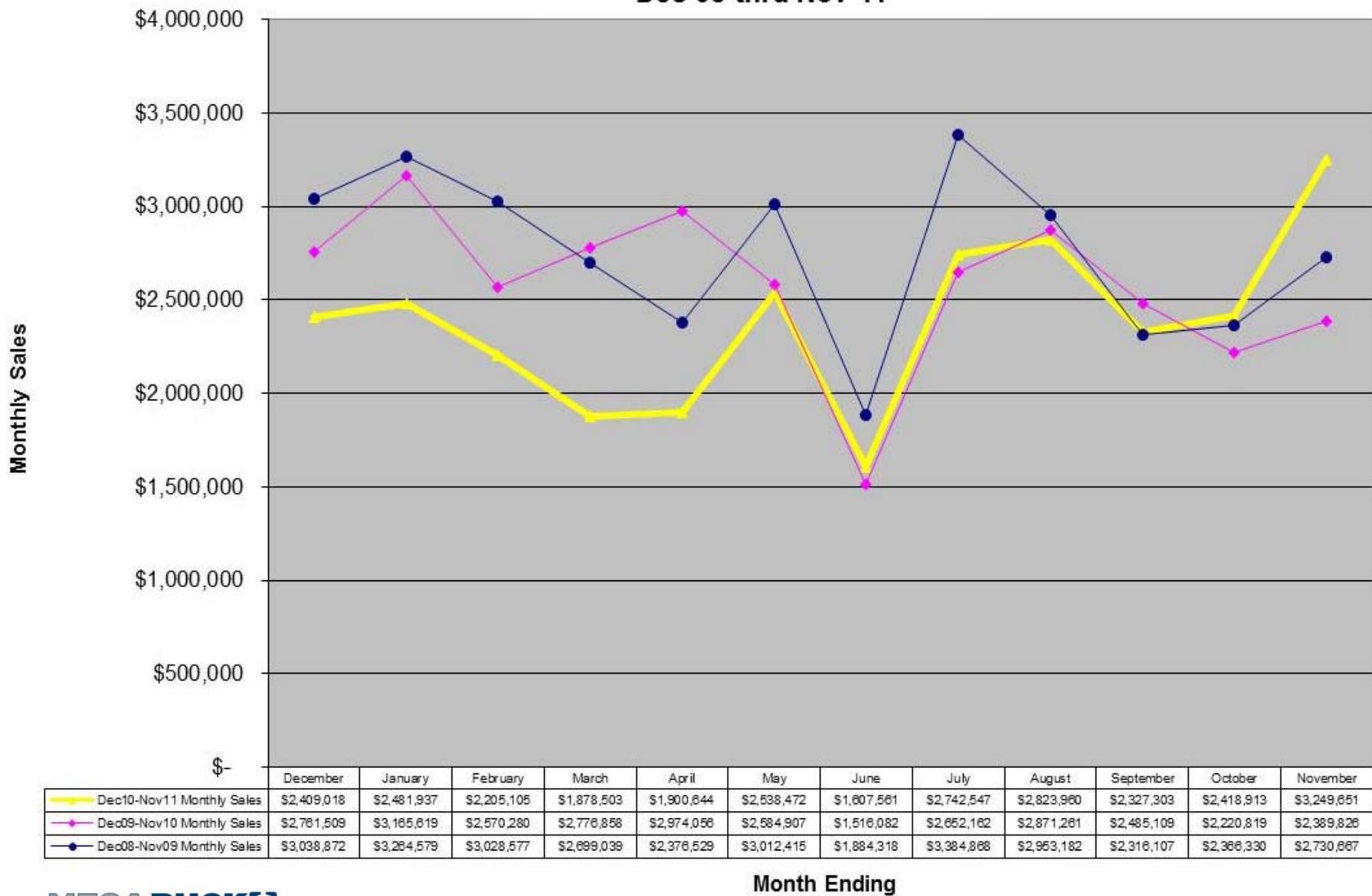
Numbers Game Monthly Sales Dec 08 thru Nov 11



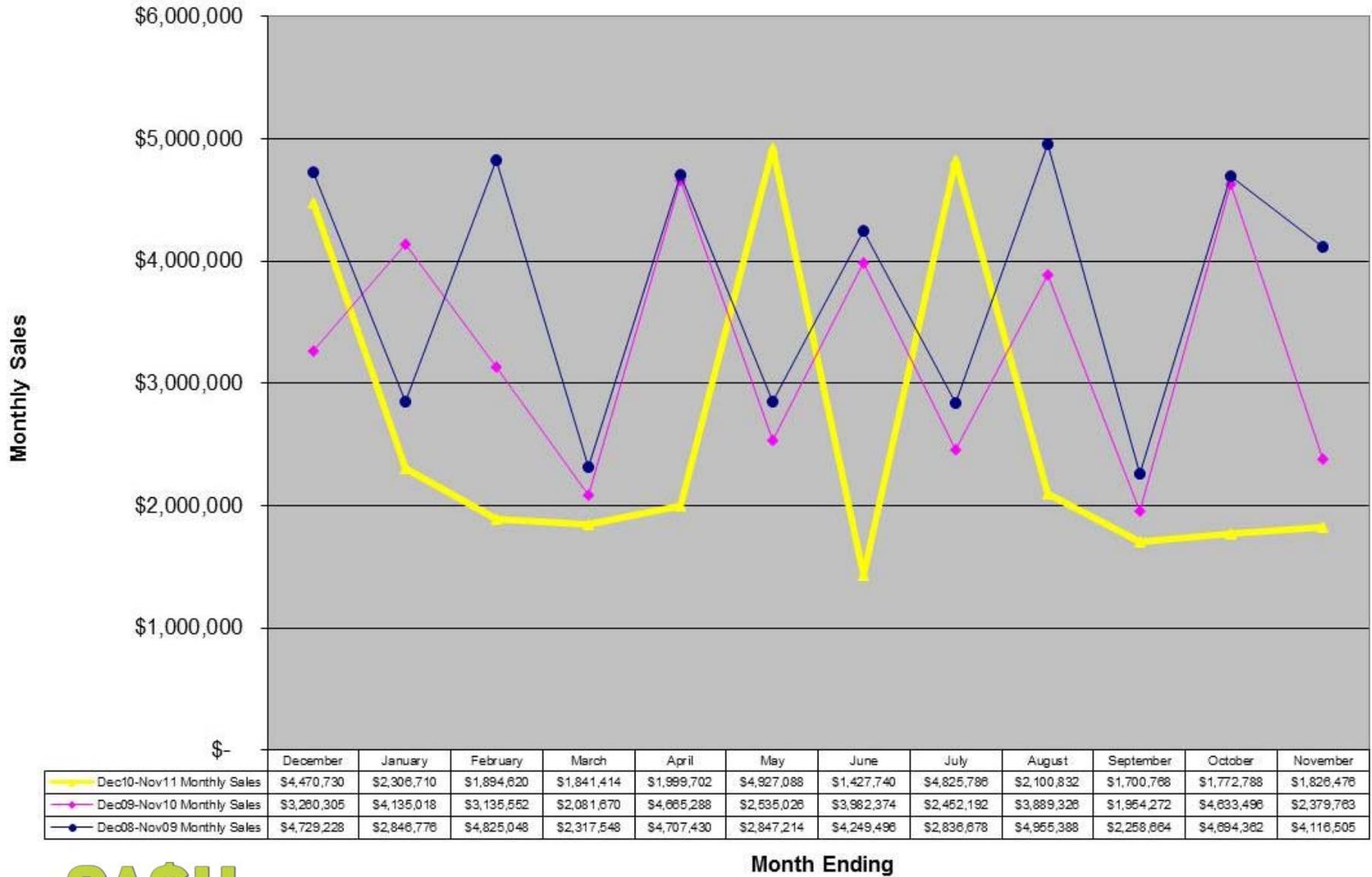
Mass Cash Game Monthly Sales Dec 08 thru Nov 11



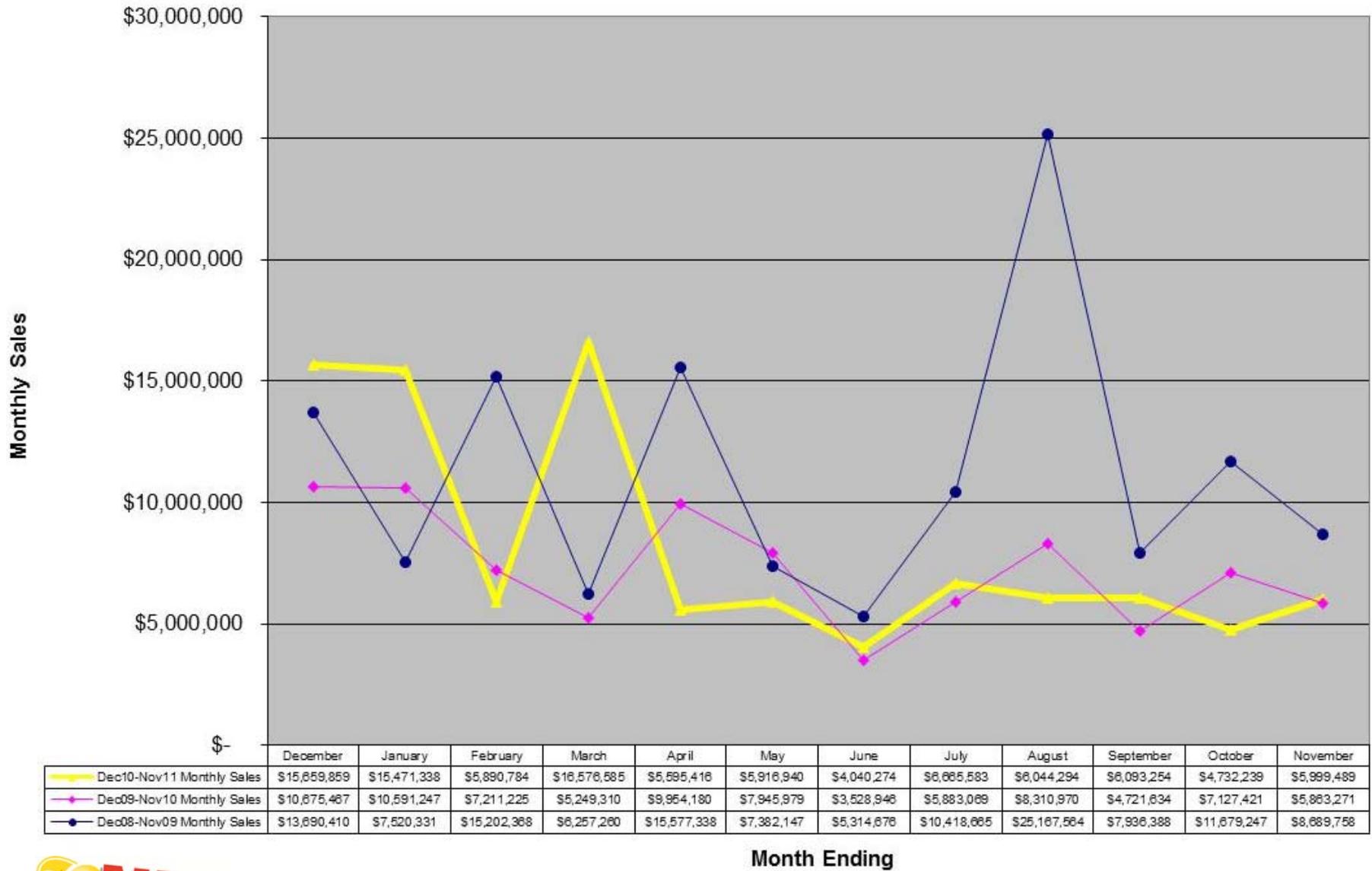
Megabucks Game Monthly Sales Dec 08 thru Nov 11



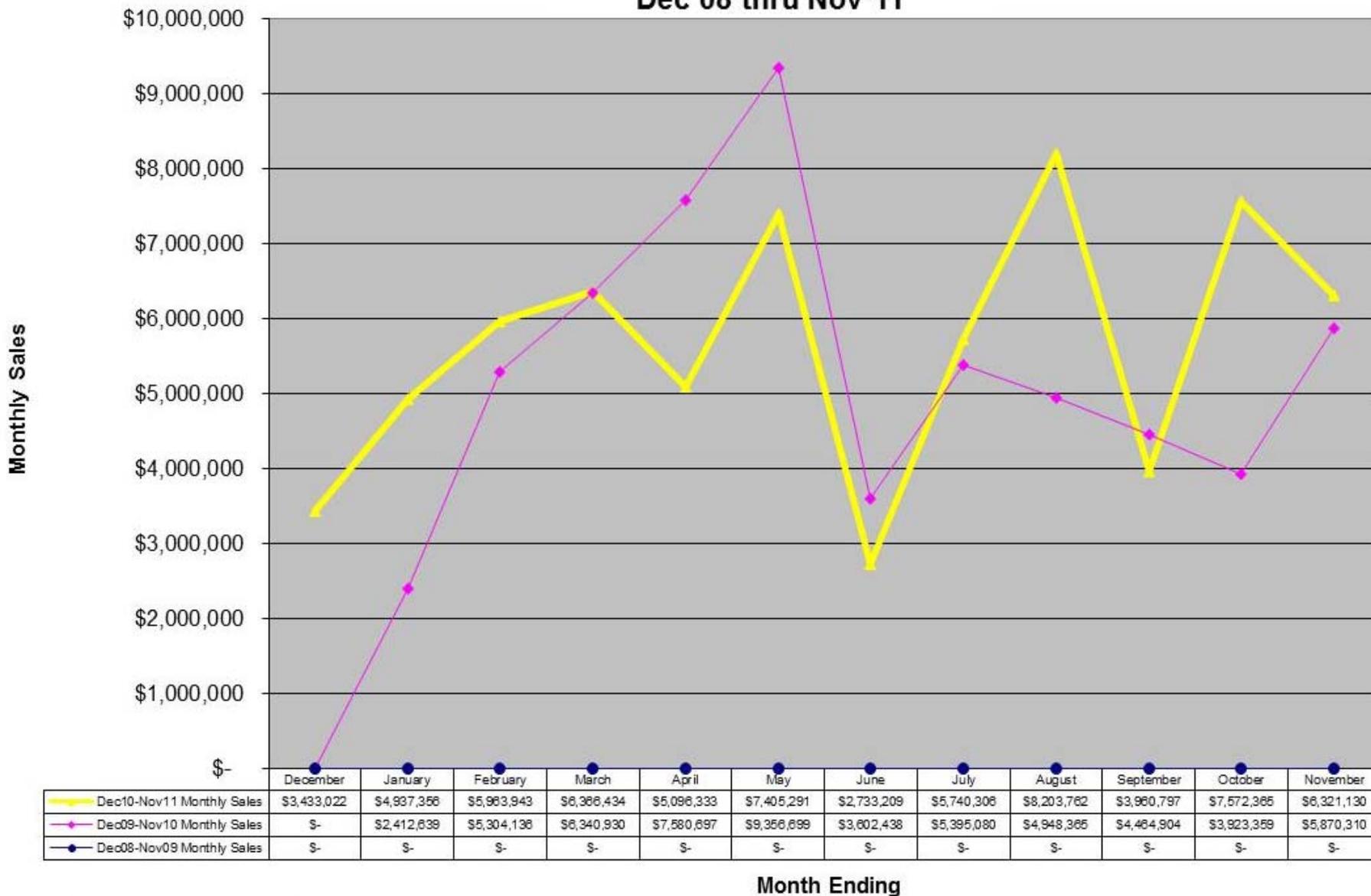
Cash Winfall Game Monthly Sales Dec 08 thru Nov 11



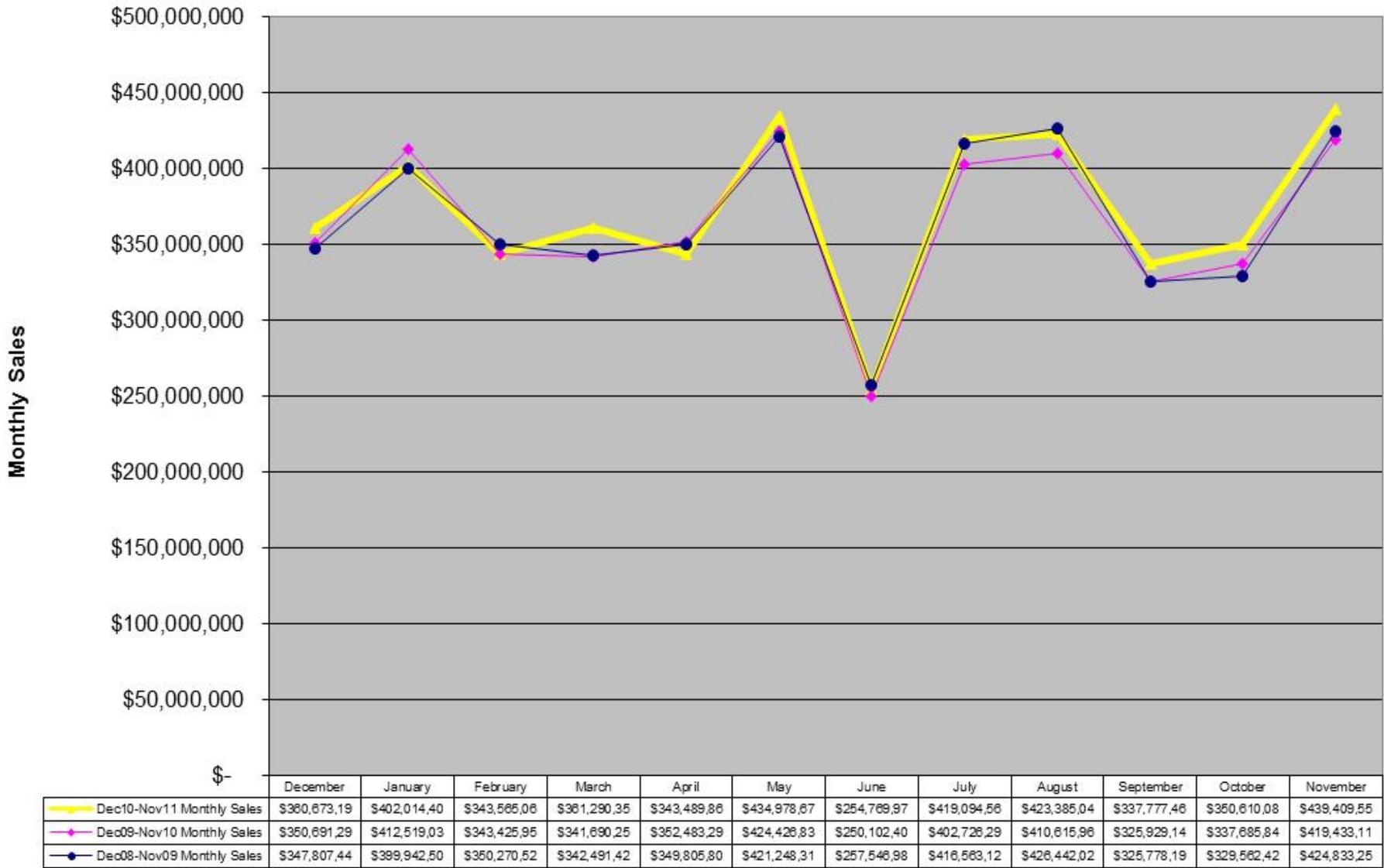
Mega Millions Game Monthly Sales Dec 08 thru Nov 11



Powerball Game Monthly Sales Dec 08 thru Nov 11



All Game Monthly Sales Dec 08 thru Nov 11



Month Ending

MSLC Revenue Results *

November FY12 vs. November FY11

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4%	\$303	69.1%	\$291	69.4%	\$13	4.4%
MegaMillions	50%	6	1.3%	6	1.4%	0	0.0%
Powerball	50%	6	1.4%	6	1.4%	0	6.8%
Keno	70%	75	17.1%	73	17.4%	3	3.4%
Mass Cash	55%	7	1.5%	4	1.1%	2	54.5%
Race Game	70%	2	0.5%	2	0.5%	0	10.0%
Cash WinFall	60%	2	0.4%	2	0.6%	-1	-25.0%
Numbers Game	63%	32	7.2%	33	7.9%	-2	-5.1%
Megabucks	55%	3	0.7%	2	0.6%	1	33.3%
Raffle Game	50%	3	0.7%	0	0.0%	3	100.0%
Adjustments		0		-1		0	
Total		\$439	100.0%	\$419	100.0%	\$20	4.8%
Instant Tickets		\$303	69.1%	\$291	69.4%	\$13	4.4%
Online Games		136	30.9%	129	30.8%	7	5.4%
Total		\$439	100.0%	\$419	100.0%	\$20	4.8%

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

MSLC Revenue Results *

FY12 vs. FY11

Through December 3, 2011

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4%	\$1,359	69.0%	\$1,302	68.7%	\$57	4.3%
MegaMillions	50%	30	1.5%	32	1.7%	-2	-7.5%
Powerball	50%	32	1.6%	25	1.3%	7	29.3%
Keno	70%	336	17.1%	330	17.4%	6	1.8%
Mass Cash	55%	30	1.5%	20	1.0%	10	51.8%
Race Game	70%	10	0.5%	9	0.5%	1	9.1%
Cash WinFall	60%	12	0.6%	15	0.8%	-3	-20.3%
Numbers Game	63%	146	7.4%	151	8.0%	-5	-3.5%
Megabucks	55%	14	0.7%	13	0.7%	1	7.9%
Raffle Game	50%	3	0.2%	0	0.0%	3	100.0%
Total		\$1,970	100.0%	\$1,896	100.0%	\$74	3.9%
Instant Tickets		\$1,359	69.0%	\$1,302	68.7%	\$57	4.3%
Online Games		612	31.0%	594	31.3%	17	2.9%
Total		\$1,970	100.0%	\$1,896	100.0%	\$74	3.9%

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

Lottery Reform Scorecard

- Governance:
 - Review and consideration of the Lottery's first by-laws.

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.

