

Massachusetts State Lottery Commission Meeting

Executive Director's Report

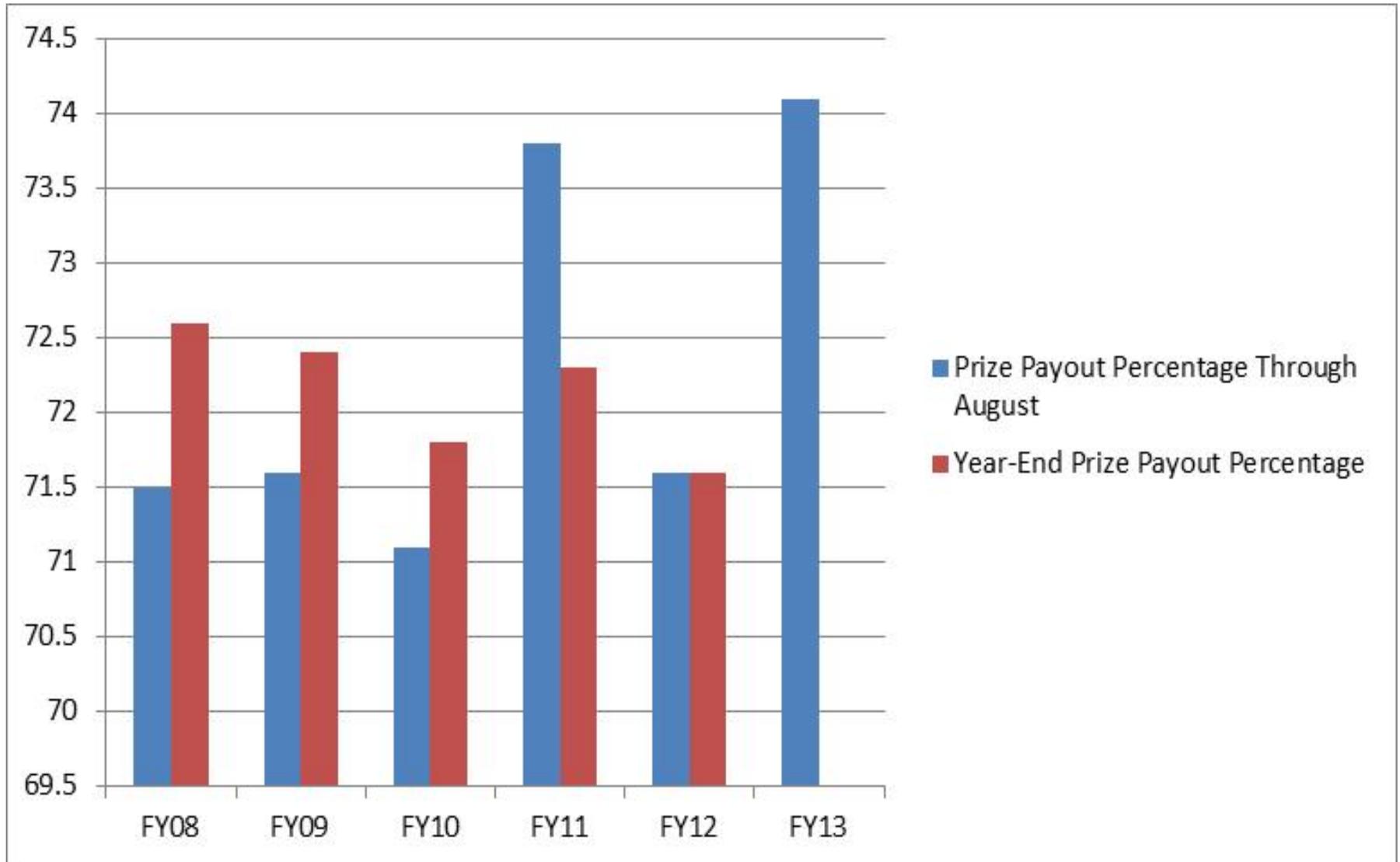
Delivered by Paul R. Sternburg
September 25, 2012



Lottery Sales Update

- Overall sales for August 2012 were \$17 million higher than August 2011. It marked another great month in terms of growth; however, the prize payout percentage for the first two months of the fiscal year was 74.1 percent, compared to 71.6 percent in FY12.
- This 2.5 percent increase caused the overall net profit for the month to fall \$19 million below the net profit for the first two months of last year. As explained in previous meetings, the payout percentage fluctuates based on the schedule or rate at which players cash in prizes.
- August's sales increase can be attributed to a \$9 million spike in the Instant Ticket portfolio thanks to the release of four new games: Lucky Stars (\$1), Aces & 8's (\$2), Bank On It (\$2) and Jumbo Bucks (\$5). Also contributing to the month's strong sales performance were: a \$7 million dollar increase in Powerball sales due to this August's \$325 million jackpot, which was much larger than last year's offering; a \$2 million increase in KENO sales over last year; and, \$4 million in new sales brought in from the regional Lucky for Life draw game, which debuted in March 2012.
- Four draw games in the portfolio experienced sales decreases in August, including: a \$1 million decline in Mega Millions sales due to smaller jackpots as compared to last year's offerings; a \$1 million dip in Numbers Game sales due to continued cannibalization from Mass Cash's expansion to a nightly draw schedule; a \$1 million decrease in Megabucks Doubler sales due to a smaller jackpot this year; and, a \$1 million decrease in CASH WinFall sales because there have been no ticket sales since the game officially ended on January 23, 2012.

Historic Prize Payout Percentages



Super 50/50 Raffle (October 1 Release)



Super 50/50 Raffle ticket sales start Monday, October 1, 2012. Tickets will be sold via the ISYS/blue Lottery terminal and will cost \$10 per ticket.

The top prize is not set – it will grow as sales increase. The jackpot will be updated daily and posted on masslottery.com as well as electronically issued directly to every Lottery retailer via the ISYS terminal. There is a minimum guaranteed \$500,000 prize.

Ticket sales will end December 31, 2012 at 11:59 p.m. The drawing will take place on New Year's Day, January 1, 2013 with just one raffle ticket randomly selected. The winning raffle ticket number will be posted on masslottery.com at 6:00 p.m.

Wild Raffle Wednesdays – 5 \$1,000 Bonus Prizes each Wednesday

Every Wednesday starting November 7 – December 26, five lucky ticket numbers from the pool of all tickets sold will be randomly selected to win \$1,000 Bonus Prizes. The winning Bonus Prize ticket numbers will be posted on masslottery.com and provided to all retailers electronically.

Wild Wednesday winners are eligible to win the top prize in the Super 50/50 Raffle's New Year's Day drawing.

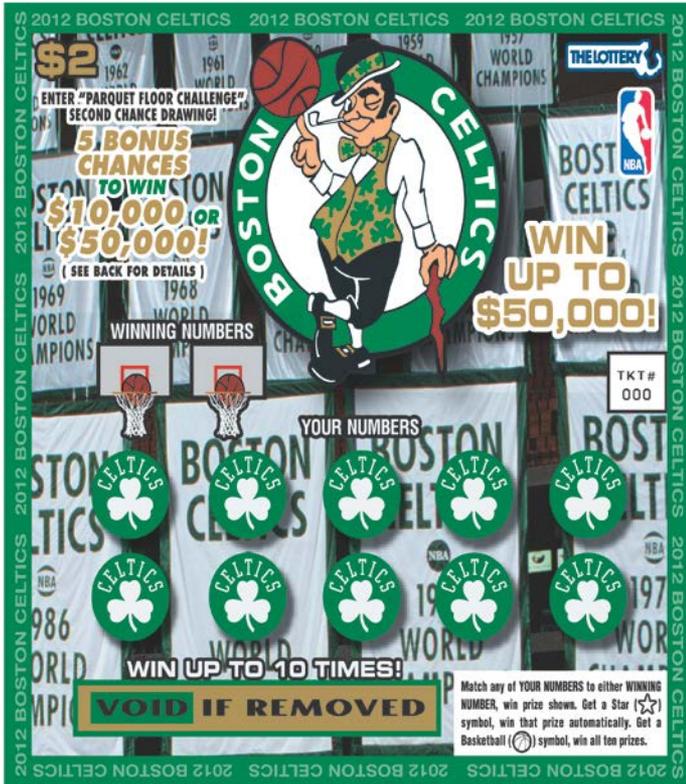


Instant Ticket Release (October 2)

2012 Boston Celtics Instant Ticket

Price Point: \$2

Estimated Sales: \$30.2 million, Estimated Net Profit: \$5.8 million



- 4th Instant Ticket offering with the Celtics.
- Since 2006, the Lottery's Celtics-branded instant tickets have amassed \$146 million in sales and generated approximately \$24.5 million in net profit.
- New \$2 game offers over \$19 million in immediate "scratch and win" cash prizes, including 15 top prizes of \$50,000, and 491,640 prizes ranging from \$10 to \$10,000.
- The ticket will also feature second chance opportunities through which players can enter their non-winning tickets to win unique game-night experiences, team-branded gear, commemorative "banner year" collectables and more money – up to \$50,000 cash - in a contest held on the famed parquet floor court during a Celtics' home game.

Instant Ticket Release (September 18)

Money Roll

Price Point: \$2

6 Day Sales: \$267,000

Spooky Loot

Price Point: \$5

6 Day Sales: \$742,495

Silver, Platinum, Gold 7s

Price Point: \$5

6 Day Sales: \$1,849,500

\$10,000 A Week For Life

Price Point: \$20

6 Day Sales: \$1,754,000



2012 New England Patriots Instant Ticket (Sept. 4)

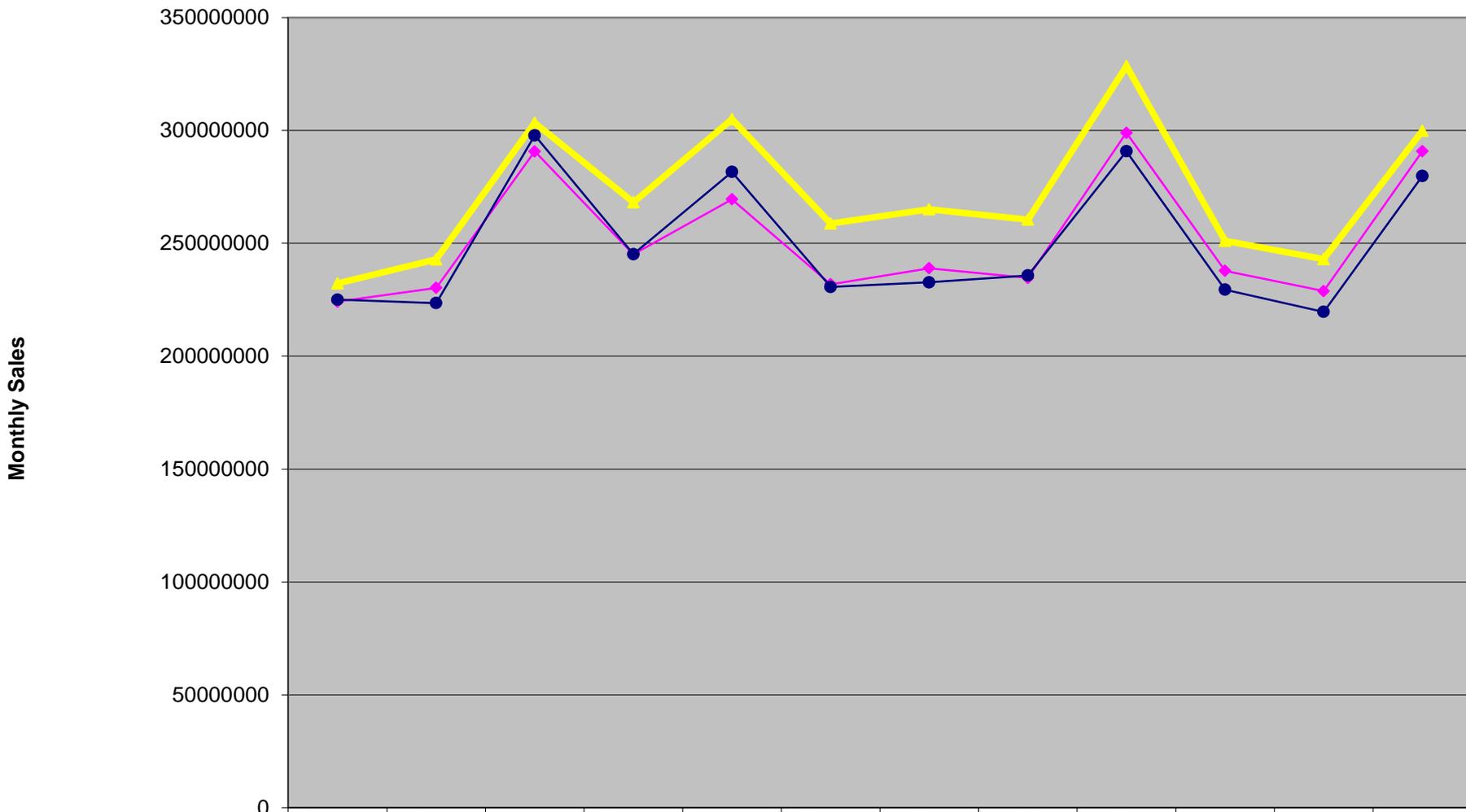


2012 New England Patriots
Price Point: \$2
20 Day Sales: \$4,132,317

Of the over 4,500 fans who entered the 2012 New England Patriots Instant Ticket Launch Contest by “liking” the Lottery’s Facebook page, a total of 125 fans won tickets to attend the exclusive event. Each winner plus their guest watched a Patriots practice. The event was capped off with a drawing in which envelopes containing each contest winner’s name were placed into a drum with one person randomly selected to win an Away Game Trip Package for two (2) to see the Patriots play in Miami, Florida on December 2 and \$500 cash. Laurie J. Sparks of Roslindale, MA, who attended the launch celebration after a friend entered her into the Facebook contest, was the lucky winner of the trip package valued at \$15,000.

**INSTANT
GAMES**

Instant Game Monthly Sales September 09 thru August 12

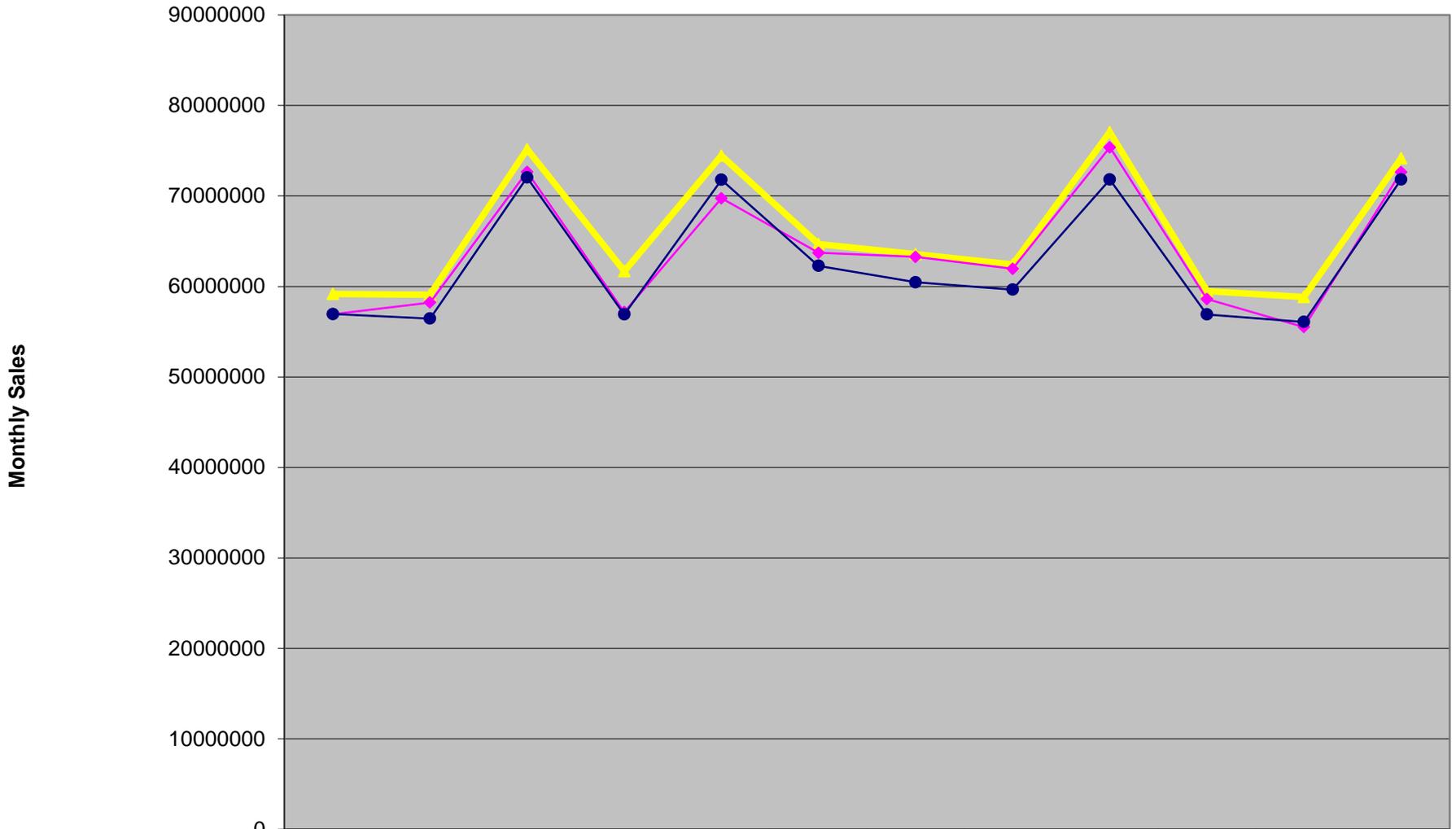


	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	232227724	242861849	303379350	268100444	304922079	258796180	265035533	260486099	328476223	251119384	242954618	299867089
Sept10-Aug11 Monthly Sales	224154313	230266512	290680776	245104186	269511067	231842548	238933616	234649190	298916076	237818407	228848532	290742927
Sept09-Aug10 Monthly Sales	225028588	223532159	297786355	245199925	281620024	230670567	232736741	235776651	290738599	229453153	219634237	279756652

Month Ending



KENO Game Monthly Sales September 09 thru August 12

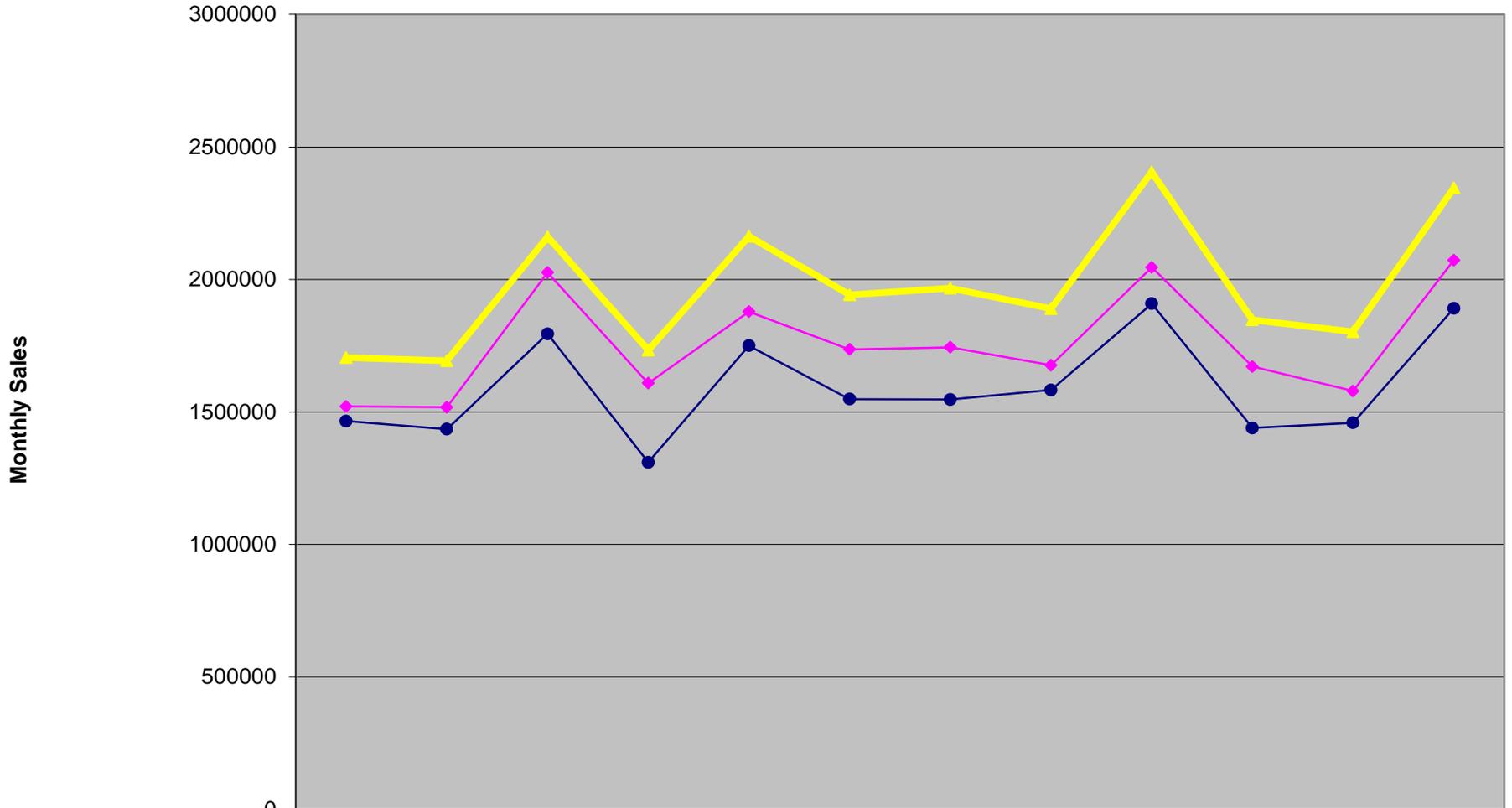


	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	59167172	59077681	75178823	61681424	74466681	64684172	63579007	62438549	77066745	59496498	58834238	74168553
Sept10-Aug11 Monthly Sales	56939601	58222815	72659946	57173914	69753994	63723343	63268022	61946220	75374599	58609862	55511595	72637541
Sept09-Aug10 Monthly Sales	56950538	56451730	72043331	56913417	71790468	62282300	60463763	59646060	71815309	56906312	56082403	71819357



Month Ending

Race Game Monthly Sales September 09 thru August 12



	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	1704618	1693344	2160773	1733166	2162232	1941576	1966920	1889649	2406140	1847873	1802060	2345349
Sept10-Aug11 Monthly Sales	1520639	1517425	2026063	1608235	1878607	1736019	1744067	1676092	2045327	1671117	1578823	2072780
Sept09-Aug10 Monthly Sales	1465347	1434933	1794758	1309946	1749829	1547939	1546623	1582824	1908279	1439126	1458654	1890989

Month Ending



Lucky For Life Game Monthly Sales September 09 thru August 12



Month Ending

SPEND \$6 TODAY TO WIN! LUCKY FOR LIFE'S

\$1,000 BONUS DRAWING

Visit masslottery.com for more details.

You must be 18 years or older to play the Massachusetts Lottery. Subject to the Rules and Regulations of the Massachusetts Lottery




New England's six "Lucky for Life" state lotteries are currently offering a two-week long promotion through which players have the opportunity to win \$1,000 in a Bonus Drawing.

Players who wager \$6 or more on a single Lucky for Life ticket will receive a "Bonus Ticket" into a drawing to win \$1,000. In Massachusetts, a total of 14 \$1,000 prizes will be awarded. Winning ticket numbers will be posted on masslottery.com on October 2.

The goal of the promotion is to increase awareness of the game across its six state marketplace. All participating states are advertising the promotion with a radio spot, produced by the NH Lottery's advertising agency, GY&K. The spot began running on September 17 statewide on drawing days (Monday and Thursday). We also purchased four days of front-page banner advertising in the Boston Metro newspaper, as well as leveraged our existing platforms: masslottery.com, Facebook, Twitter, daily drawing announcements on YouTube and our 7,400+ retailers to advertise the promotion.

Lucky for Life sales for the first full week of the \$1,000 BONUS DRAWING promotion were \$917,078. Those sales were 12% higher than the average sales for the first two weeks of September, or a \$99,539 increase.

\$1,000 BONUS DRAWING

Starting September 16 - September 29, 2012

Spend \$6 or more on one Lucky for Life ticket and receive one "BONUS TICKET" into a drawing to win \$1,000!



To participate tell the retailer you want your \$6 or more **Lucky for Life** purchase to be on the same game ticket. Each ticket worth \$6 or more will generate a "Bonus Ticket" Registration Form.

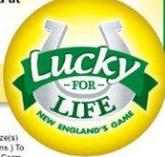
14 PRIZES WILL BE AWARDED!

Winning Bonus Ticket entry numbers will be posted at masslottery.com after 2 pm on Oct. 2, 2012.

New Lucky for Life drawings can be seen at masslottery.com every Monday & Thursday.

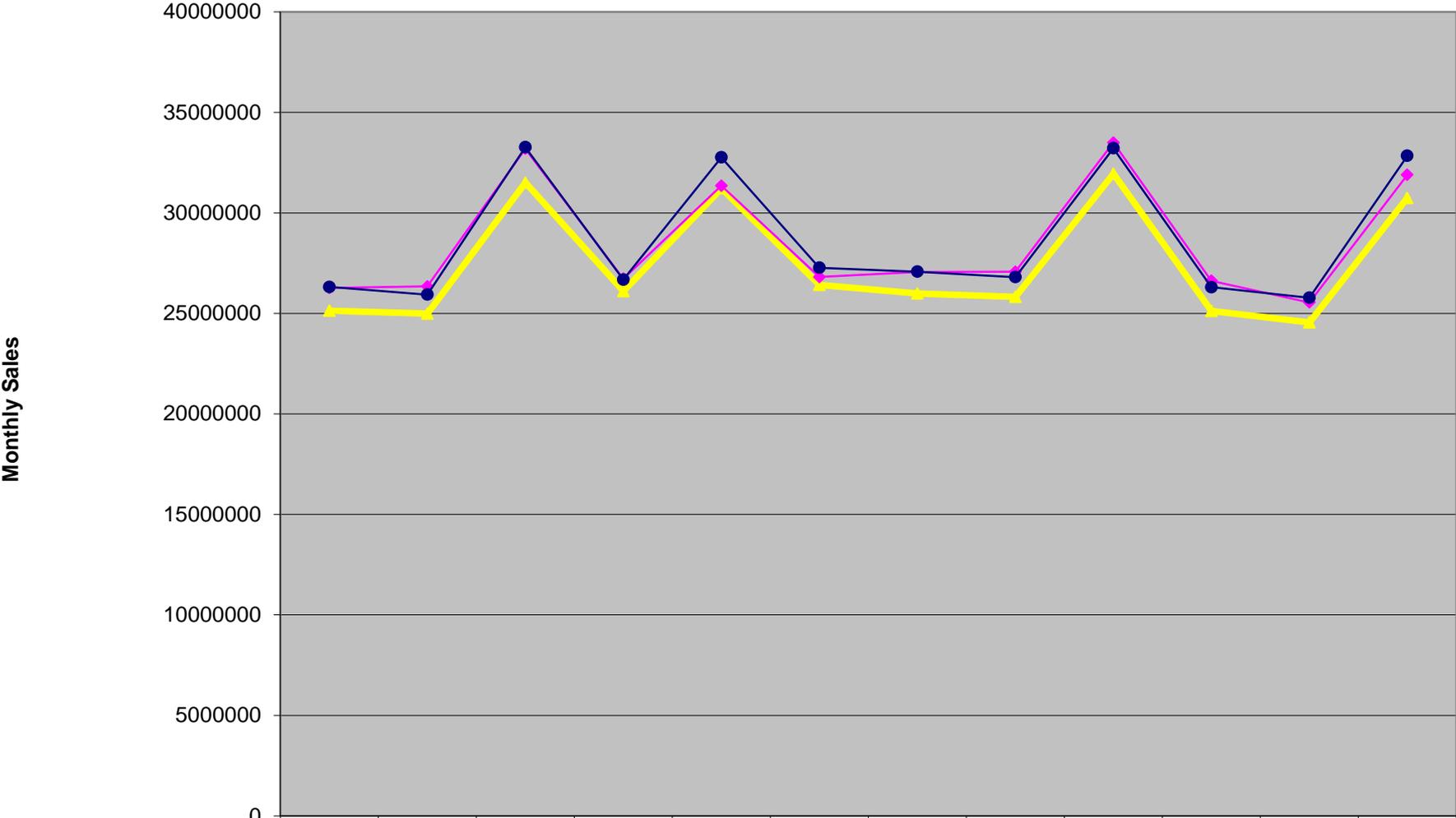
You must be 18 years or older to play the Massachusetts Lottery.

Winning Lucky for Life "Bonus Ticket" holders of the \$1,000 Bonus Drawing must claim their prizes by November 1, 2012 at a Lottery Regional Office. (Visit www.masslottery.com for office locations.) To claim a prize, winning ticket holder must present the actual winning "Bonus Ticket" Registration Form (photocopies will not be accepted) and proper identification. Prize checks will be mailed approximately two weeks after prize is claimed. Actual prize amount will be less applicable taxes and withholdings. Subject to the Rules and Regulations of the Massachusetts State Lottery.





Numbers Game Monthly Sales September 09 thru August 12

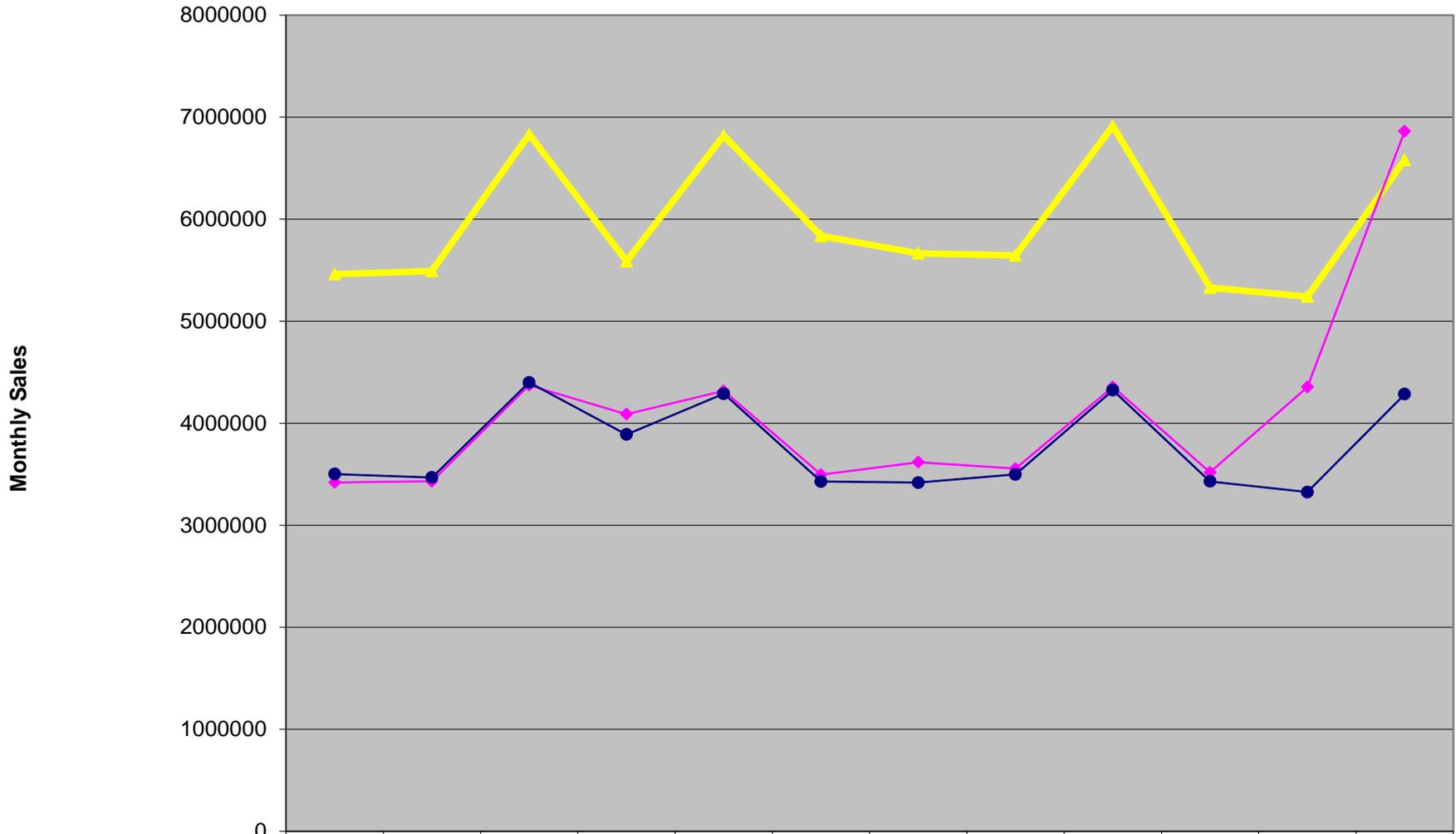


	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	25134513	24989841	31502648	26103834	31223074	26412960	25986016	25821532	31954317	25122691	24550515	30735573
Sept10-Aug11 Monthly Sales	26268575	26342732	33189633	26725004	31355851	26812928	27063003	27070774	33498382	26620647	25548523	31896957
Sept09-Aug10 Monthly Sales	26319786	25935233	33272384	26680618	32764621	27275789	27076648	26805374	33217899	26306650	25780080	32843654



Month Ending

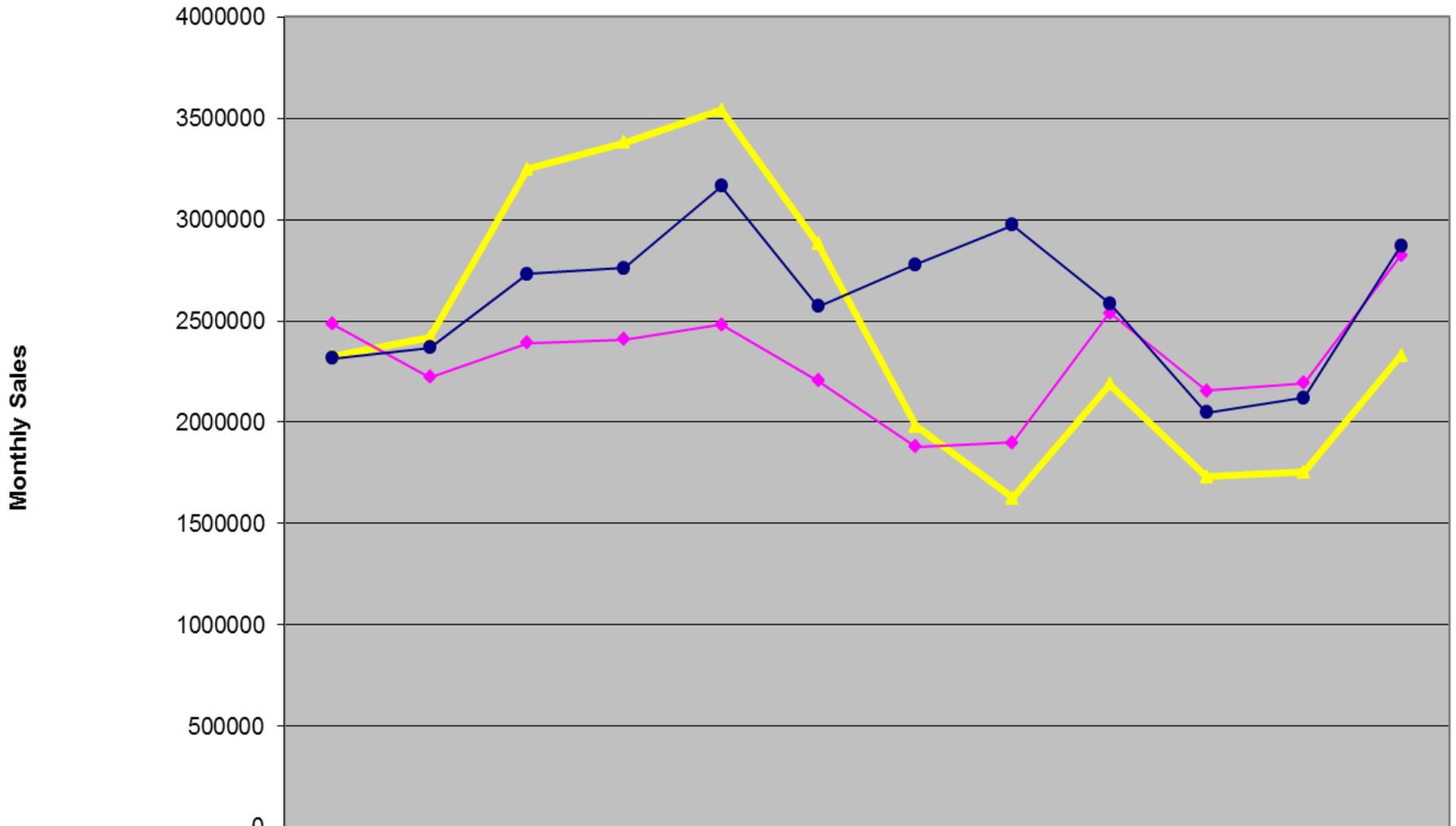
Mass Cash Game Monthly Sales September 09 thru August 12



	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	5461313	5491049	6829977	5588976	6820344	5835398	5665639	5644277	6913184	5330344	5240615	6578888
Sept10-Aug11 Monthly Sales	3420098	3431267	4373524	4089223	4317543	3495779	3618711	3555492	4356495	3519588	4354434	6861992
Sept09-Aug10 Monthly Sales	3502774	3468431	4399497	3890104	4289568	3428168	3417708	3498166	4324139	3430092	3325644	4285392



Megabucks Game Monthly Sales September 09 thru August 12



	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	2327303	2418913	3249651	3381264	3540270	2879330	1980570	1626691	2186470	1730305	1754484	2330748
Sept10-Aug11 Monthly Sales	2485109	2220819	2389826	2409018	2481937	2205105	1878503	1900644	2538472	2155685	2194423	2823960
Sept09-Aug10 Monthly Sales	2316107	2366330	2730667	2761509	3165619	2570280	2776858	2974056	2584907	2047968	2120276	2871261

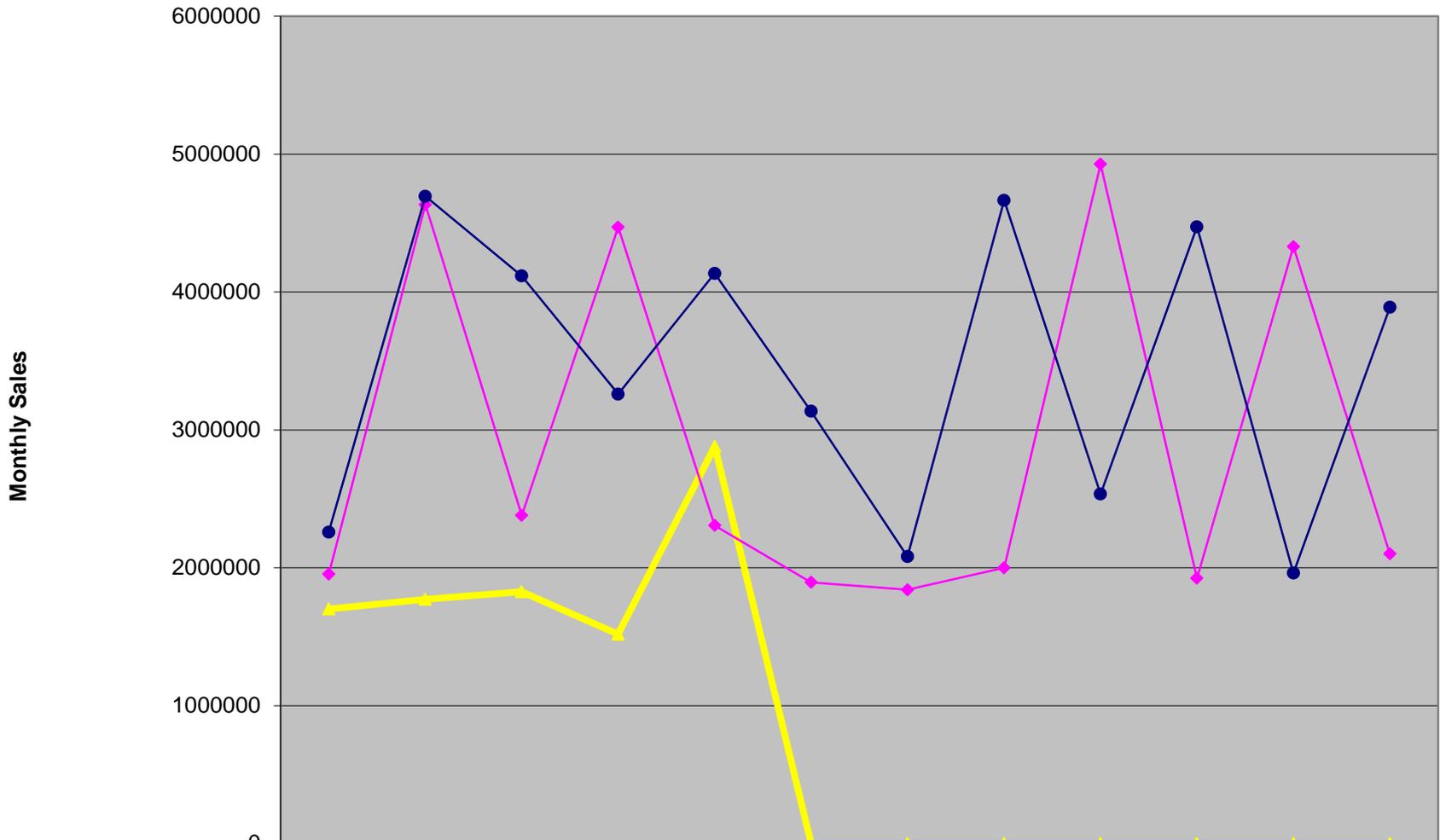
\$5.44 million Megabucks Doubler jackpot winner



Christine Richotte of Montague's faith in her Megabucks Doubler numbers finally paid off after she matched all six numbers in the September 12th drawing to take home the game's \$5.4 million jackpot. Richotte, a long time Megabucks player, plays a combination of her own, her children's, and her late husband's birthdays.

The winning ticket was sold by Stop & Shop located at 89 French Kings Highway in Greenfield. The supermarket will receive a \$25,000 commission on the sale.

Cash Winfall Game Monthly Sales September 09 thru August 12

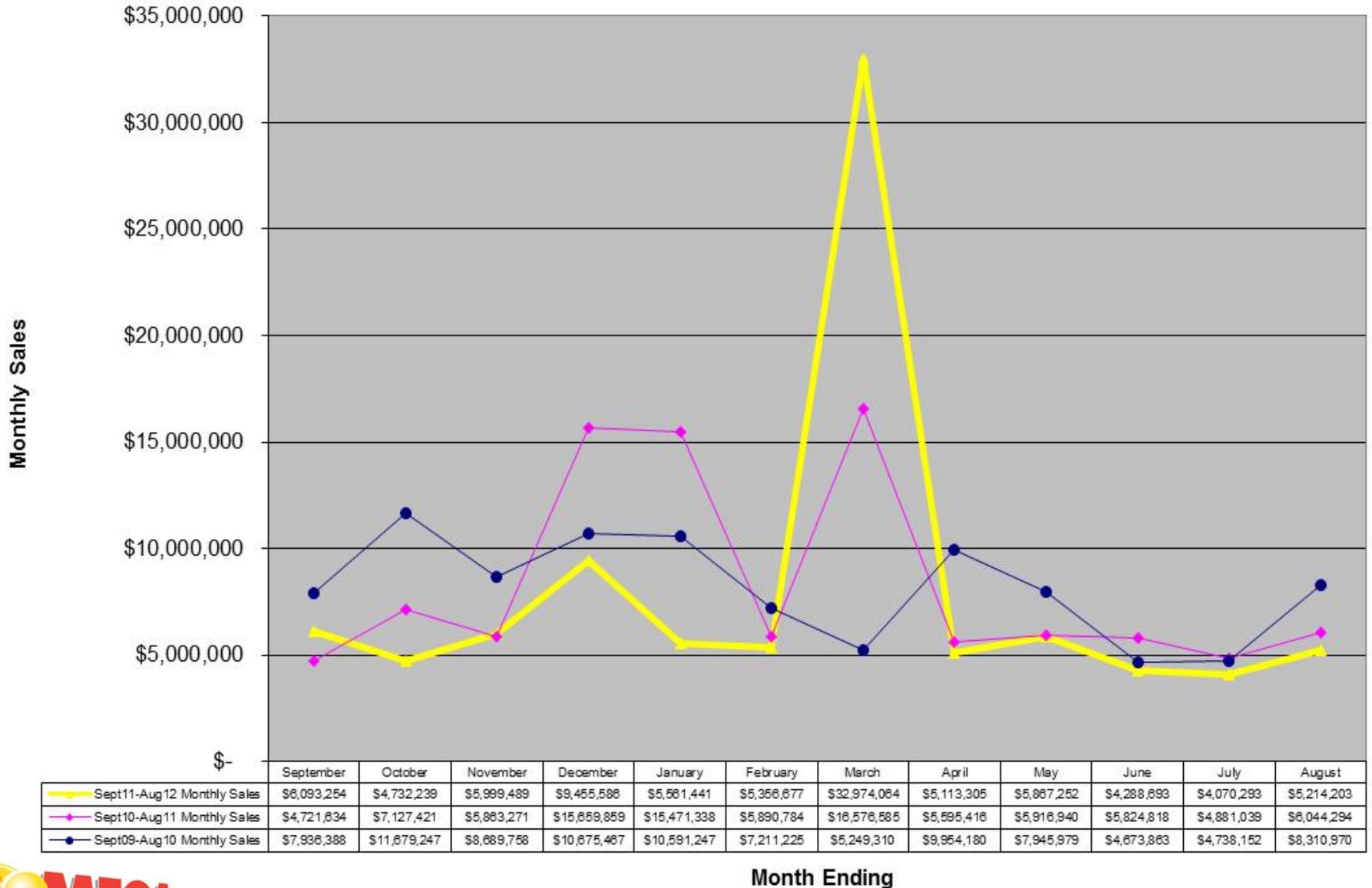


	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	1700768	1772788	1826476	1518634	2881202	0	0	0	0	0	0	0
Sept10-Aug11 Monthly Sales	1954272	4633496	2379763	4470730	2306710	1894620	1841414	1999702	4927088	1924326	4329200	2100832
Sept09-Aug10 Monthly Sales	2258664	4694362	4116505	3260305	4135018	3135552	2081670	4665288	2535026	4472720	1961846	3889326

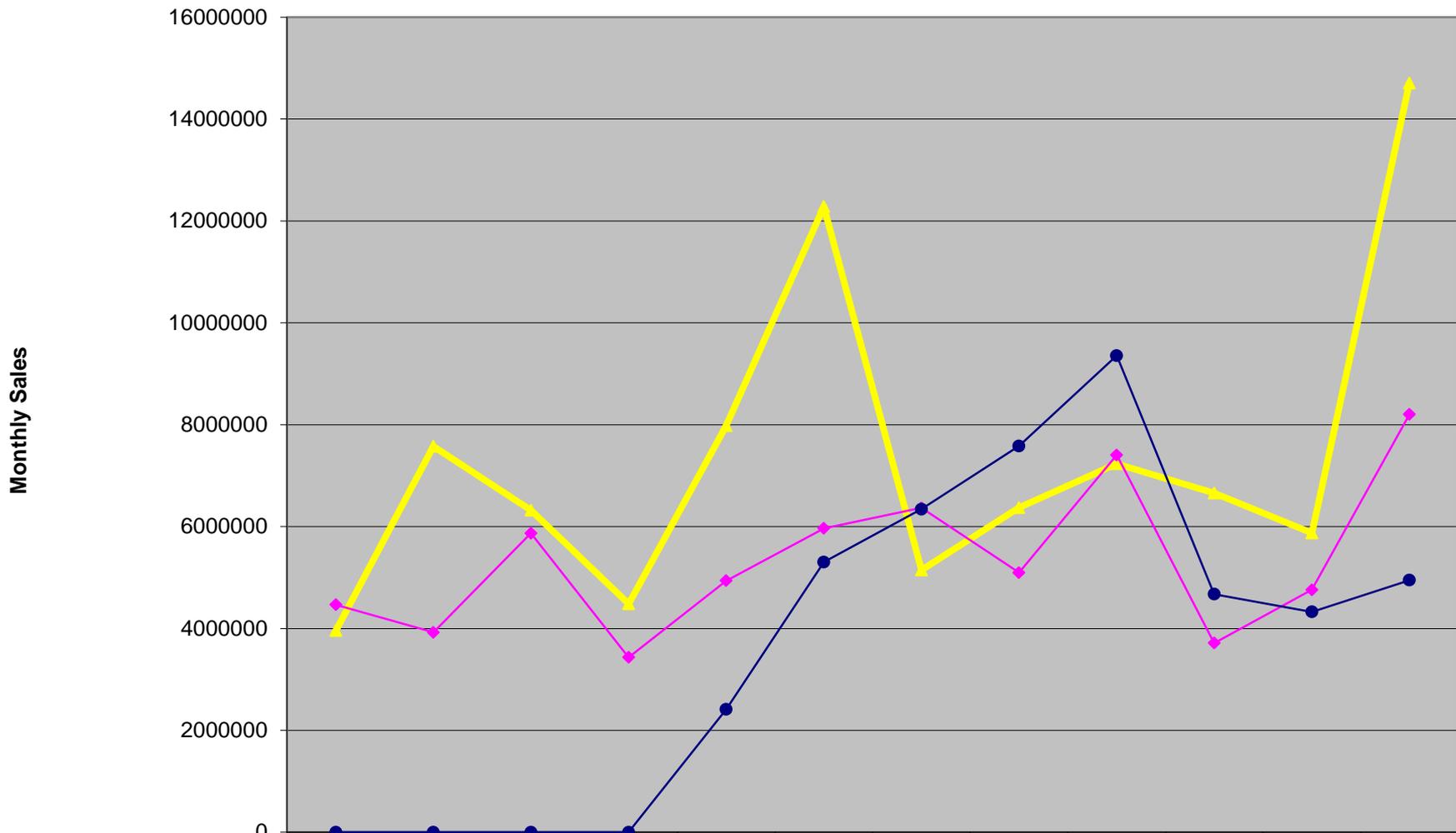


Month Ending

Mega Millions Game Monthly Sales September 09 thru August 12



Powerball Game Monthly Sales September 09 thru August 12

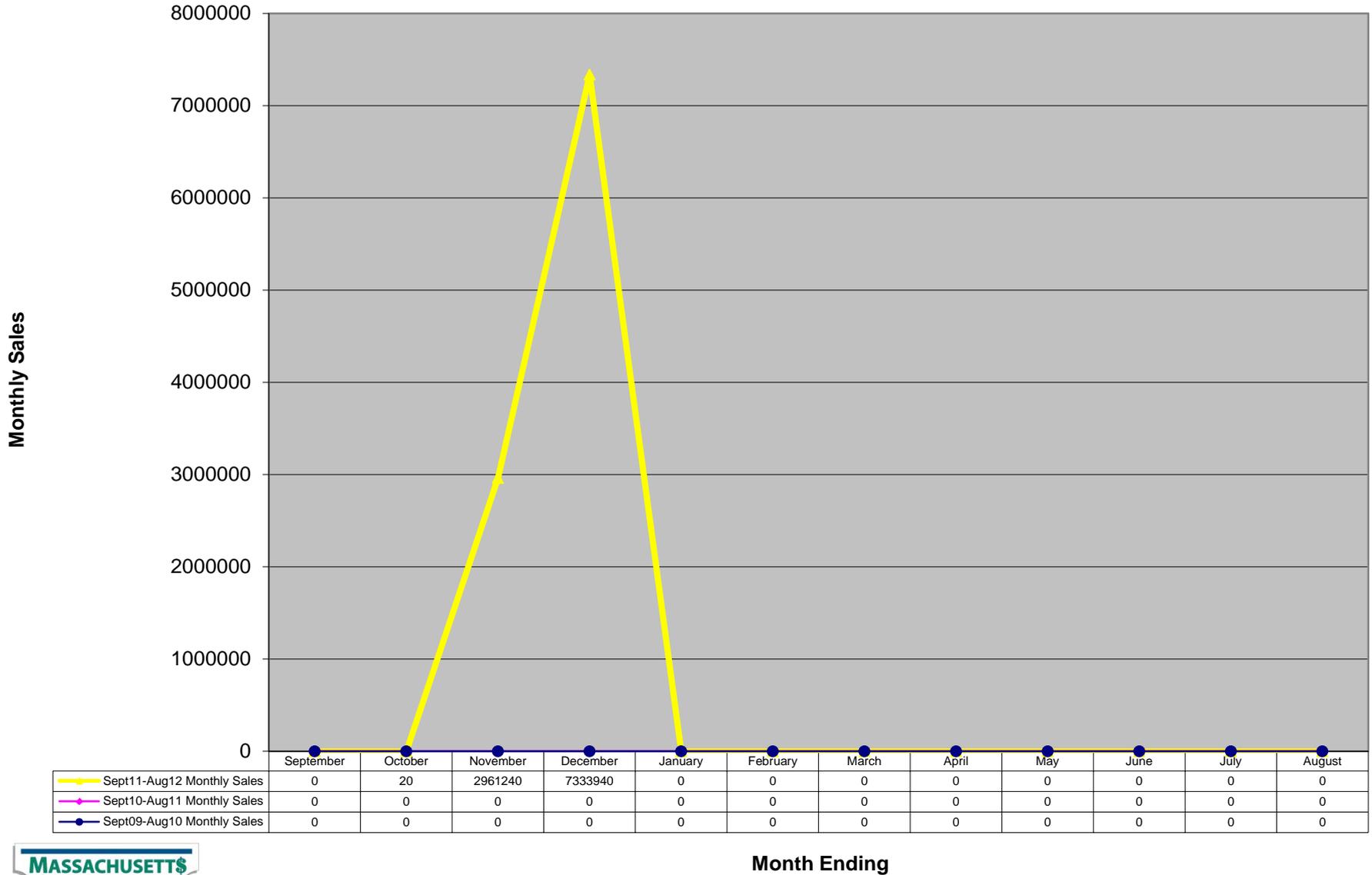


	September	October	November	December	January	February	March	April	May	June	July	August
Sept11-Aug12 Monthly Sales	3960797	7572365	6321130	4483881	7978580	12278938	5144580	6370478	7234375	6655330	5871261	14703908
Sept10-Aug11 Monthly Sales	4464904	3923359	5870310	3433022	4937356	5963943	6366434	5096333	7405291	3714064	4759451	8203762
Sept09-Aug10 Monthly Sales	0	0	0	0	2412639	5304136	6340930	7580697	9356699	4672170	4325348	4948365

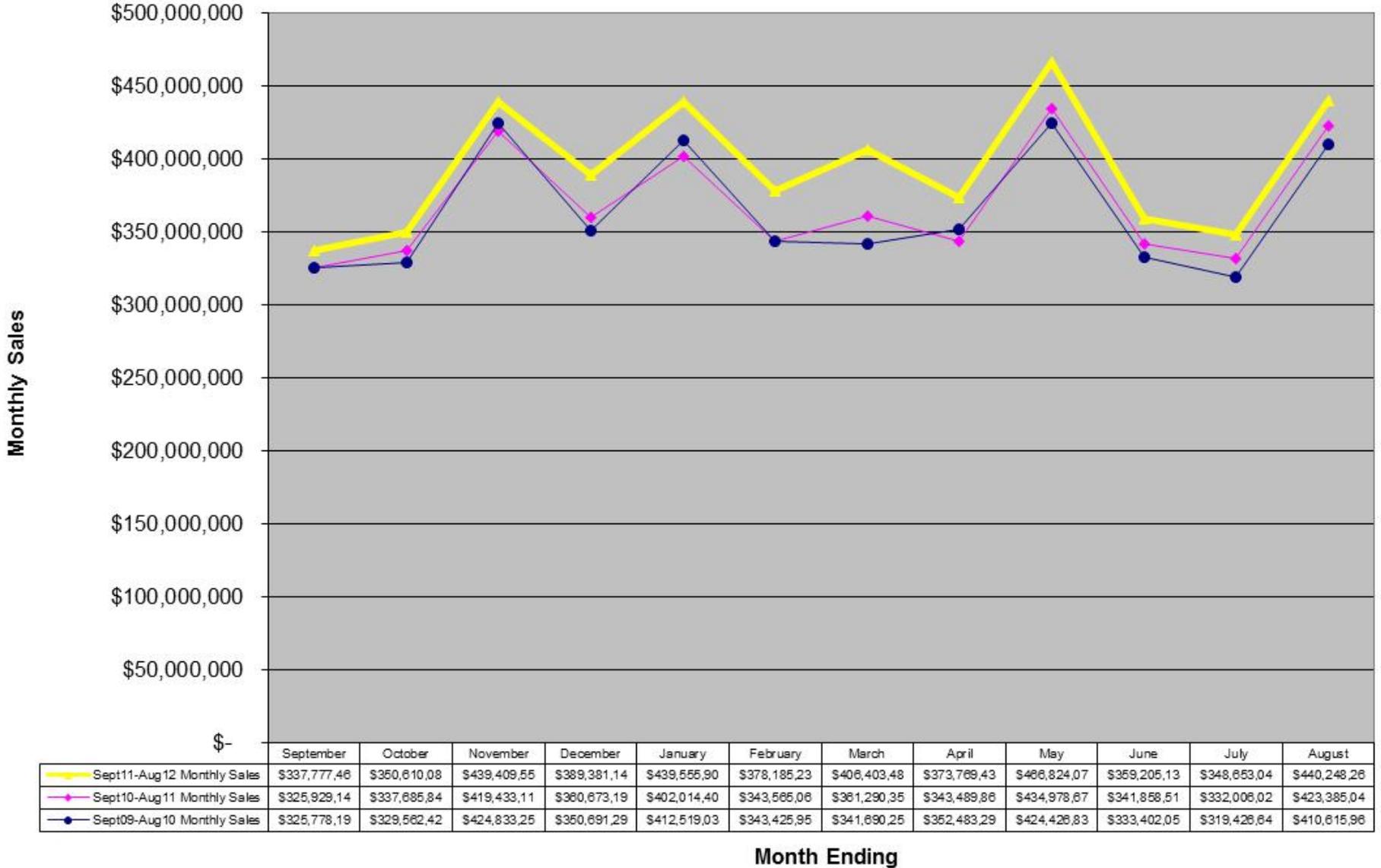
Month Ending



Online Raffle Game Monthly Sales September 09 thru August 12



All Game Monthly Sales September 09 thru August 12



MSLC Revenue Results

August FY13 vs. August FY12

(\$ millions)

Through September 1, 2012

	<u>FY13</u>	<u>% of Total</u>	<u>FY12</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
Instant Tickets	\$300	68.1%	\$291	68.7%	\$9	3.2%
MegaMillions	5	1.2%	6	1.4%	-1	-13.3%
Powerball	15	3.3%	8	1.9%	7	79.3%
Keno	74	16.9%	73	17.2%	2	2.2%
Mass Cash	7	1.5%	7	1.6%	0	-4.3%
Race Game	2	0.5%	2	0.5%	0	9.5%
Lucky For Life	4	1.0%	0	0.0%	4	100.0%
Cash WinFall	0		2		-2	-100.0%
Numbers Game	31	7.0%	32	7.5%	-1	-3.8%
Megabucks	2	0.5%	3	0.7%	-1	-17.9%
Total	\$440	100.0%	\$423	100.0%	\$17	4.0%
Instant Tickets	\$300	68.1%	\$291	68.7%	\$9	3.2%
Online Games	\$140	31.9%	\$133	31.3%	\$8	5.8%
Total	\$440	100.0%	\$423	100.0%	\$17	4.0%

MSLC Revenue Results

FY13 vs. FY12

(\$ millions)

Through September 1, 2012

	<u>FY13</u>	<u>% of Total</u>	<u>FY12</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
Instant Tickets	\$543	68.8%	\$520	68.8%	\$23	4.5%
MegaMillions	9	1.2%	11	1.4%	-2	-14.7%
Powerball	21	2.6%	13	1.7%	8	58.5%
Keno	133	16.9%	128	17.0%	5	3.8%
Mass Cash	12	1.5%	11	1.5%	1	5.4%
Race Game	4	0.5%	4	0.5%	0	10.8%
Lucky For Life	8	1.0%	0	0.0%	8	100.0%
Cash WinFall	0		6		-6	-100.0%
Numbers Game	55	7.0%	57	7.6%	-2	-3.7%
Megabucks	4	0.5%	5	0.7%	-1	-18.0%
Total	\$789	100.0%	\$755	100.0%	\$34	4.4%
Instant Tickets	\$543	68.8%	\$520	68.8%	\$23	4.5%
Online Games	246	31.2%	236	31.2%	10	4.4%
Total	\$789	100.0%	\$755	100.0%	\$34	4.4%

Lottery Reform Scorecard

Procurement

- The Office of the Comptroller recently named the Lottery to the Prompt Pay Honor Roll for its success in capturing one of the top 10 largest discount amounts among state agencies.

Operations

- We are working on the development of a manual for our sales agents to clarify responsibilities and expectations.
- The Executive Director has added additional internal resources – a member of the Asset Protection Department with considerable institutional knowledge – in the review and revision of departmental policy and procedures. As reported earlier, we are in the process of revising and developing the Compliance Department’s policies and procedures.

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.

