

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg

April 30, 2012



Lottery Sales Update

- Lottery sales continue to climb with March sales coming in \$45 million higher than March 2011 sales.
- These strong sales, coupled with a 7% decrease in the monthly prize payout from 75.3% in March 2011 to 68.3% in March 2012, raised the Lottery's net profit for the year by \$81.7 million. This represents a \$40.9 million increase over last month's net profit.
- As noted in last month's correspondence, it is important to note that despite the favorable payout figures cited above, the Lottery continues to produce its projections for budget purposes using the historical average prize payout percentage of 72.3%.
- March's significant sales increase was driven by a \$26 million bump in Instant Ticket sales; a \$17 million increase in Mega Millions due to the world record-setting \$656 million jackpot in the March 30th drawing; a \$2 million increase in Mass Cash sales; and, \$4 million in additional revenue from the new multi-state Lucky For Life draw game which debuted on March 11th replacing CASH WinFall on Monday and Thursday evenings.
- Two games saw sales decreases in March. Powerball was down \$1 million due to a larger jackpot offering at this time last year and sales for the Numbers Game were also down \$1 million, likely due to Mass Cash's nightly draw expansion.

Lottery's 40th Anniversary Event

- The Massachusetts State Lottery has grossed over \$86 billion in sales, awarded \$58.8 billion in prizes and returned nearly \$19 billion in net profit to the Commonwealth since selling its first game ticket in 1972.
- On April 18, 2012, the Lottery marked its fortieth year of operation with a celebration of its players, retailers, former State Treasurers and Lottery Executives for the roles they have played over the past four decades in helping to build one of the nation's most successful lotteries.
- The event closed with a live drawing of the Midday NUMBERS Game – a mainstay in the Lottery's game portfolio since the mid-1970s.



The THREE STOOGES®

Instant Ticket Sales (April 3)

The Three Stooges

Price Point: \$2

23 Day Sales: \$9.6 million



\$2 THE LOTTERY

The THREE STOOGES®

WIN UP TO **\$30,000!**

Match any of YOUR NUMBERS to either WINNING NUMBER, win prize shown. Get a (DD) symbol, win DOUBLE that prize automatically. Get a (≡≡≡) symbol, win TRIPLE that prize automatically.

VOID IF REMOVED

WIN UP TO 10 TIMES!

TKT# XXX

The graphic features a central image of The Three Stooges in a television set frame. To the right, there is a vertical list of ten 'PRIZE' icons, each with a small portrait of one of the Stooges. Above this list are 'WINNING NUMBERS' and 'YOUR NUMBERS' sections with dollar signs. At the bottom right, there is a 'TKT#' field with 'XXX' and a small square icon.

INSTANT
GAMES

April Instant Ticket Sales (April 17)

Solid Gold

Price Point: \$1
9 Day Sales: \$926,000



Cash Up

Price Point: \$2
9 Day Sales: \$2.9 million

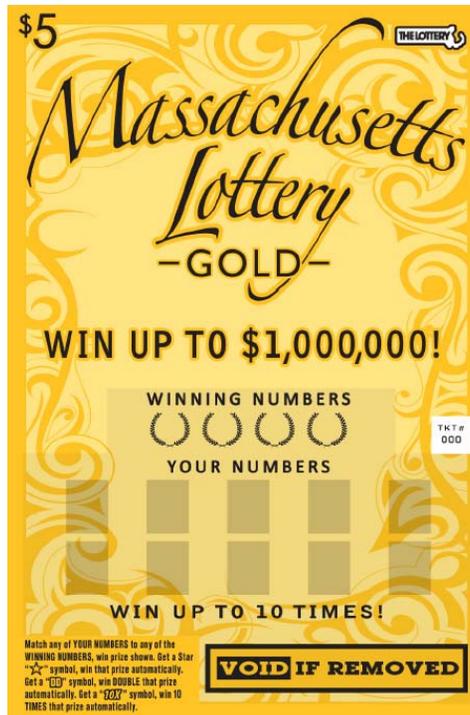


**INSTANT
GAMES**

Massachusetts

Lottery Gold

Price Point: \$5
9 Day Sales: \$7.040 million



40th Anniversary Millions

Price Point: \$20
9 Day Sales: \$13.1 million



“For Life” Ticket Suite Sales (Released Feb. 21)

\$500 A Week For Life

Price Point: \$1

65 Day Sales: \$10.6 million

\$1,000 A Week For Life

Price Point: \$2

65 Day Sales: \$30.2 million

\$2,500 A Week For Life

Price Point: \$5

65 Day Sales: \$51.4 million

\$5,000 A Week For Life

Price Point: \$10

65 Day Sales: \$55.8 million

Total Sales:

\$148 million

Just think what you could do with ...

PICK ONE UP FOR A CHANCE OF A LIFETIME

Total Cash Prizes of \$564,708,660!

\$500 A WEEK FOR LIFE!
Price Point: \$1
Win up to 10 times!
Over \$10,000 in prizes!

\$1,000 A WEEK FOR LIFE!
Price Point: \$2
Win up to 10 times!
Over \$100,000 in prizes!

\$2,500 A WEEK FOR LIFE!
Price Point: \$5
Win up to 10 times!
Over \$1,000,000 in prizes!

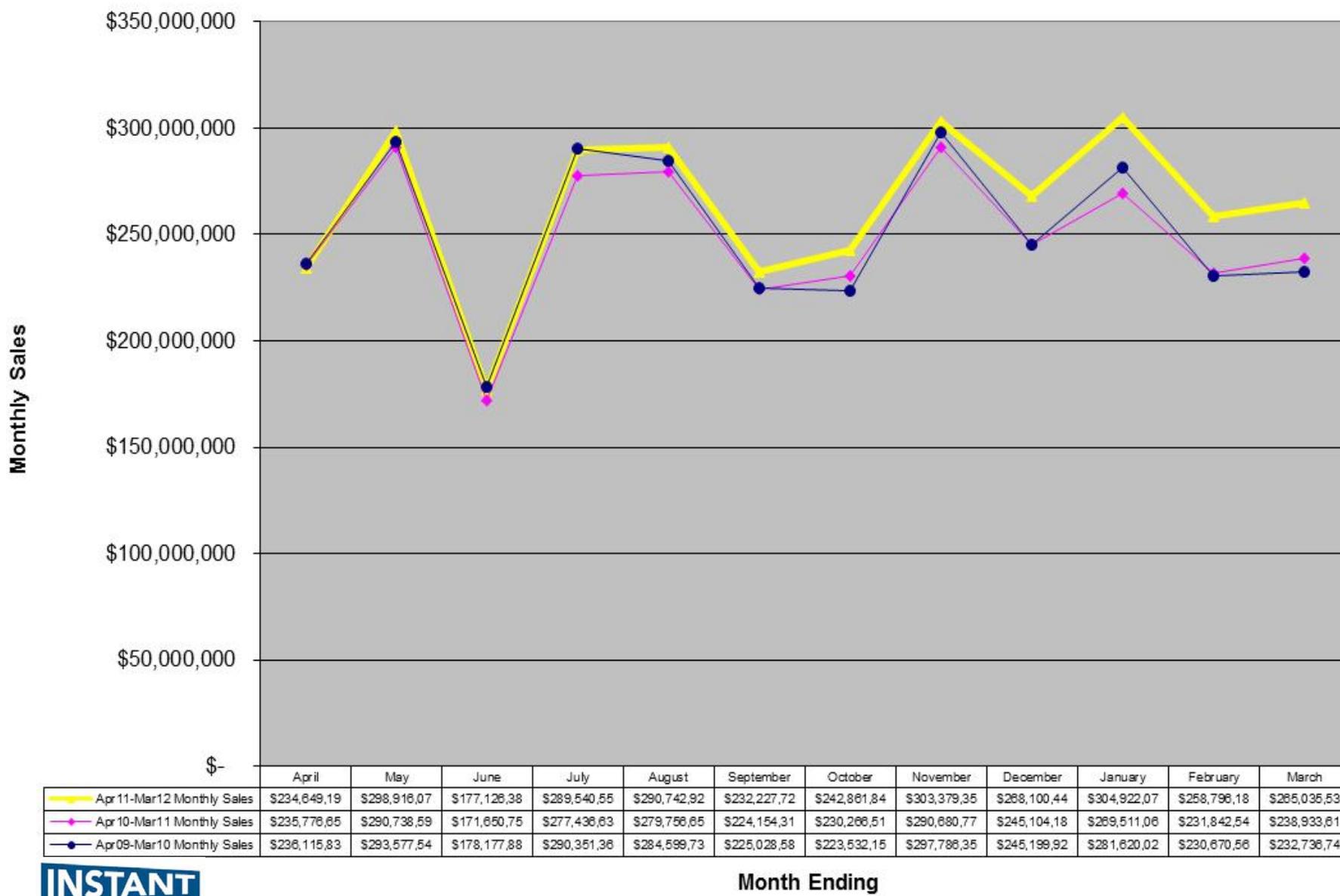
\$5,000 A WEEK FOR LIFE!
Price Point: \$10
Win up to 10 times!
Over \$5,000,000 in prizes!

VOID IF REMOVED

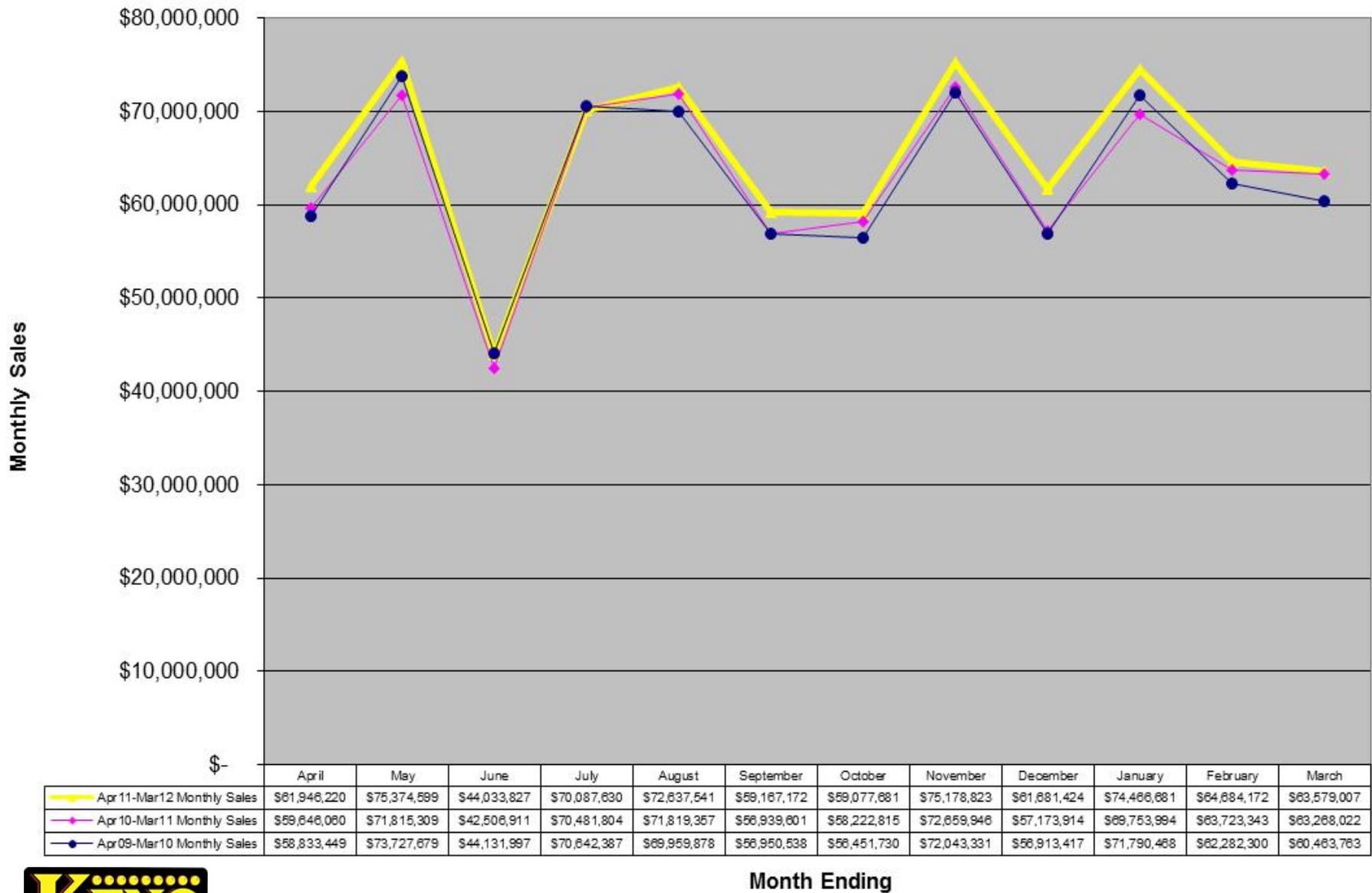
THE LOTTERY



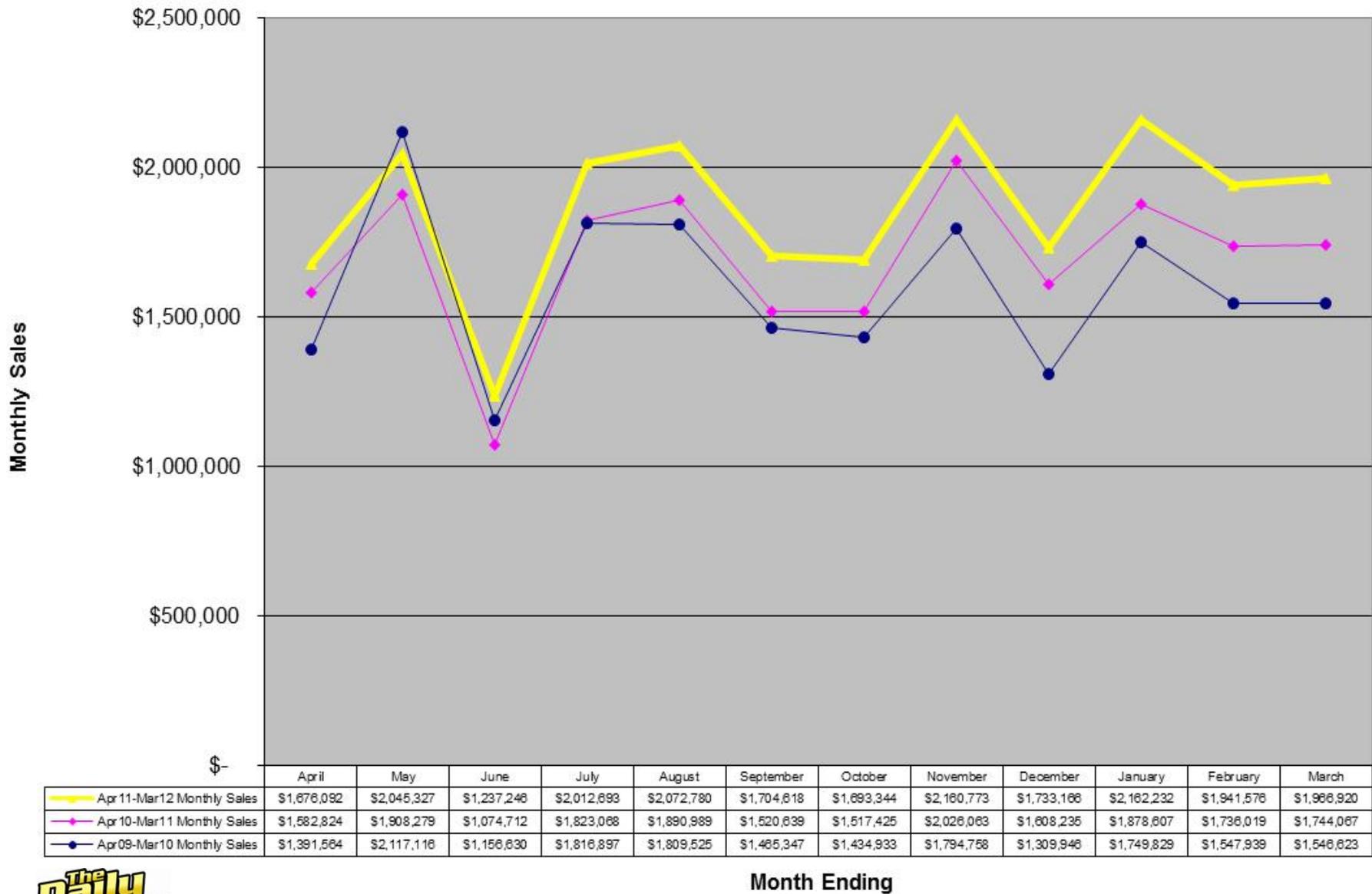
Instant Game Monthly Sales Apr 09 thru Mar 12



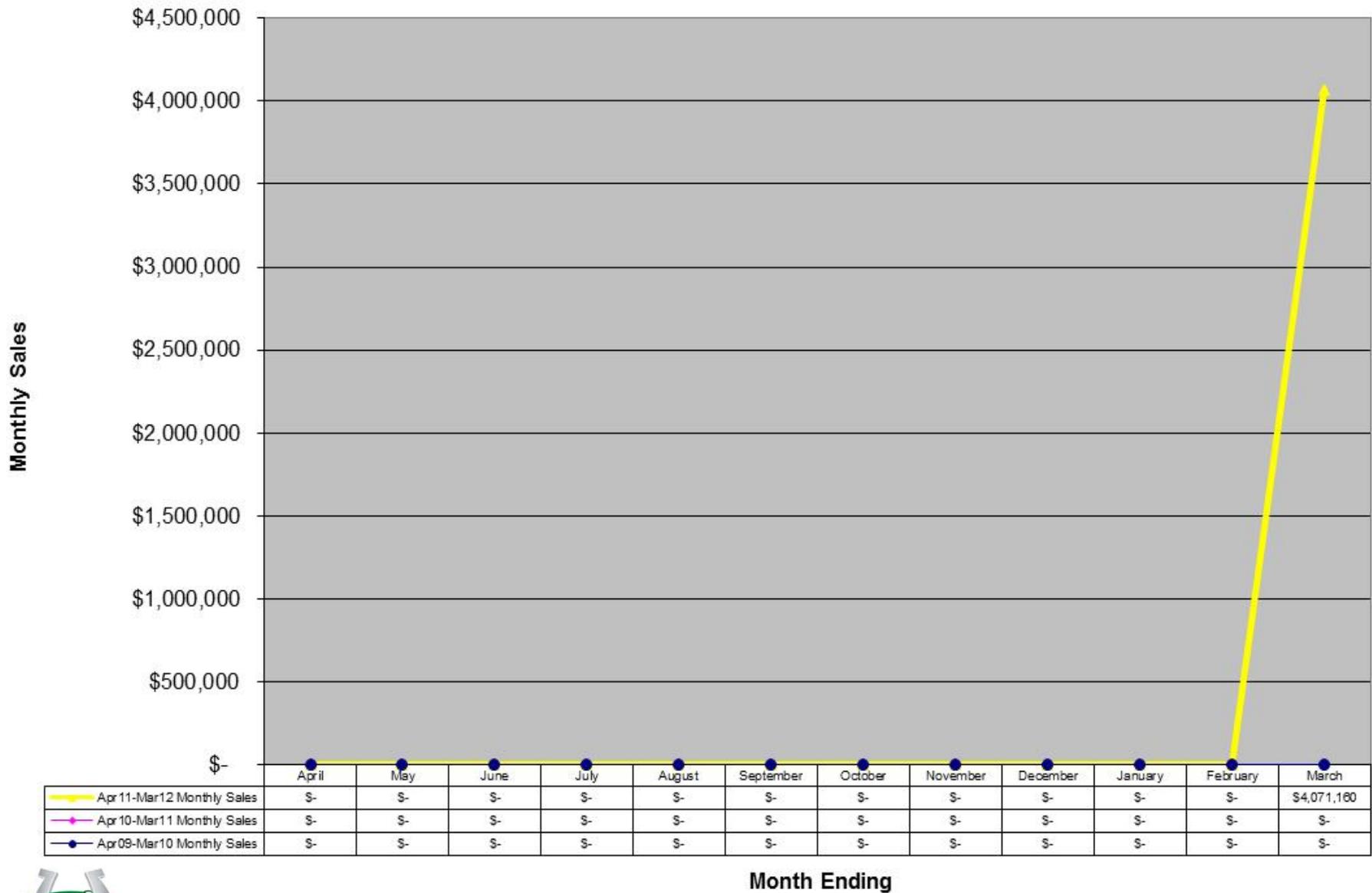
KENO Game Monthly Sales Apr 09 thru Mar 12



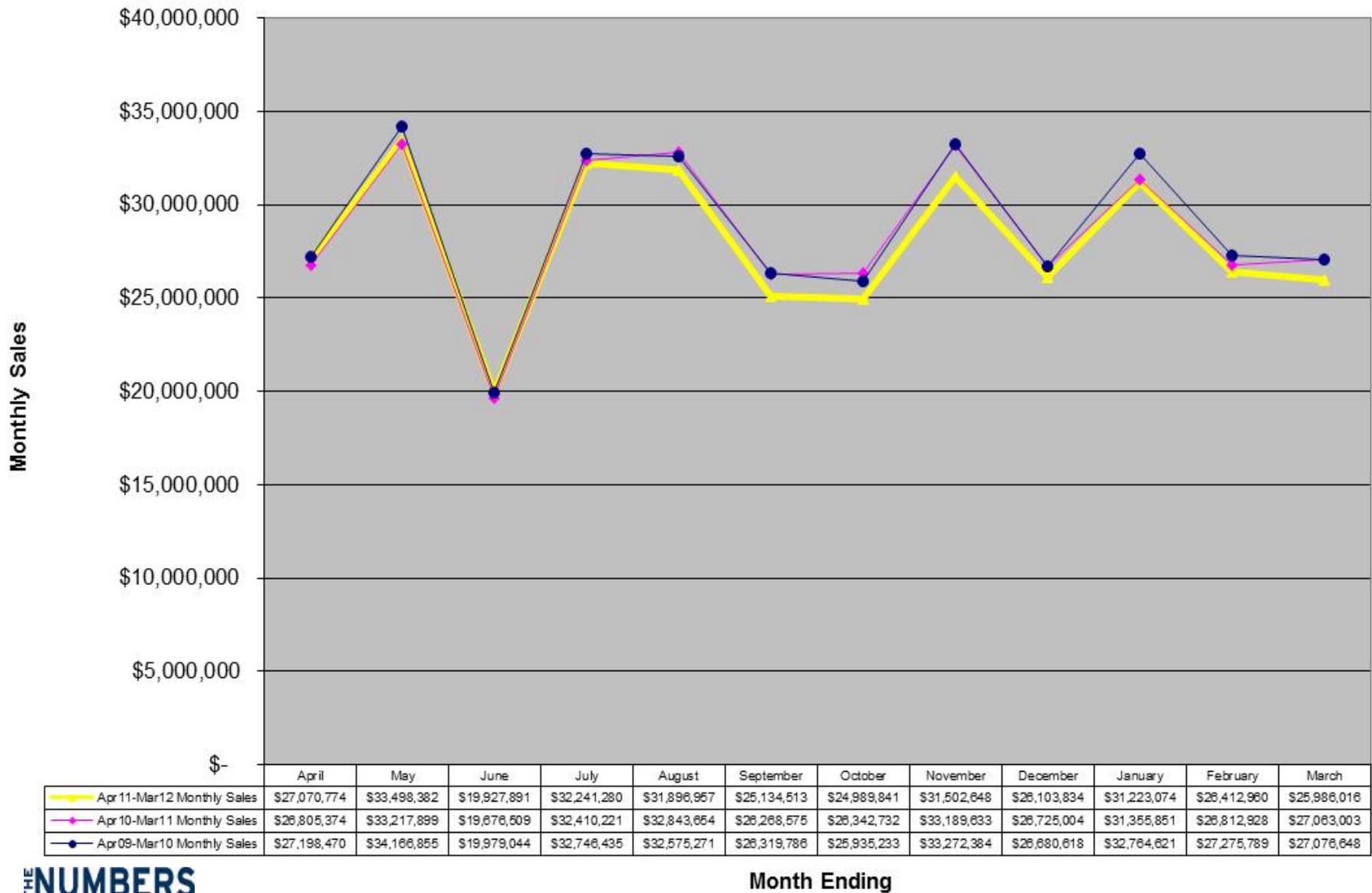
Race Game Monthly Sales Apr 09 thru Mar 12



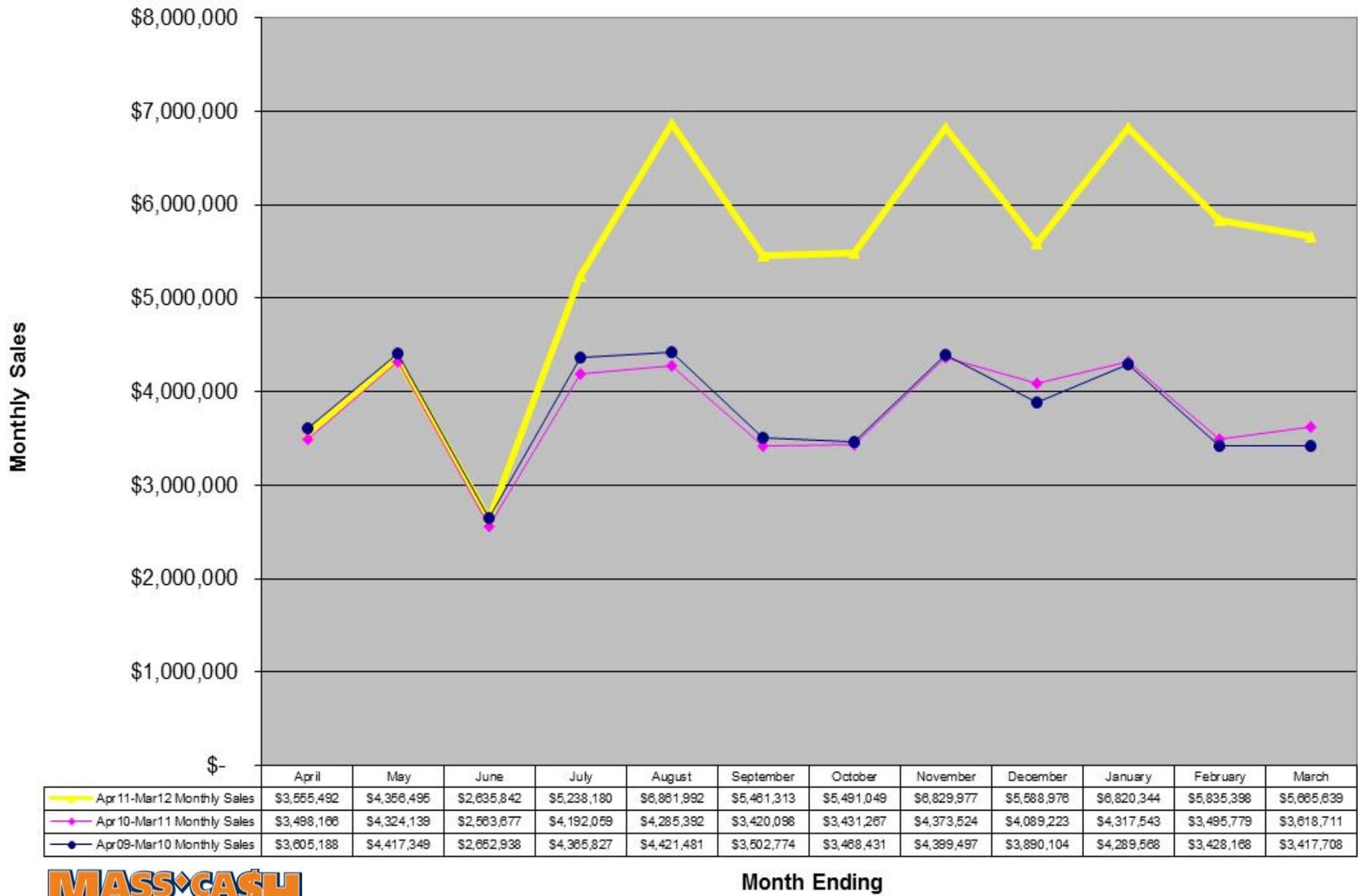
Lucky For Life Game Monthly Sales Apr 09 thru Mar 12



Numbers Game Monthly Sales Apr 09 thru Mar 12

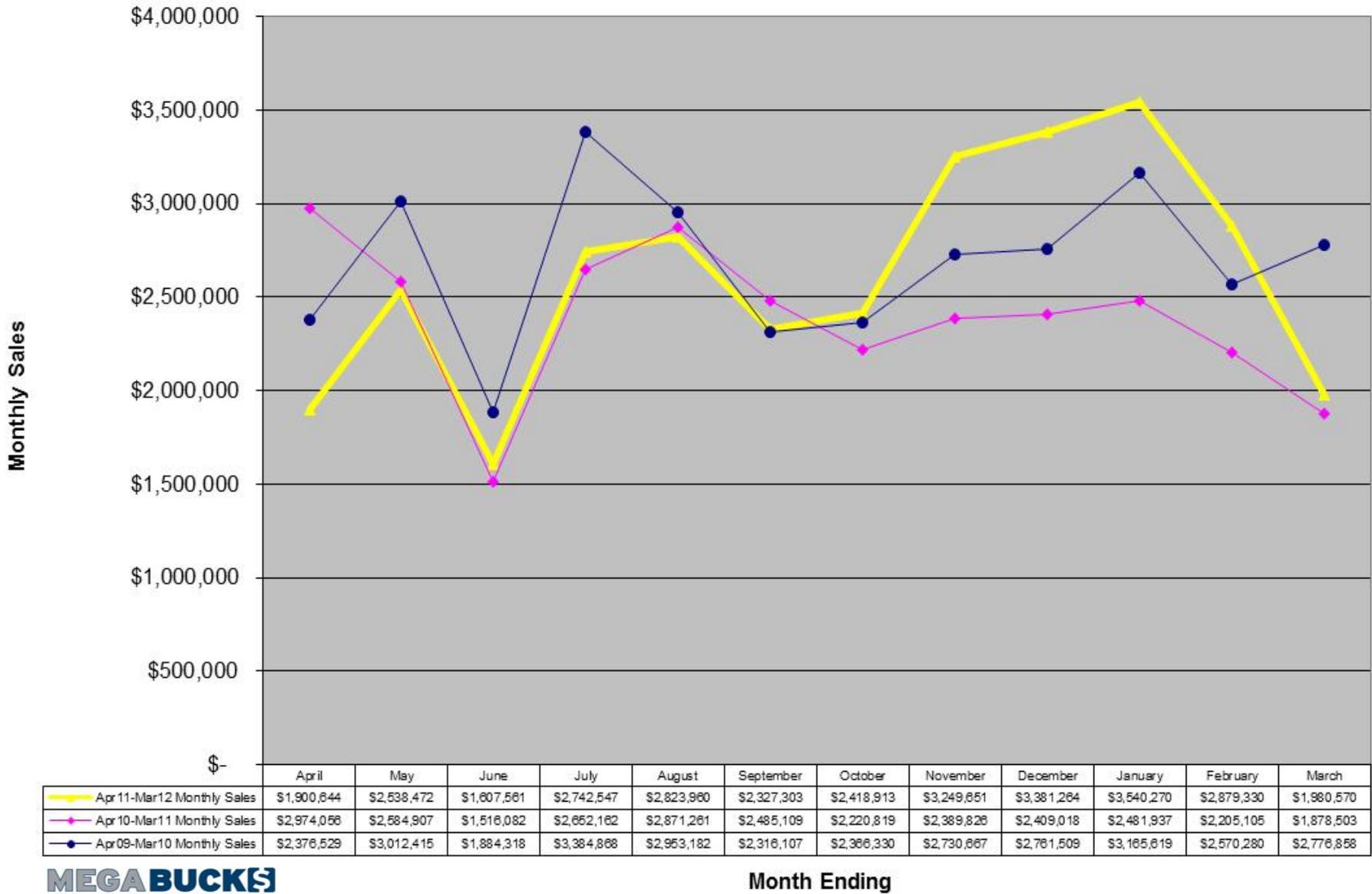


Mass Cash Game Monthly Sales Apr 09 thru Mar 12



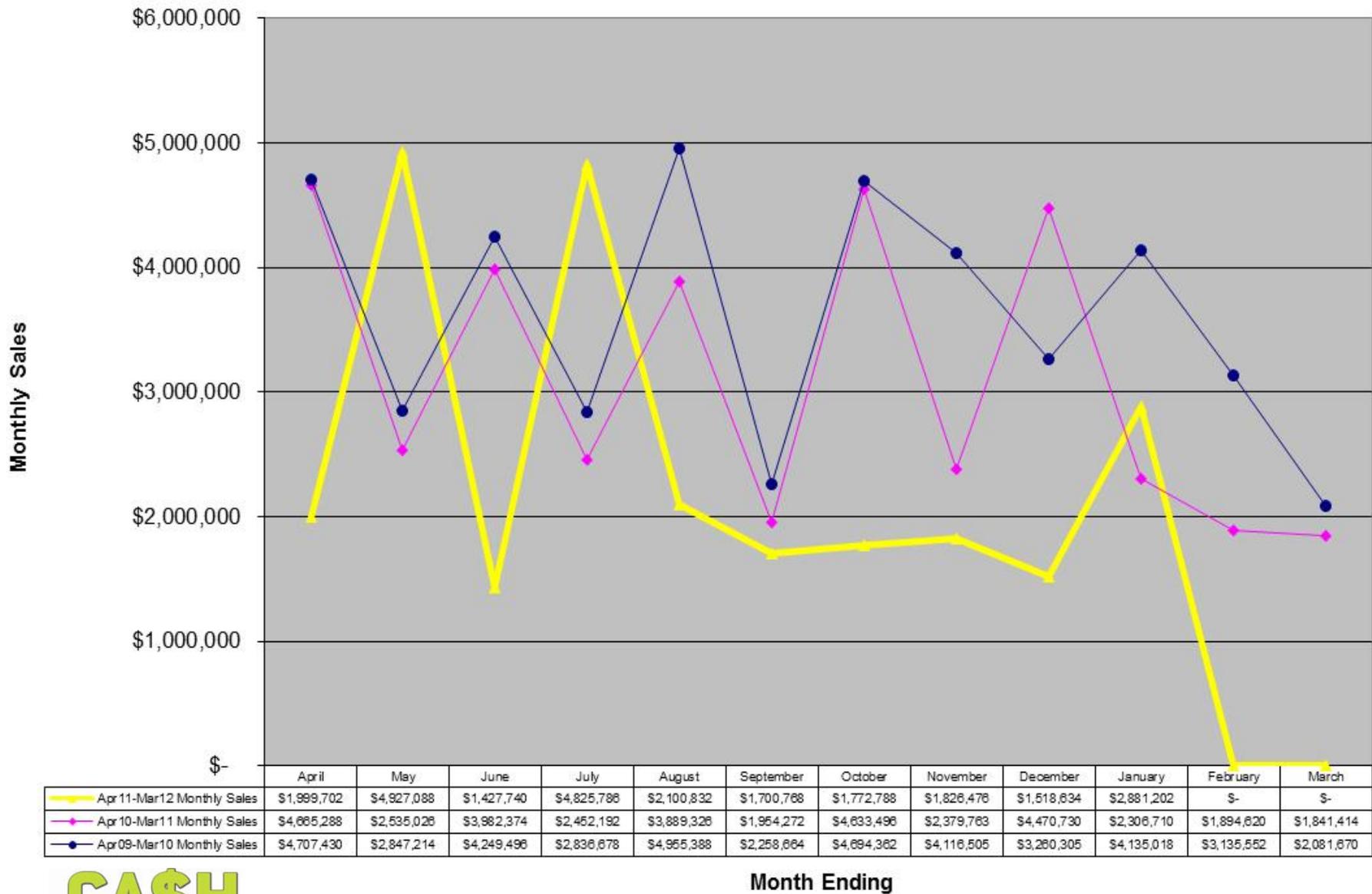
Month Ending

Megabucks Game Monthly Sales Apr 09 thru Mar 12

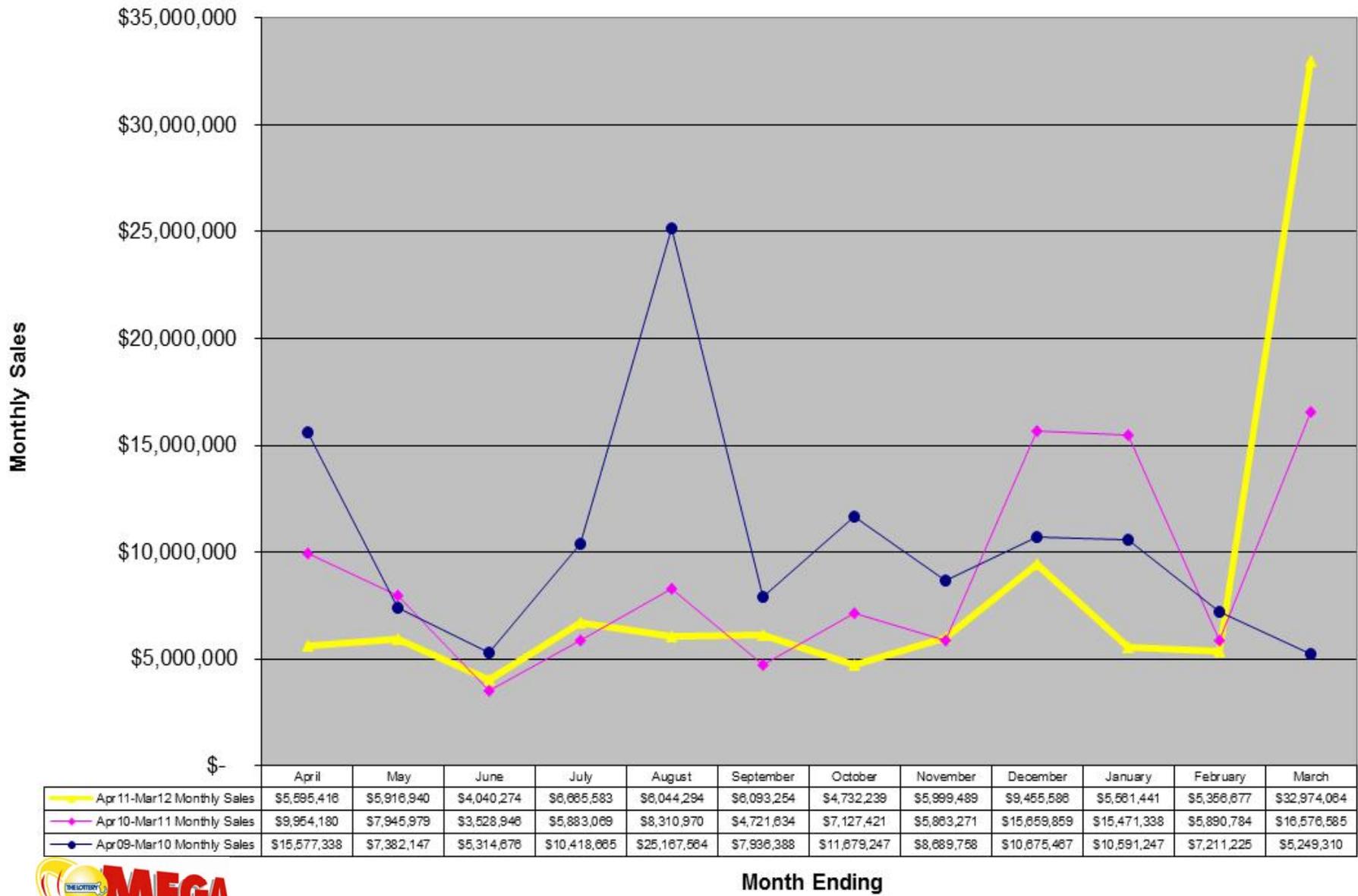


Month Ending

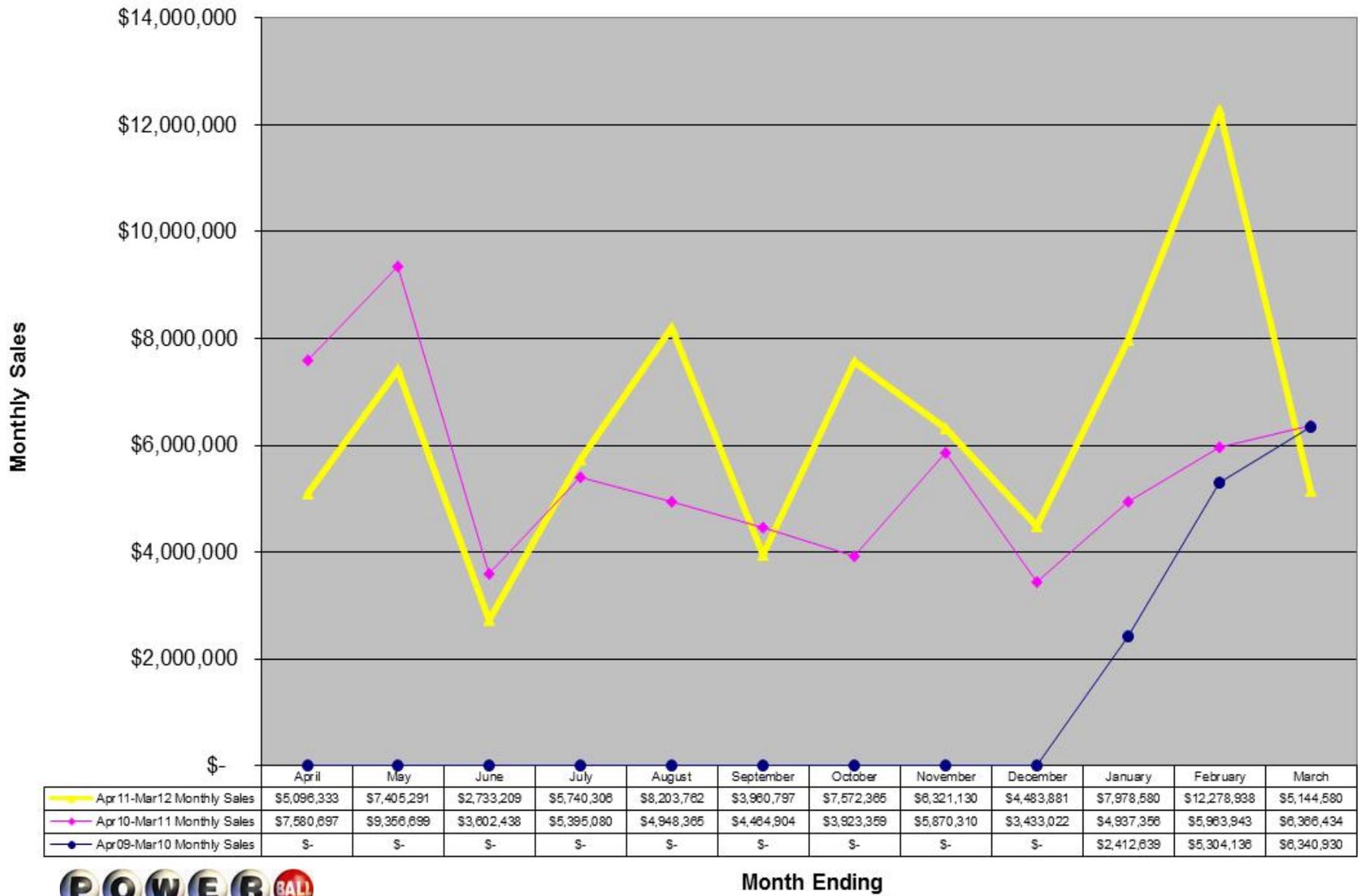
Cash Winfall Game Monthly Sales Apr 09 thru Mar 12



Mega Millions Game Monthly Sales Apr 09 thru Mar 12

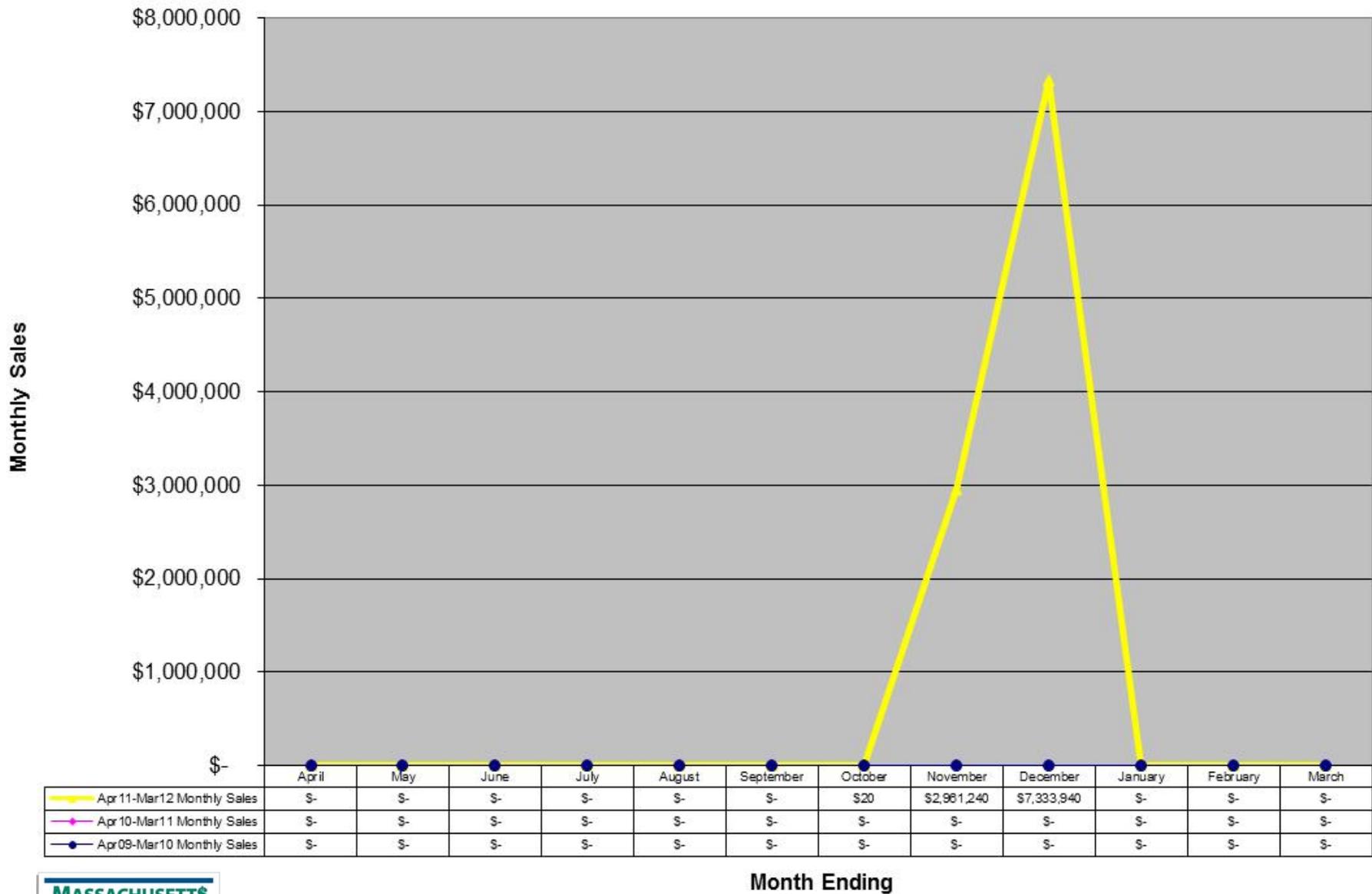


Powerball Game Monthly Sales Apr 09 thru Mar 12



Month Ending

Online Raffle Game Monthly Sales Apr 09 thru Mar 12



MSLC Revenue Results

March FY12 vs. March FY11

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4%	\$265	65.2%	\$239	65.2%	\$26	10.9%
MegaMillions	50%	33	8.1%	16	4.5%	17	101.0%
Powerball	50%	5	1.3%	6	1.8%	-1	-19.3%
Keno	70%	64	15.6%	63	17.5%	0	0.5%
Mass Cash	55%	6	1.4%	4	1.0%	2	56.6%
Race Game	70%	2	0.5%	2	0.5%	0	13.2%
Cash WinFall	60%	0	0.0%	2	0.5%	-2	-100.0%
Numbers Game	63%	26	6.4%	27	7.5%	-1	-4.0%
Megabucks	55%	2	0.5%	2	0.5%	0	5.3%
Raffle Game	50%	0	0.0%	0	0.0%	0	100.0%
Lucky For Life	60%	4		0		4	
Total		\$406	100.0%	\$361	100.0%	45	12.5%
Instant Tickets		\$265	65.2%	\$239	65.2%	\$26	10.9%
Online Games		141	34.8%	122	33.8%	19	15.7%
Total		\$406	100.0%	\$361	100.0%	45	12.5%

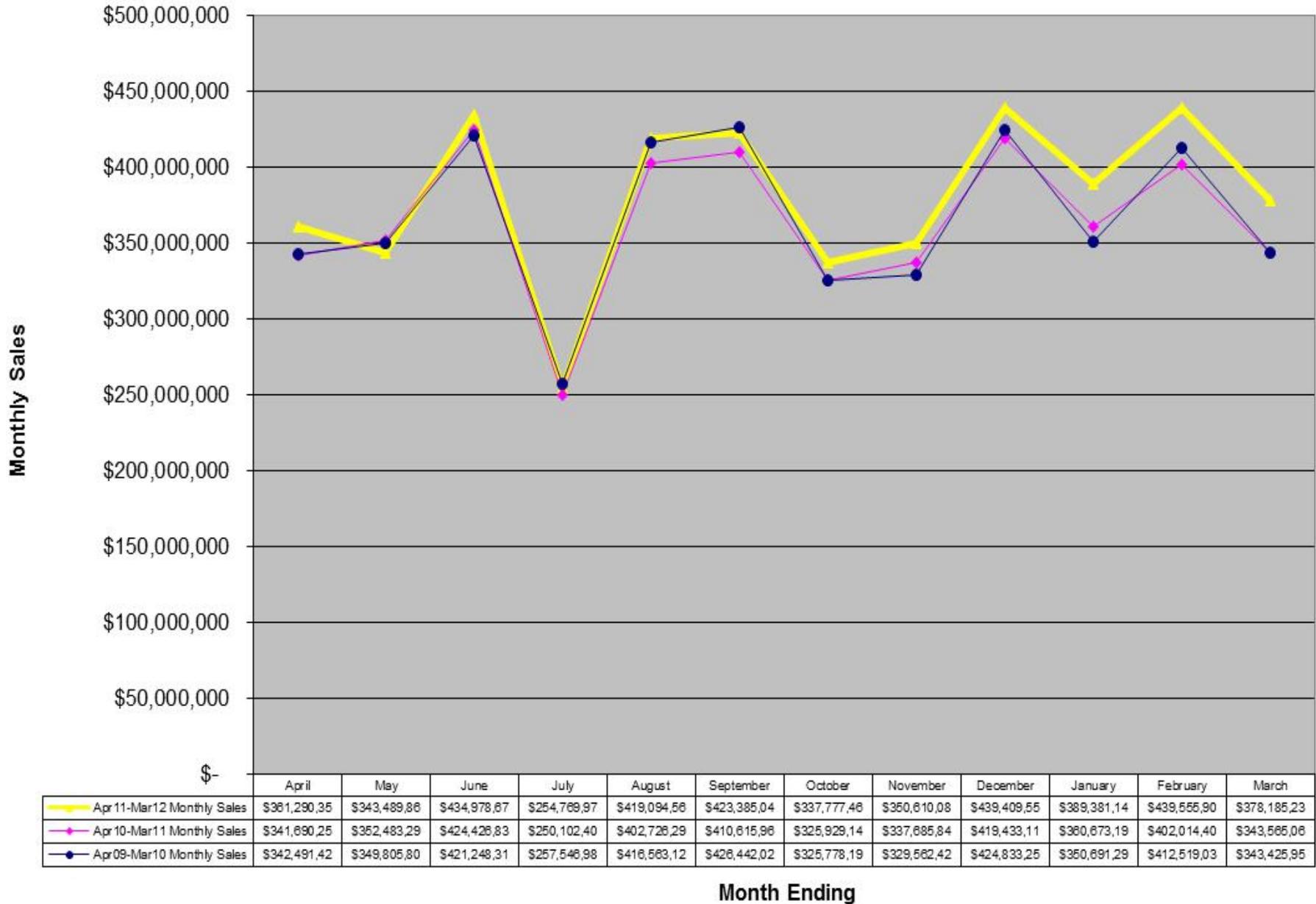
MSLC Revenue Results

FY12 vs. FY11

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4%	\$2,456	68.5%	\$2,288	68.0%	\$168	7.3%
MegaMillions	50%	83	2.3%	86	2.5%	-3	-3.1%
Powerball	50%	62	1.7%	45	1.3%	16	36.2%
Keno	70%	601	16.8%	584	17.4%	17	2.8%
Mass Cash	55%	54	1.5%	35	1.0%	19	52.7%
Race Game	70%	17	0.5%	16	0.5%	2	10.8%
Cash WinFall	60%	17	0.5%	26	0.8%	-9	-35.6%
Numbers Game	63%	255	7.1%	263	7.8%	-8	-2.9%
Megabucks	55%	25	0.7%	22	0.6%	4	17.4%
Raffle Game	50%	10	0.3%	0	0.0%	10	100.0%
Lucky For Life	60%	4		0		4	
Total		\$3,584	100.0%	\$3,364	100.0%	\$220	6.5%
Instant Tickets		\$2,456	68.5%	\$2,288	68.0%	\$168	7.3%
Online Games		1,128	31.5%	1,076	32.0%	52	4.8%
Total		\$3,584	100.0%	\$3,364	100.0%	\$220	6.5%

All Game Monthly Sales Apr 09 thru Mar 12



Lottery Reform Scorecard

Procurement:

- To reflect OSD policy changes and maximize efficiencies in the Lottery's procurement and purchasing practices, the Finance Department has increased the threshold for large procurements from \$50,000 to \$150,000.

Governance:

- In accord with the Lottery's commitment to open and transparent governance, the Lottery's website's new section on "Commission Meetings and Materials" is ready to go live, <http://www.masslottery.com/about2012/>. This also ensures compliance with the By-Laws' requirement that we post the resolution authorizing the Executive Director to enter contracts under a set maximum liability (\$150,000).

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

