

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg
December 18, 2012



Lottery Sales Update

- Lottery sales are continuing to climb with overall sales for the month up \$32 million over November 2011 sales.
- The prize payout for the month of November was 72.3% as compared to 70.6% for November 2011. This normally would have caused our prize payout to remain at approximately 72.6%, but because a top prize in the Lucky for Life game that was sold in Connecticut expired without a winner coming forward to claim, we recouped \$3.6 million which would have funded the prize.
- We also made a change to the way Lucky for Life prizes are accrued, as suggested by our outside auditor, which resulted in another \$4 million reduction in prize expenses for the month. These one-time savings events helped lower our overall prize payout from 72.6% for the year to 72.2%. Last year through November, our overall prize payout was 71.7%. The combination of a .5% higher prize payout and \$87.6 million in additional sales leaves our overall net profit \$4 million ahead of last year.
- The sales increase in November can be attributed to a \$7 million jump in the Instant Ticket portfolio; a \$29 million increase in Powerball sales following the game's record-high \$587 million jackpot; and, \$4 million in new sales brought in from the regional Lucky for Life draw game, which debuted in March 2012.
- Three draw games in the portfolio experienced sales decreases in November, including a \$1 million decline in Mega Millions sales due to smaller jackpots as compared to last year's offerings; a \$1 million decrease in Megabucks Doubler that was also due to smaller jackpots; a \$1 million decrease in the Numbers Game due to continued cannibalization, and a \$2 million decrease in Cash WinFall, which has not generated sales since the game officially ended in January 2012.

SUPER 50/50 Raffle Advertising (TV)

Television:

- Flight dates 12/17 – 12/31 (7pm)
- One :15 spot and, one :10 spot
- :15 spot will air in primetime hours
- :10 spots are added value to air 12/31 (6am-7pm); Additional bonus weight to run throughout 2 weeks
- Airing in both Boston & Springfield TV markets
- Stations include: **BOSTON:** Direct TV, Cable, CSNNE, NECN, WBZ-CBS 4, WCVB-ABC 5, WFXT-FOX 25, WHDH-NBC 7, WLVI-CW 56, WSBK-MyTv 38; **SPRINGFIELD:** EGGB-FOX 6, WGGB-ABC 40, WSHM-CBS 3, WWLP-NBC 22, and Comcast Cable



SUPER 50/50 Raffle Advertising (Radio)

Radio:

- Flight dates 12/17 – 12/31 (9pm)
- :10 & :15 short-length product spots
- Airing in Boston, Cape Cod, New Bedford, Springfield, Worcester, Greenfield, Pittsfield
- Stations include: **BOSTON:** WAAF-FM, WBMX-FM, WBOS-FM, WBZ-AM, WBZ-FM, WEEI-FM, WJMN-FM, WKLB-FM, WMJX-FM, WODS-FM, WROR-FM, WXKS-FM, WZLX-FM, WAMG-AM, WLLH-AM, WESX-AM; **NEW BEDFORD:** WFHN-FM, WJFD-FM; **SPRINGFIELD:** WAQY-FM, WHYN-AM, WHYN-FM, WMAS-FM, WSPR-AM; **WORCESTER:** WSRS-FM, WXLO-FM, WORC-AM; **GREENFIELD/PITTSFIELD:** WBEC-FM, WHAI-FM, WPVQ-FM, WUPE-FM

Radio Copy:

:10 - Time is running out... Get your Massachusetts State Lottery Super 50/50 raffle tickets today. The drawing is on New Years Day. Watch the jackpot grow at [masslottery dot com](http://masslottery.com).

:15 - Time is running out. The Massachusetts State Lottery's Super 50/50 Raffle drawing is New Year's Day. Don't wait til it's too late - Tickets are only ten dollars at a Lottery retailer near you. Visit [masslottery dot com](http://masslottery.com) to watch the jackpot grow. Don't miss your chance at a super cash prize.

SUPER 50/50 Raffle Advertising (Billboards)

Out of Home, DIGITAL BILLBOARDS:

- Purchased three units for the week of 12/24 – 12/30
- High visibility/high traffic locations on I-93 & 495
- SUPER 50/50 jackpot amount will be updated on 2hr intervals



70636, 495 Lawrence n/o Exit 45



11537, I-93 Stoneham s/o Montvale Ave



11534, I-93 Medford n/o Exit 31

SUPER 50/50 Raffle Advertising (Print)

PRINT:

- **Boston Herald/Bostonherald.com:**
 - Units: 4C Front Page 5" x2" Marquee ads (12/19 , 12/21, 12/28); Sliding Homepage Billboard (12/19; 12/28)
- **Boston Metro:**
 - Units: 4C Full Page (12/17), 4C Interior Pop Up (12/19)



SUPER 50/50 Raffle Advertising (POS)



**SUPER
50/50
RAFFLE**

**BUY YOUR TICKET BEFORE
JANUARY 1, 2013**

**ONE WINNER TAKES
50%
OF THE SALES!**

**GO TO MASSLOTTERY.COM
TO WATCH THE JACKPOT GROW
WITH EVERY SALE**

Drawing Will Be Held
JANUARY 1, 2013
Winning numbers will be posted on masslottery.com after 2pm

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

January Instant Ticket Release (1.8.13)



5X The Cash

Price Point: \$1

Top Prize: \$10,000



10X The Cash

Price Point: \$2

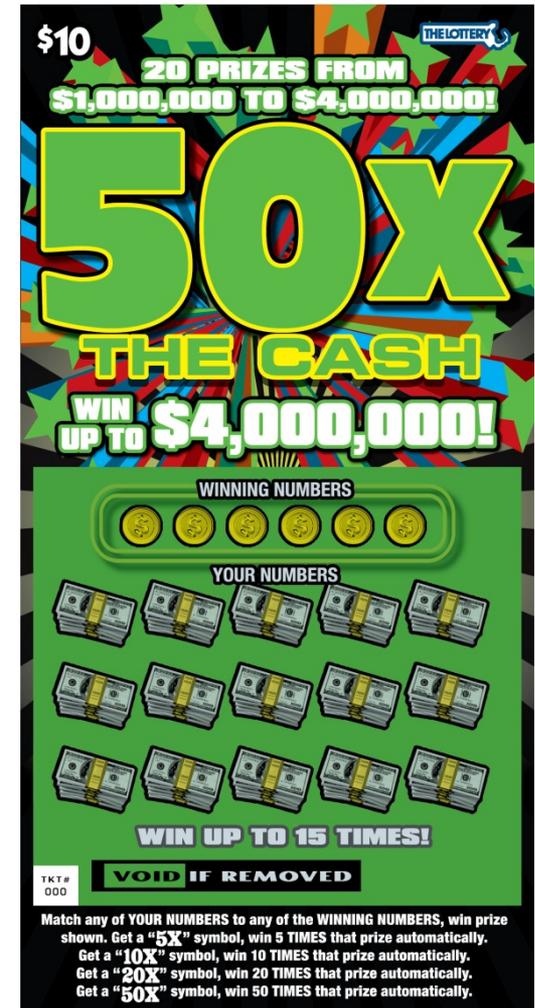
Top Prize: \$50,000



20X The Cash

Price Point: \$5

Top Prize: \$1,000,000



50X The Cash

Price Point: \$20

Top Prize: \$4,000,000

January Instant Ticket Release POS

13x19 Poster



LED License Plate



Wobler



Placemat

Holiday Instant Tickets Sales



Happy Holidays

Price Point: \$1

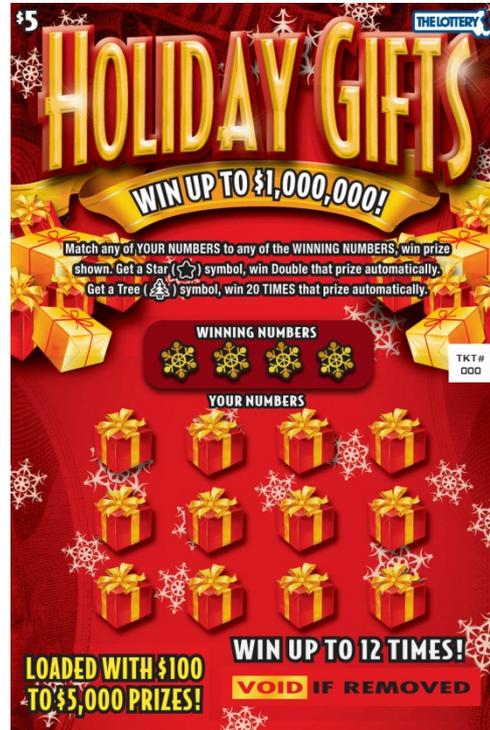
7 Week Sales: \$5,089,019



Frosty The Doughman

Price Point: \$2

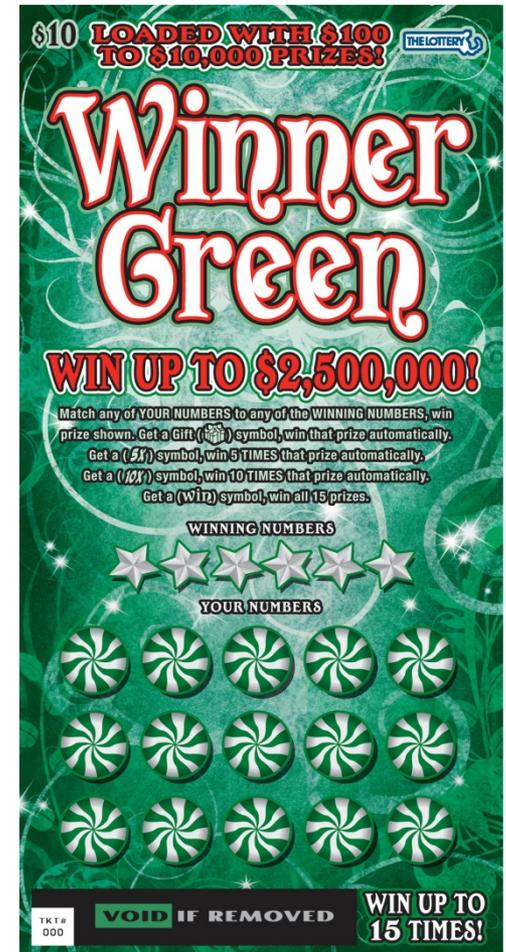
7 Week Sales: \$16,148,028



Holiday Gifts

Price Point: \$5

7 Week Sales: \$30,712,665

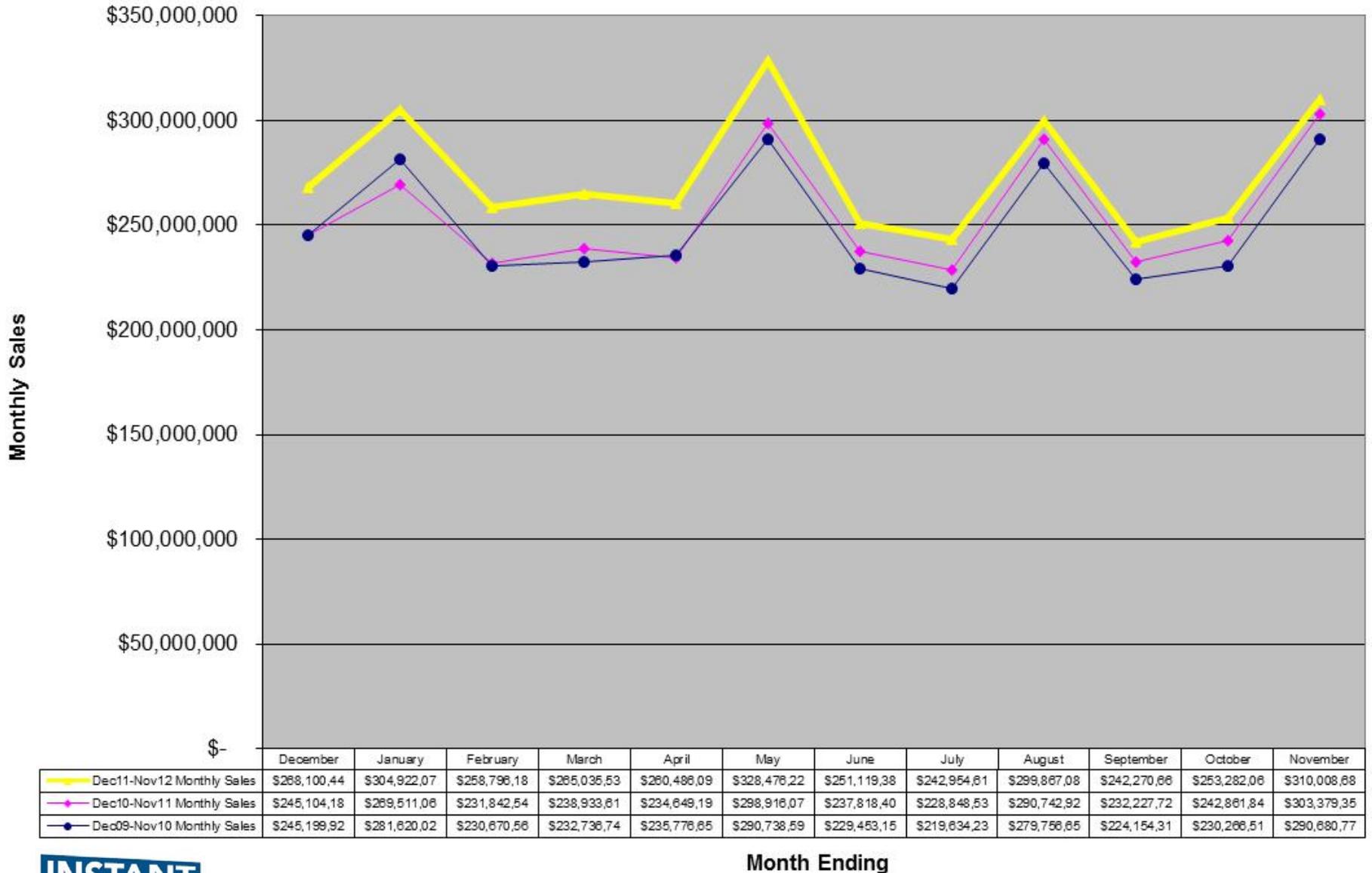


Winner Green

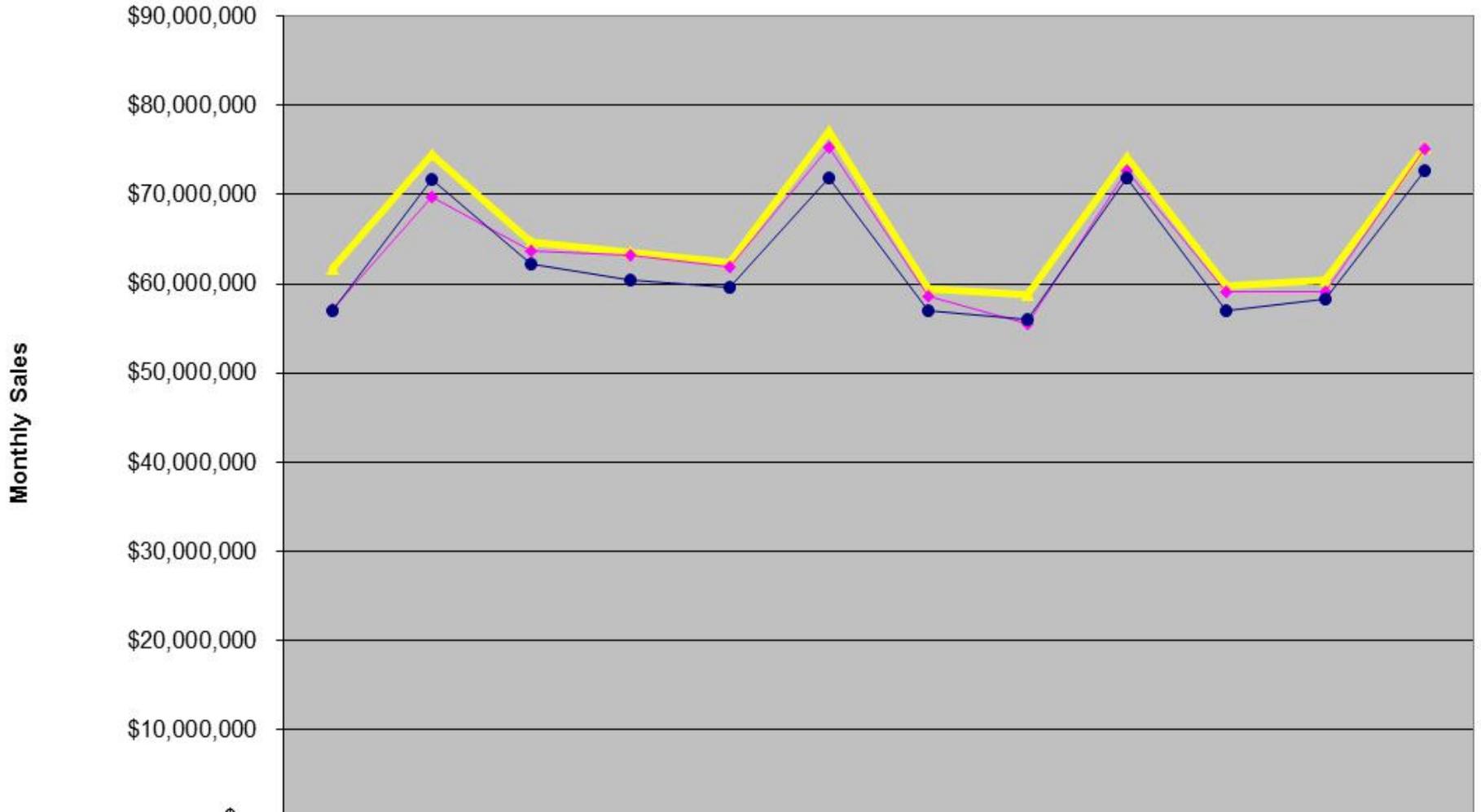
Price Point: \$10

7 Week Sales: \$34,154,041

Instant Game Monthly Sales December 09 thru November 12



KENO Game Monthly Sales December 09 thru November 12



	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$61,681,424	\$74,466,681	\$64,684,172	\$63,579,007	\$62,438,549	\$77,066,745	\$59,496,498	\$58,834,238	\$74,168,553	\$59,776,650	\$60,406,576	\$75,360,152
Dec10-Nov11 Monthly Sales	\$57,173,914	\$69,753,994	\$63,723,343	\$63,268,022	\$61,946,220	\$75,374,599	\$58,609,862	\$55,511,595	\$72,637,541	\$59,167,172	\$59,077,681	\$75,178,823
Dec09-Nov10 Monthly Sales	\$56,913,417	\$71,790,468	\$62,282,300	\$60,463,763	\$59,646,060	\$71,815,309	\$56,906,312	\$56,082,403	\$71,819,357	\$56,939,601	\$58,222,815	\$72,659,946



Month Ending

New Year's KENO Second Chance Promotion

We will be holding a KENO second chance promotion for the New Year's holiday. Every non-winning KENO, KENO Bonus & KENO to Go ticket sold from December 28 -31 will have a second chance to win \$2,012.

We have run similar promotions during holiday weekends throughout 2012, each have yielded significantly higher sales than on the same days during the previous year.

KENO

WIN **\$2,012**

Every KENO, KENO Bonus or KENO TO GO ticket

Sold from December 28 -December 31

will have a second chance to win.

TWENTY \$2,012 PRIZES WILL BE AWARDED

YOU CAN WIN MORE THAN ONCE!

SAVE YOUR TICKETS!

Visit www.masslottery.com on January 2, 2013 after 2 p.m. to check your non-winning KENO ticket's serial number

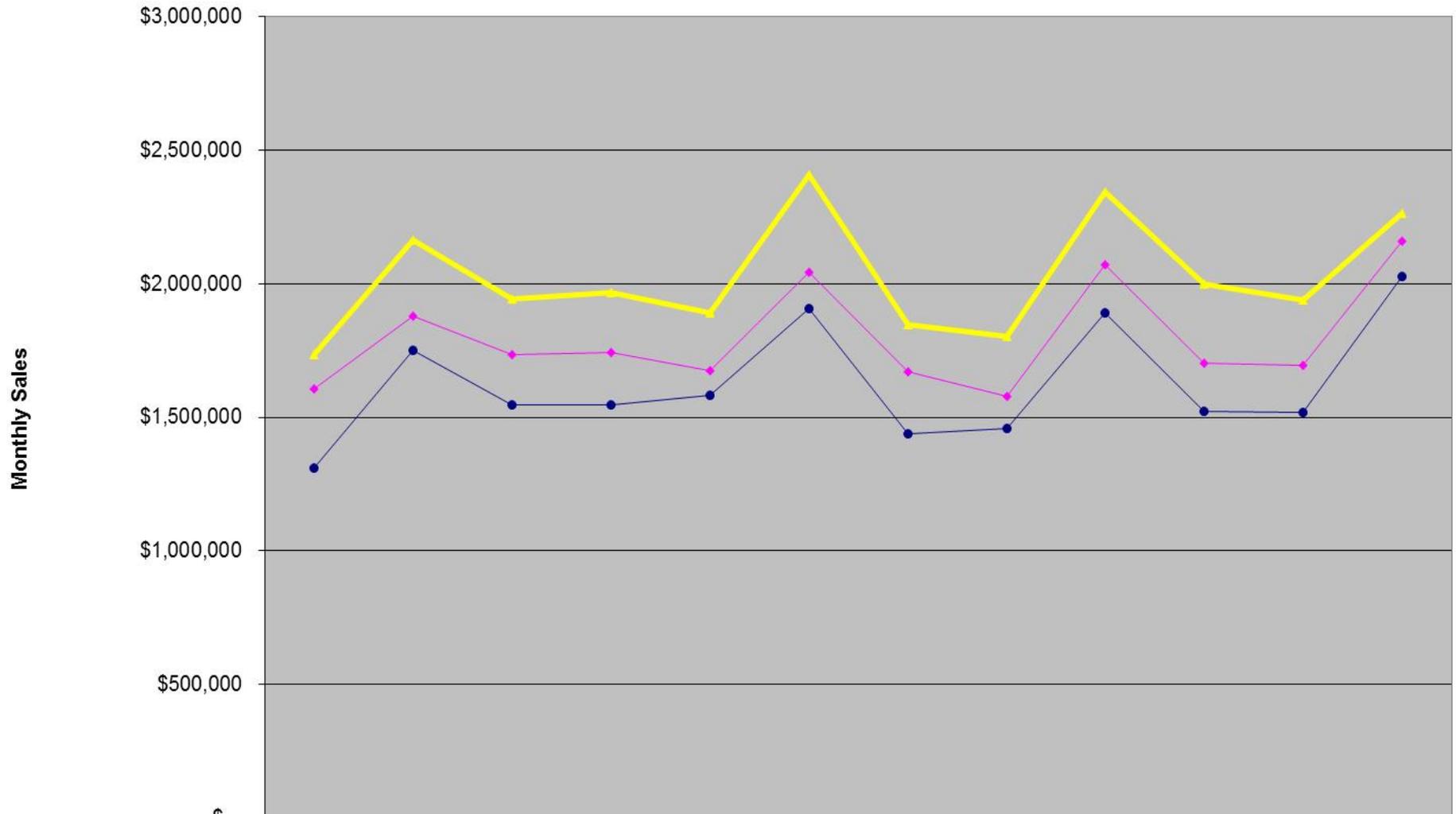
Serial Number

Winning ticket holders of the "New Years" drawing must claim their prizes by February 6, 2013 at a Lottery Regional Office. (Visit www.masslottery.com for office locations.) To claim a prize, winning ticket holder must present winning ticket 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. You must be 18 years or older to play the Massachusetts Lottery.

THE LOTTERY
masslottery.com



Race Game Monthly Sales December 09 thru November 12

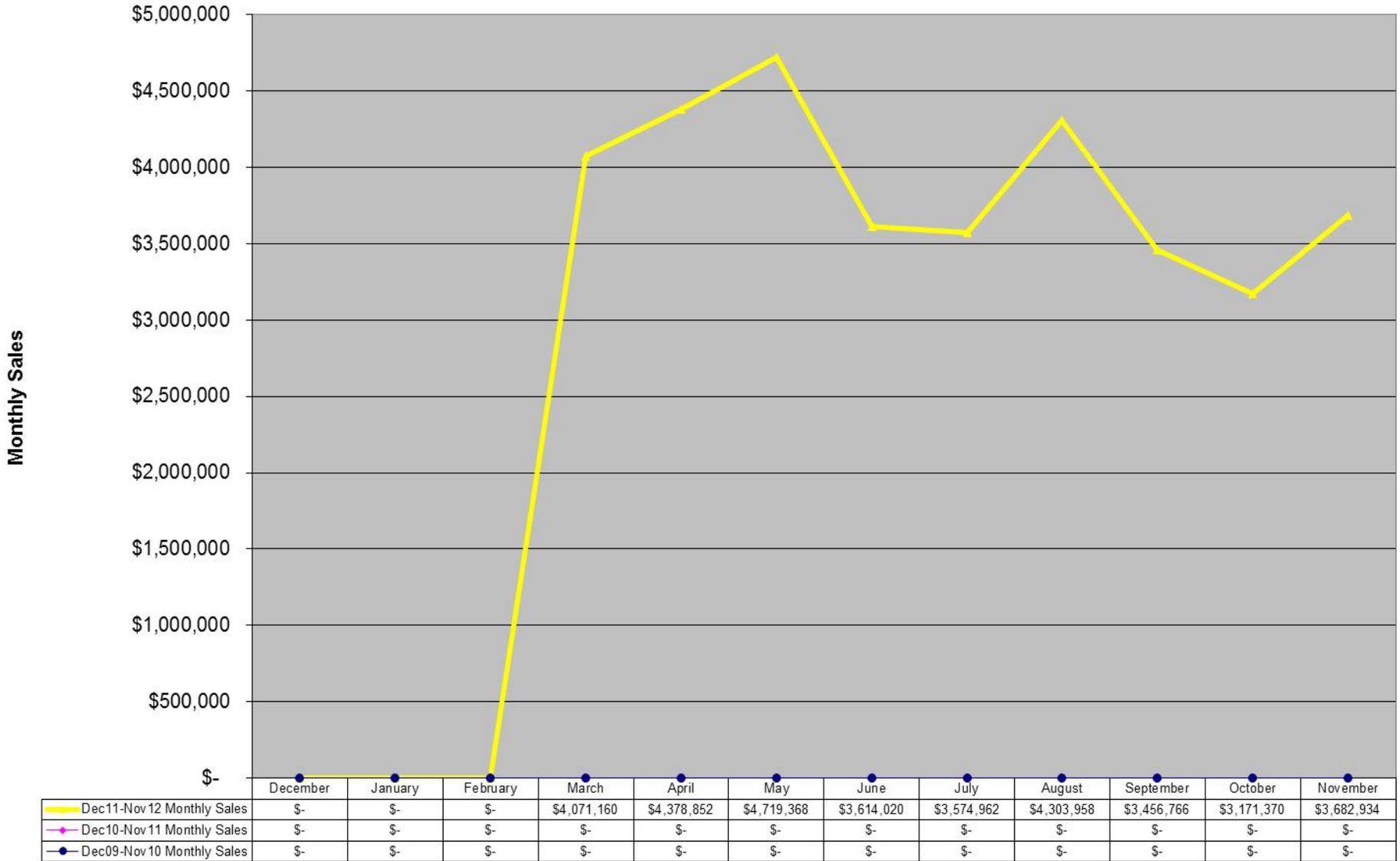


	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$1,733,166	\$2,162,232	\$1,941,576	\$1,966,920	\$1,889,649	\$2,406,140	\$1,847,873	\$1,802,060	\$2,345,349	\$1,999,691	\$1,938,989	\$2,263,830
Dec10-Nov11 Monthly Sales	\$1,608,235	\$1,878,607	\$1,736,019	\$1,744,067	\$1,676,092	\$2,045,327	\$1,671,117	\$1,578,823	\$2,072,780	\$1,704,618	\$1,693,344	\$2,160,773
Dec09-Nov10 Monthly Sales	\$1,309,946	\$1,749,829	\$1,547,939	\$1,546,623	\$1,582,824	\$1,908,279	\$1,439,126	\$1,458,654	\$1,890,989	\$1,520,639	\$1,517,425	\$2,026,063



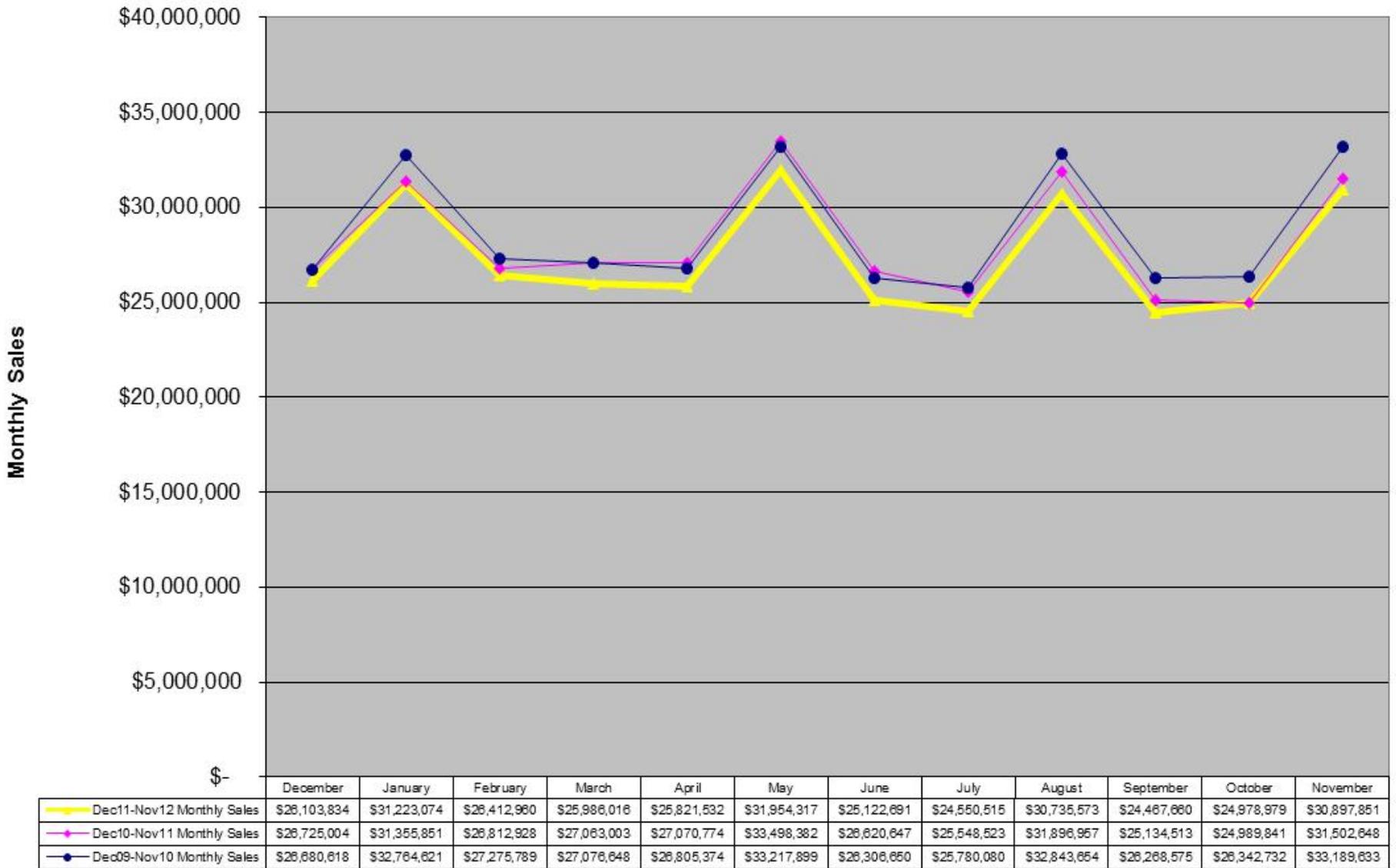
Month Ending

Lucky For Life Game Monthly Sales December 09 thru November 12

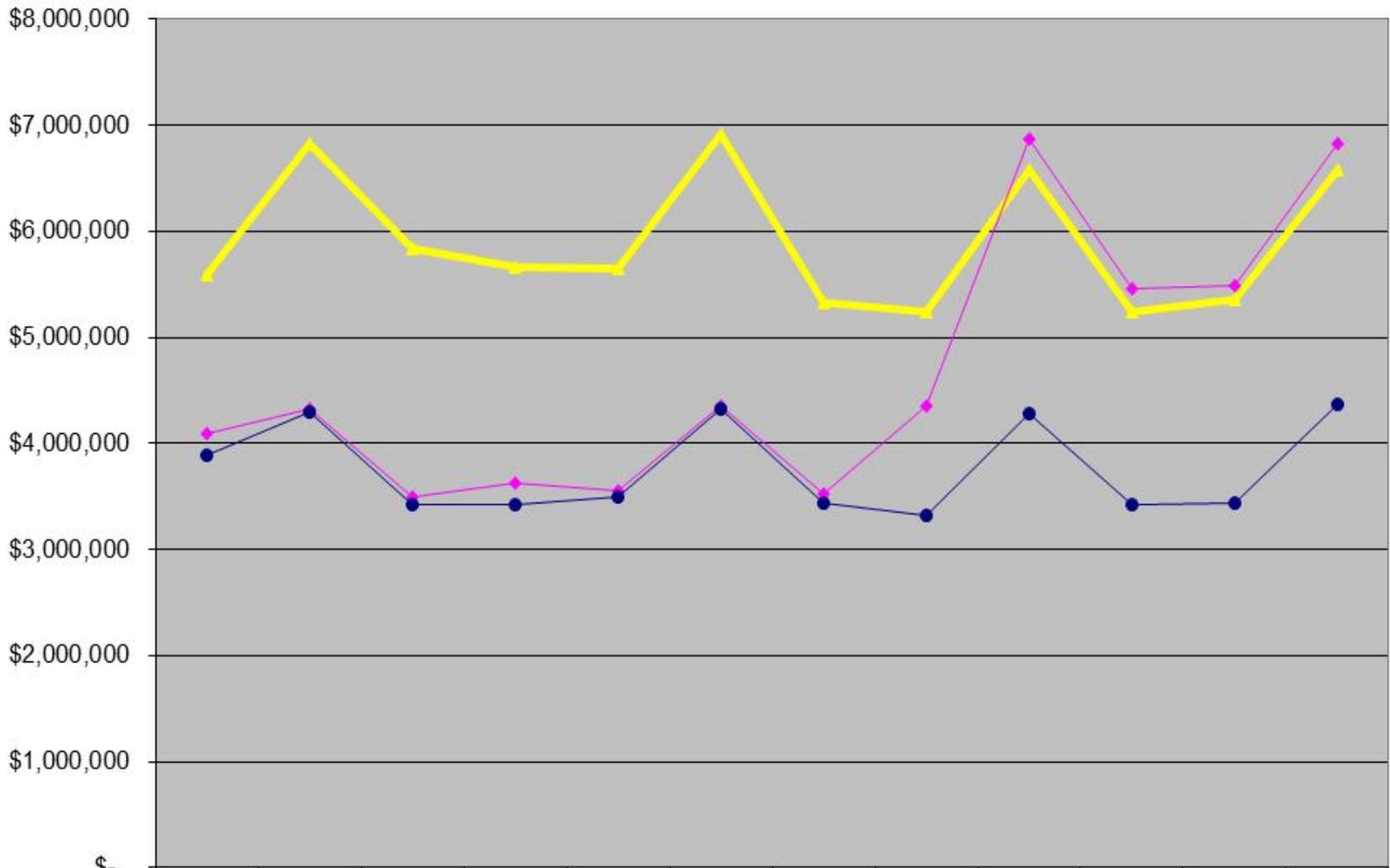


Month Ending

Numbers Game Monthly Sales December 09 thru November 12



Mass Cash Game Monthly Sales December 09 thru November 12

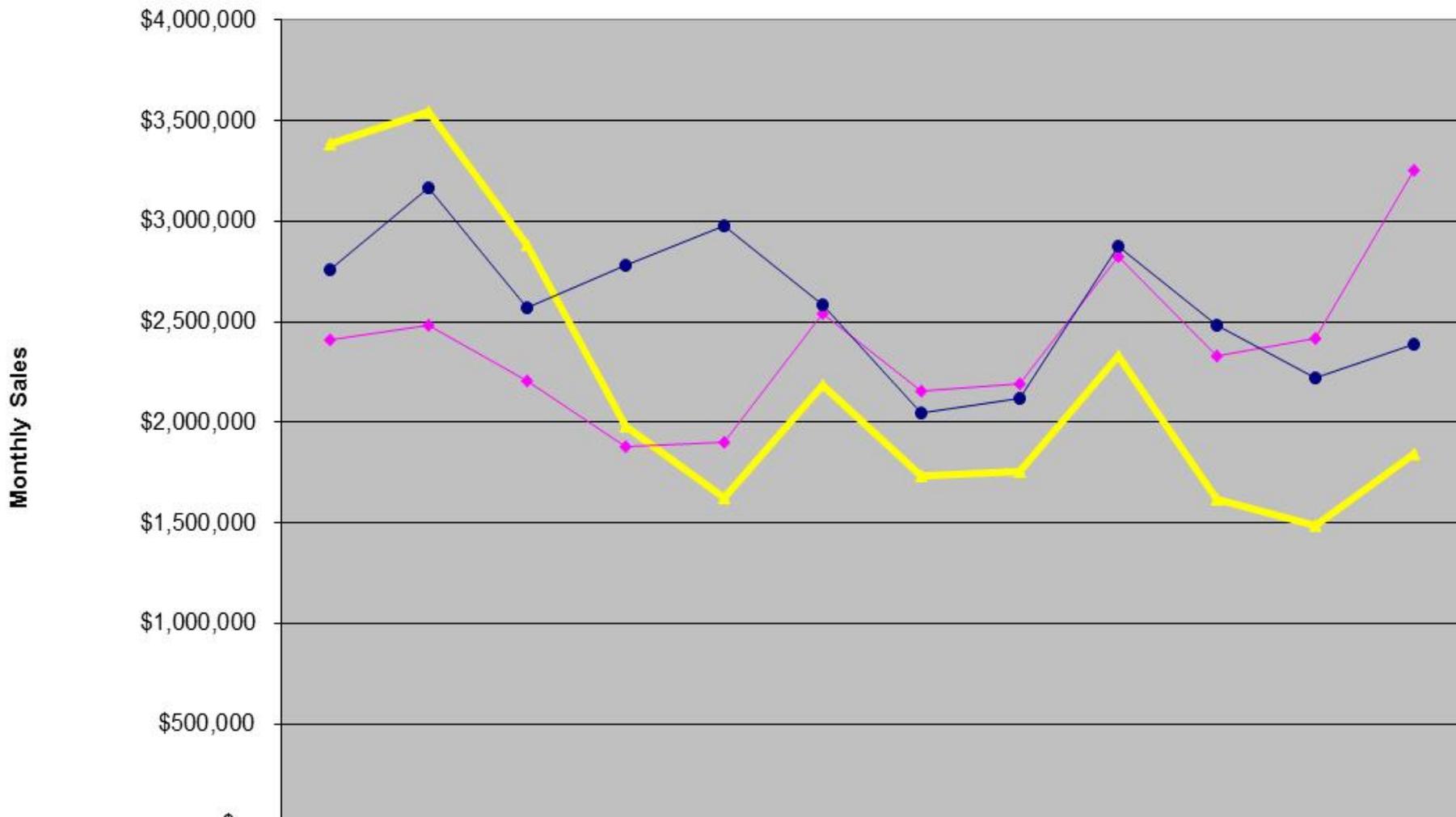


	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$5,588,976	\$6,820,344	\$5,835,398	\$5,665,639	\$5,644,277	\$6,913,184	\$5,330,344	\$5,240,615	\$6,578,888	\$5,246,274	\$5,354,883	\$6,585,156
Dec10-Nov11 Monthly Sales	\$4,089,223	\$4,317,543	\$3,495,779	\$3,618,711	\$3,555,492	\$4,356,495	\$3,519,588	\$4,354,434	\$6,861,992	\$5,461,313	\$5,491,049	\$6,829,977
Dec09-Nov10 Monthly Sales	\$3,890,104	\$4,289,568	\$3,428,168	\$3,417,708	\$3,498,166	\$4,324,139	\$3,430,092	\$3,325,644	\$4,285,392	\$3,420,098	\$3,431,267	\$4,373,524



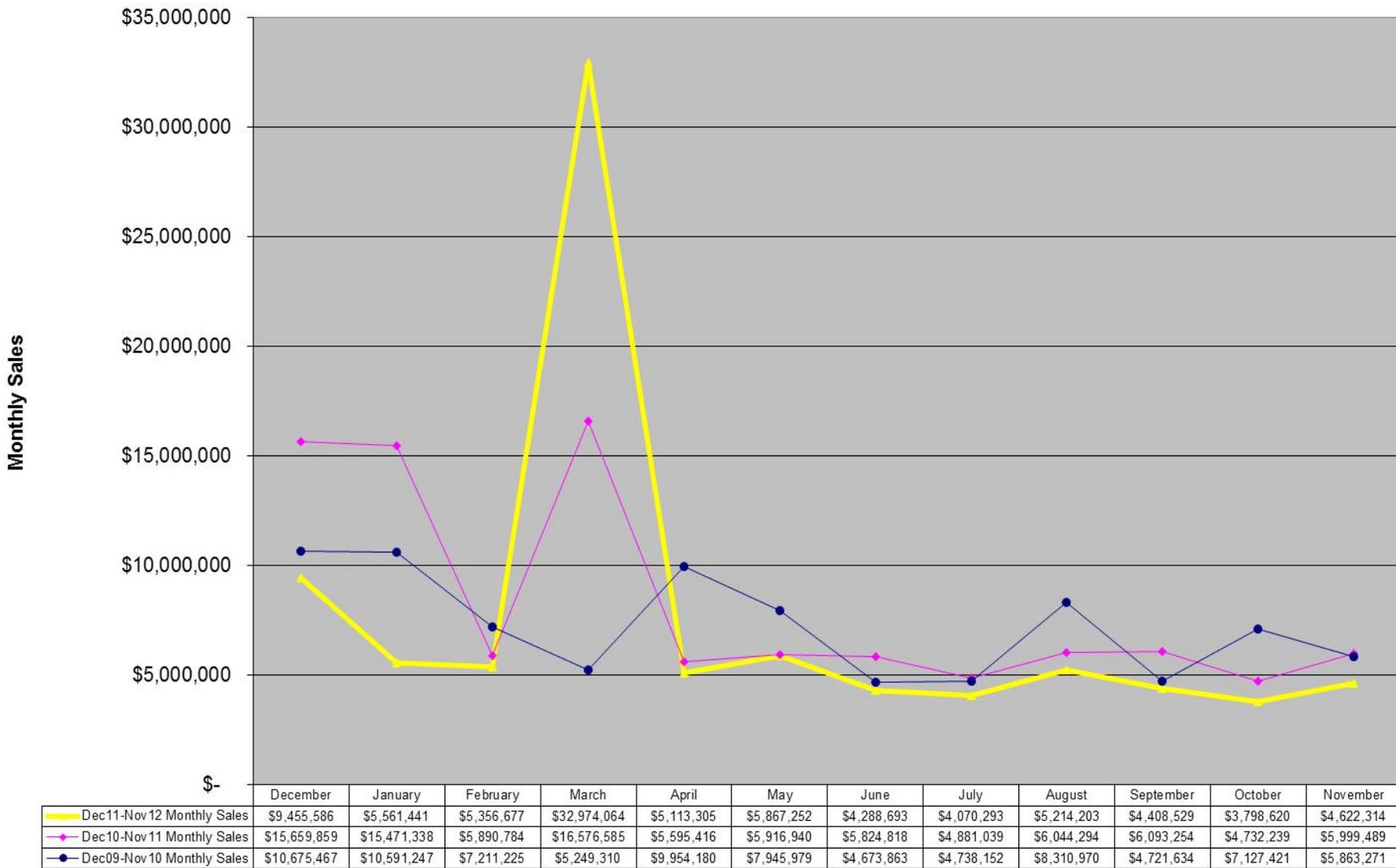
Megabucks Game Monthly Sales

December 09 thru November 12



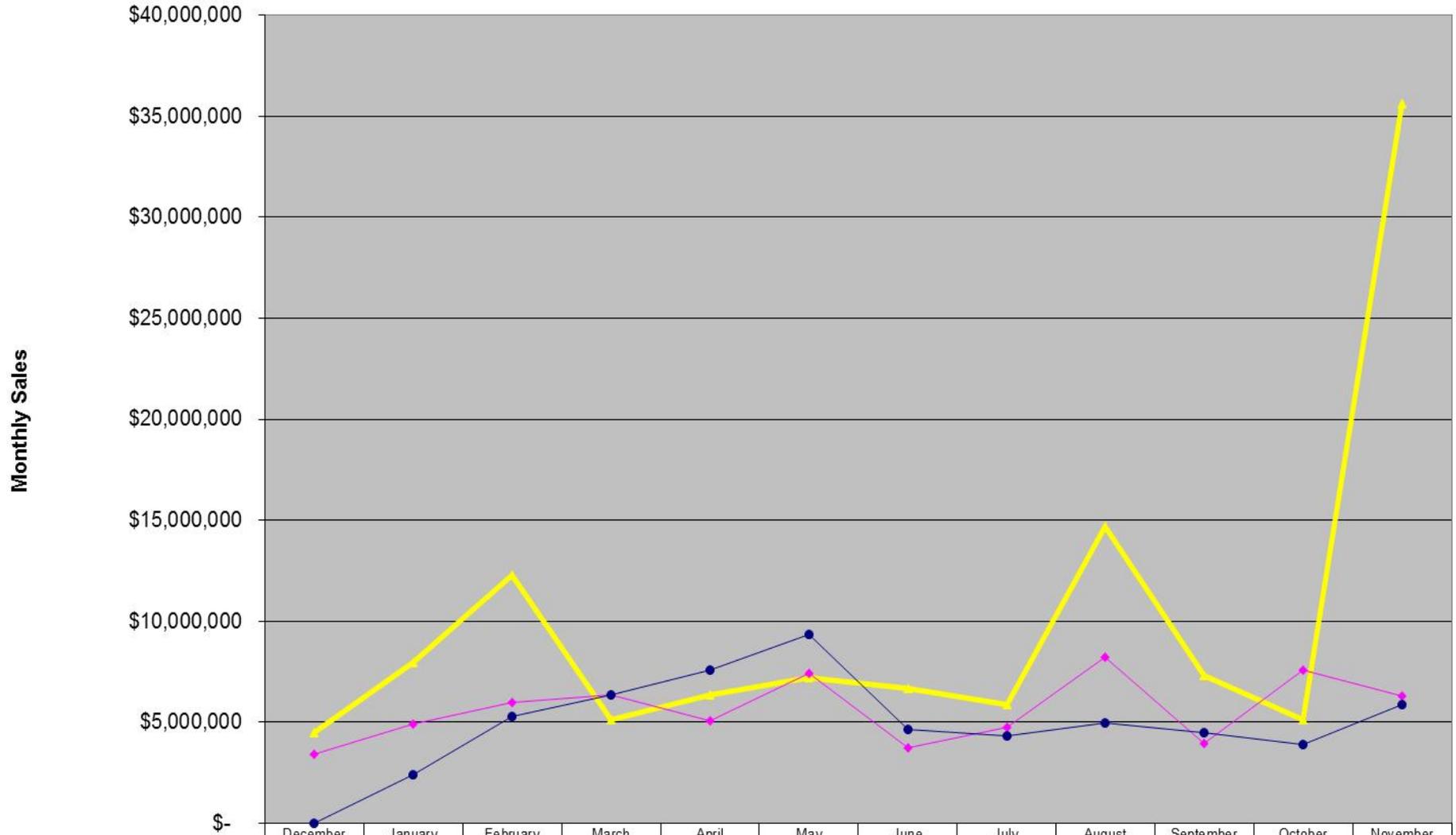
	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$3,381,264	\$3,540,270	\$2,879,330	\$1,980,570	\$1,626,691	\$2,186,470	\$1,730,305	\$1,754,484	\$2,330,748	\$1,616,040	\$1,482,273	\$1,843,099
Dec10-Nov11 Monthly Sales	\$2,409,018	\$2,481,937	\$2,205,105	\$1,878,503	\$1,900,844	\$2,538,472	\$2,155,685	\$2,194,423	\$2,823,960	\$2,327,303	\$2,418,913	\$3,249,651
Dec09-Nov10 Monthly Sales	\$2,781,509	\$3,165,819	\$2,570,280	\$2,776,858	\$2,974,056	\$2,584,907	\$2,047,988	\$2,120,276	\$2,871,261	\$2,485,109	\$2,220,819	\$2,389,826

Mega Millions Game Monthly Sales December 09 thru November 12



Month Ending

Powerball Game Monthly Sales December 09 thru November 12

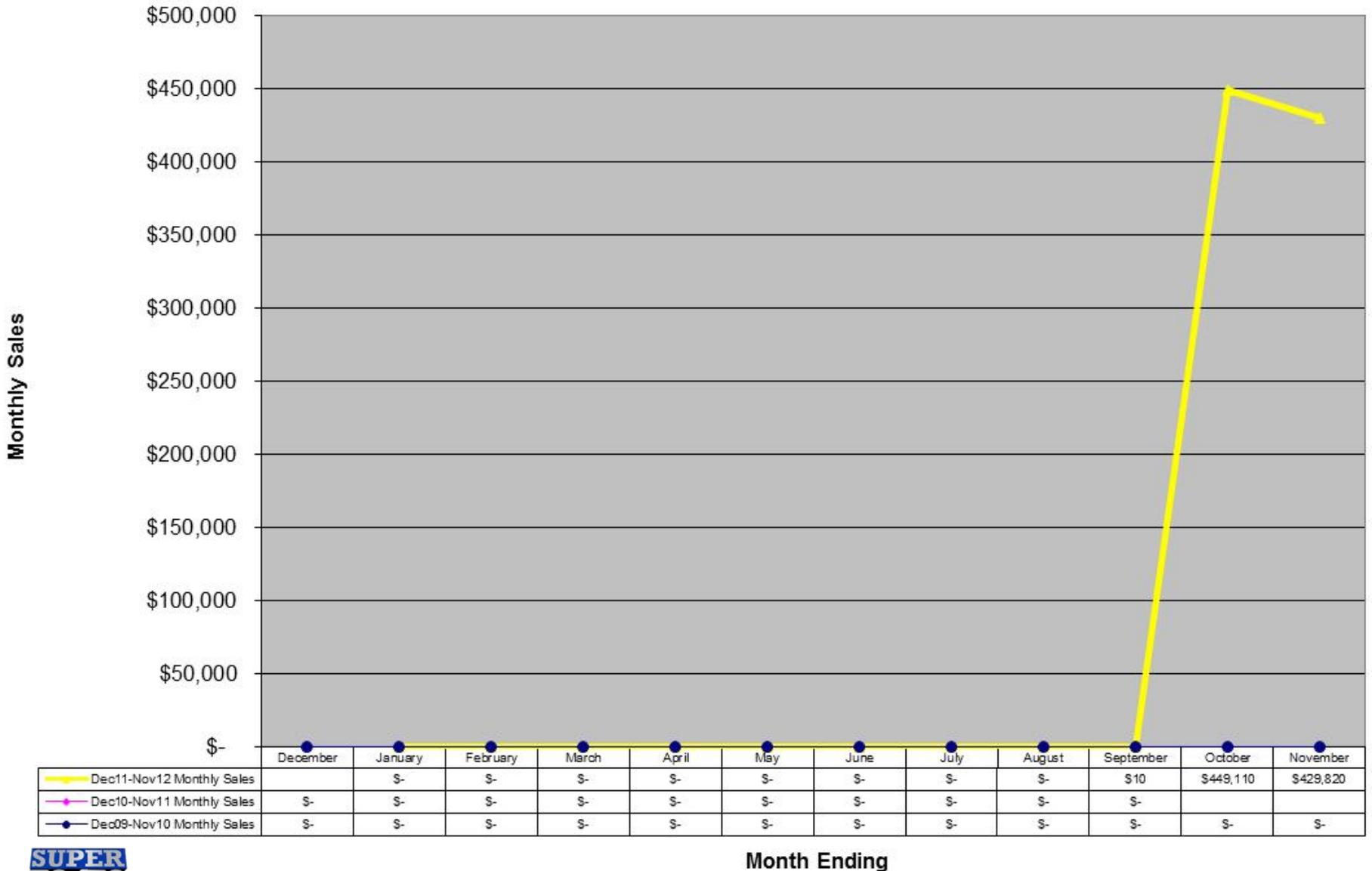


	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$4,483,881	\$7,978,580	\$12,278,938	\$5,144,580	\$6,370,478	\$7,234,375	\$6,655,330	\$5,871,261	\$14,703,908	\$7,305,907	\$5,143,446	\$35,640,312
Dec10-Nov11 Monthly Sales	\$3,433,022	\$4,937,356	\$5,963,943	\$6,366,434	\$5,096,333	\$7,405,291	\$3,714,064	\$4,759,451	\$8,203,762	\$3,960,797	\$7,572,365	\$6,321,130
Dec09-Nov10 Monthly Sales	\$-	\$2,412,639	\$5,304,136	\$6,340,930	\$7,580,697	\$9,356,699	\$4,672,170	\$4,325,348	\$4,948,365	\$4,464,904	\$3,923,359	\$5,870,310

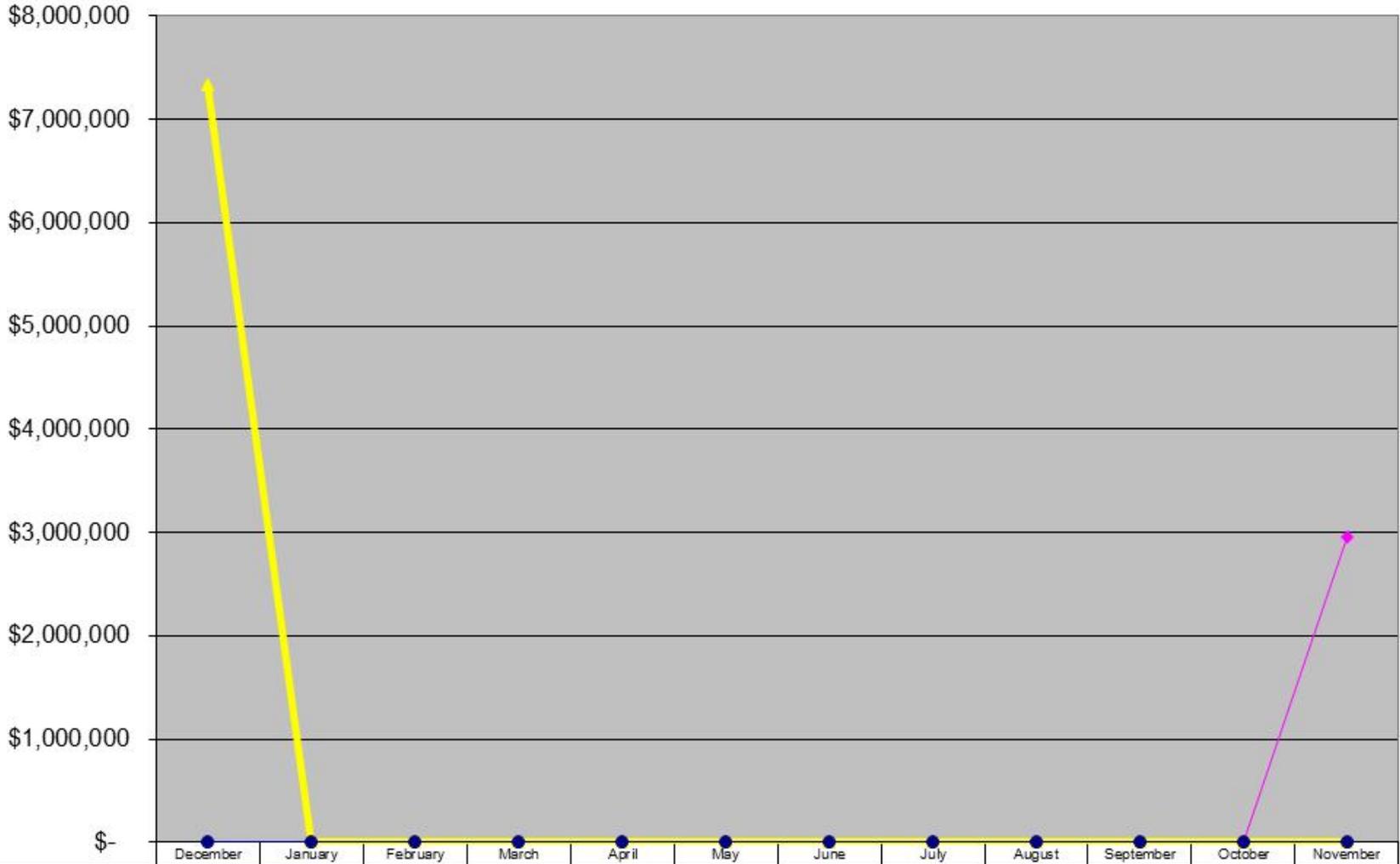


Month Ending

Super 50-50 Raffle Game Monthly Sales December 09 thru November 12



Online Raffle Game Monthly Sales December 09 thru November 12

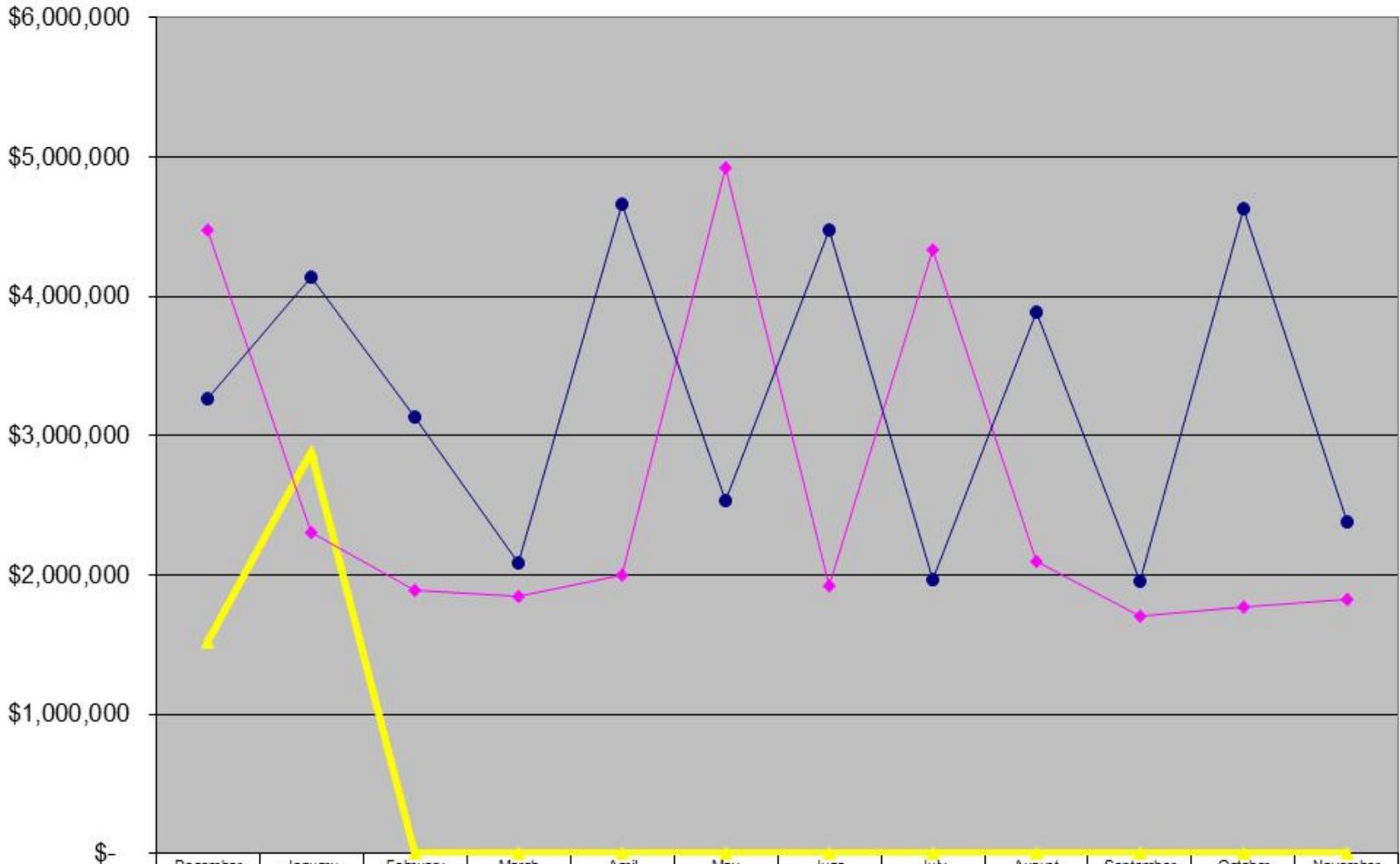


	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$7,333,940	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Dec10-Nov11 Monthly Sales	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$2,961,240
Dec09-Nov10 Monthly Sales	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-

Month Ending



Cash Winfall Game Monthly Sales December 09 thru November 12

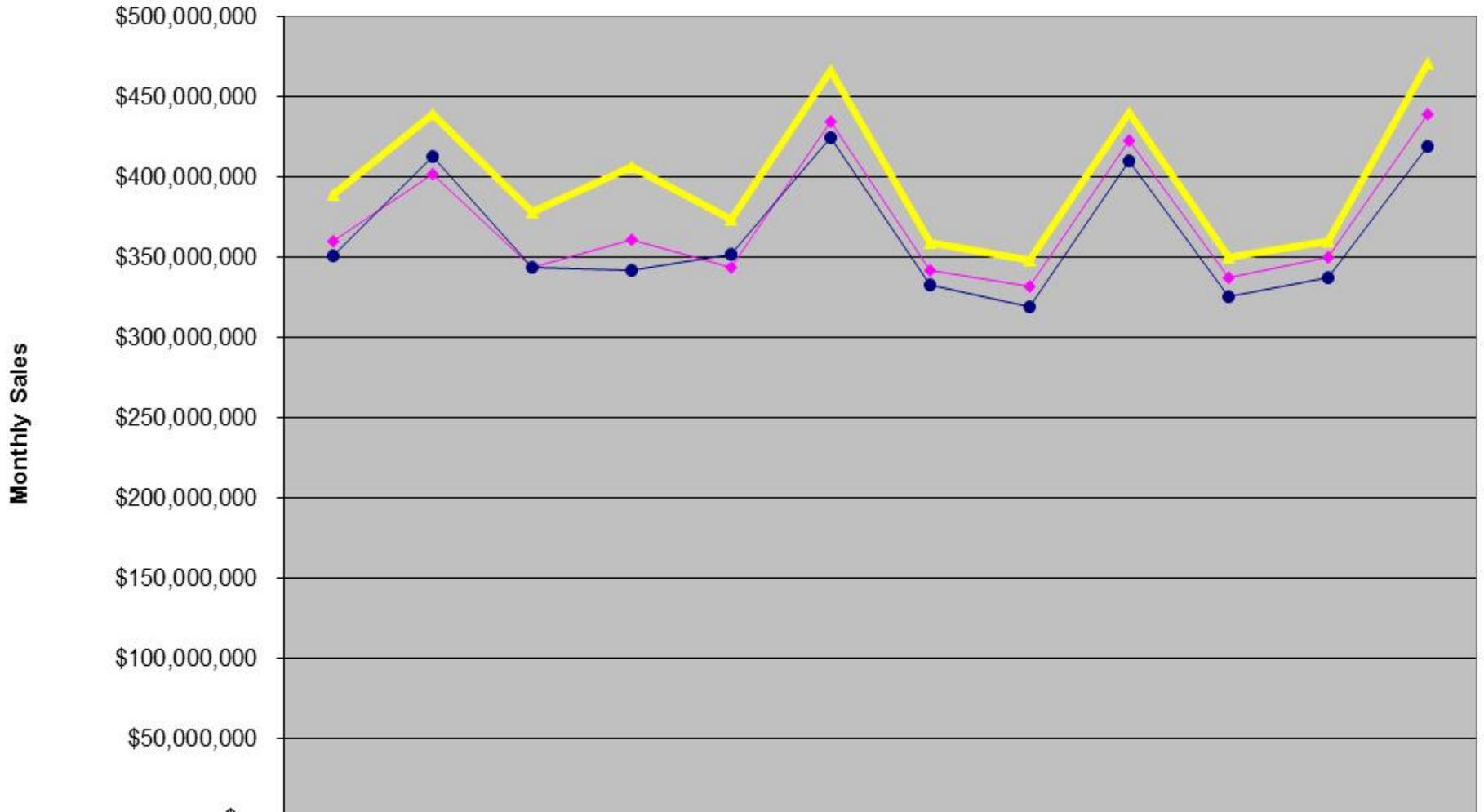


	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$1,518,634	\$2,881,202	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Dec10-Nov11 Monthly Sales	\$4,470,730	\$2,306,710	\$1,894,620	\$1,841,414	\$1,999,702	\$4,927,088	\$1,924,328	\$4,329,200	\$2,100,832	\$1,700,768	\$1,772,788	\$1,826,476
Dec09-Nov10 Monthly Sales	\$3,280,305	\$4,135,018	\$3,135,552	\$2,081,670	\$4,665,288	\$2,535,028	\$4,472,720	\$1,961,846	\$3,889,328	\$1,954,272	\$4,633,496	\$2,379,763



Month Ending

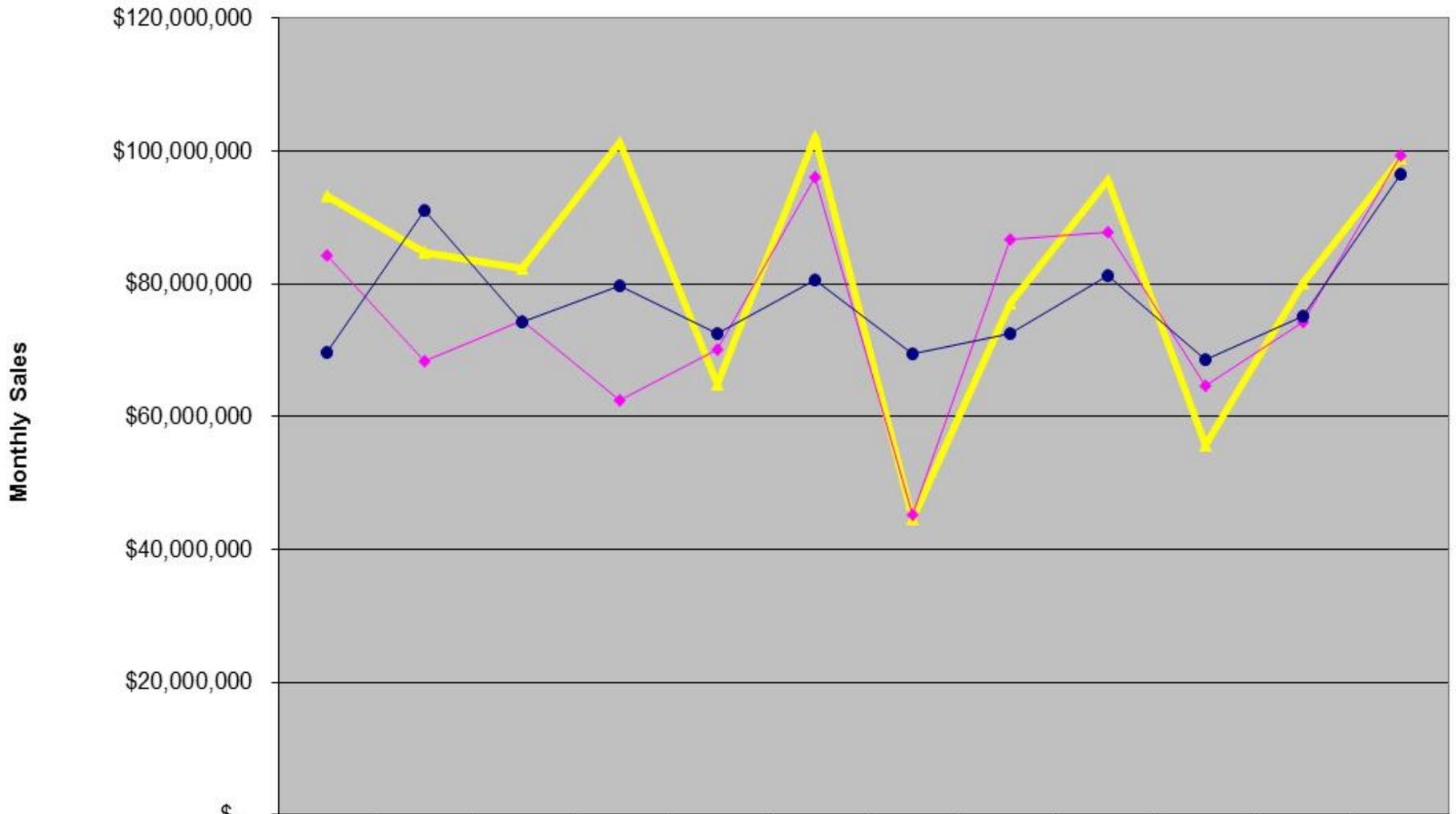
All Game Monthly Sales December 09 thru November 12



	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$389,381,14	\$439,555,90	\$378,185,23	\$406,403,48	\$373,769,43	\$486,824,07	\$359,205,13	\$348,653,04	\$440,248,26	\$350,548,19	\$360,006,31	\$471,334,14
Dec10-Nov11 Monthly Sales	\$360,673,19	\$402,014,40	\$343,565,06	\$361,290,35	\$343,489,86	\$434,978,67	\$341,858,51	\$332,006,02	\$423,385,04	\$337,777,46	\$350,610,08	\$439,409,55
Dec09-Nov10 Monthly Sales	\$350,691,29	\$412,519,03	\$343,425,95	\$341,690,25	\$352,483,29	\$424,426,83	\$333,402,05	\$319,426,64	\$410,615,96	\$325,929,14	\$337,685,84	\$419,433,11

Month Ending

Net Profit December 09 thru November 12



	December	January	February	March	April	May	June	July	August	September	October	November
Dec11-Nov12 Monthly Sales	\$93,223,593	\$84,691,278	\$82,308,062	\$101,260,15	\$64,761,884	\$102,125,17	\$44,615,500	\$77,166,925	\$95,717,106	\$55,661,146	\$80,090,803	\$98,878,759
Dec10-Nov11 Monthly Sales	\$84,170,140	\$68,451,086	\$74,453,739	\$62,358,850	\$70,068,974	\$96,061,179	\$45,144,893	\$86,577,862	\$87,865,153	\$64,835,311	\$74,241,696	\$99,423,933
Dec09-Nov10 Monthly Sales	\$69,703,588	\$91,013,172	\$74,327,054	\$79,642,387	\$72,512,247	\$80,526,096	\$69,536,040	\$72,478,314	\$81,224,432	\$68,594,914	\$75,070,321	\$96,430,121

Month Ending

MSLC Revenue Results

November FY13 vs. FY12

(\$ millions)

Through December 1, 2012

	<u>FY13</u>	<u>% of Total</u>	<u>FY12</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
Instant Tickets	\$310	65.8%	\$303	69.0%	\$7	2.2%
MegaMillions	5	1.0%	6	1.4%	-1	-23.3%
Powerball	38	7.6%	6	1.4%	29	463.2%
Keno	75	16.0%	75	17.1%	0	0.2%
Mass Cash	7	1.4%	7	1.6%	0	-3.6%
Race Game	2	0.5%	2	0.5%	0	2.9%
Lucky For Life	4	0.8%	0	0.0%	4	100.0%
Cash WinFall	0	0.0%	2	0.4%	-2	-100.0%
Numbers Game	31	6.6%	32	7.2%	-1	-1.9%
Online Raffle	0	0.0%	3	0.7%	-3	-100.0%
Super 50-50 Raffle	0	0.1%	0	0.0%	0	100.0%
Megabucks	2	0.4%	3	0.7%	-1	-43.1%
Total	\$471	100.0%	\$439	100.0%	\$32	7.2%
Instant Tickets	\$310	65.8%	\$303	69.0%	\$7	2.2%
Online Games	161	34.2%	136	31.0%	25	18.5%
Total	\$471	100.0%	\$439	100.0%	\$32	7.2%

MSLC Revenue Results

Year-to-Date FY13 vs. FY12

(\$ millions)

Through December 1, 2012

	<u>FY13</u>	<u>% of Total</u>	<u>FY12</u>	<u>% of Total</u>	<u>\$ Change</u>	<u>% Change</u>
Instant Tickets	\$1,348	68.4%	\$1,298	68.9%	\$50	3.9%
MegaMillions	22	1.1%	28	1.5%	-6	-20.3%
Powerball	69	3.5%	31	1.6%	38	122.8%
Keno	329	16.7%	322	17.1%	7	2.2%
Mass Cash	29	1.5%	29	1.5%	0	0.0%
Race Game	10	0.5%	9	0.5%	1	12.4%
Lucky For Life	18	0.9%	0	0.0%	18	100.0%
Cash WinFall	0	0.0%	12	0.6%	-12	-100.0%
Numbers Game	136	6.9%	139	7.4%	-3	-2.5%
Online Raffle	0	0.0%	3	0.2%	-3	0.0%
Super 50-50 Raffle	1	0.0%	0	0.0%	1	100.0%
Megabucks	9	0.5%	13	0.7%	-4	-30.6%
Total	\$1,971	100.0%	\$1,883	100.0%	\$88	4.7%

Instant Tickets	\$1,348	68.4%	\$1,298	68.9%	\$50	3.9%
Online Games	622	31.6%	585	31.1%	37	6.4%
Total	\$1,971	100.0%	\$1,883	100.0%	\$88	4.7%

Lottery Reform Scorecard

Governance

- The State Ethics Commission has announced that its new online test is available to all state agencies. The Lottery will begin implementation of the testing program in January. Under the ethics reform statute, all public employees must be tested on the state conflict of interest law every two years.

Operations

- The Lottery continues to finalize for distribution and training a new manual for its sales agents clarifying their responsibilities, along with revised policies and procedures for the Compliance Department.

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.

