

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg
February 26, 2013



Lottery Sales Update

- Lottery sales were up \$18 million for the month of January. The prize payout for January 2013 was 73.5 percent as compared to 73.6 percent for January 2012.
- Even though our prize payout was 0.1% lower for the month, our overall prize payout percentage for the year increased to 72.9 percent due to accruals. This is 0.3 percent higher than the first seven months of last year. The increase caused our overall net profit to drop \$18.3 million behind FY12's record-setting pace through January 2013.
- Games experiencing sales increases in January were Instant Tickets, which were up \$16 million thanks to the introduction of a four ticket suite of "multiplier" themed games; Powerball, which was up \$1 million due to higher jackpot offerings as compared to last year; and, KENO, which was up \$2 million. Additionally, we were able to bring in \$4 million in new sales with the regional Lucky for Life game, which debuted in March 2012.
- Games experiencing sales declines in January were Mega Millions, which was down \$1 million in sales due to lower jackpots offerings as compared to last year; Megabucks Doubler, which experienced a \$2 million decrease due to decreased jackpots in FY13; Cash WinFall, which saw a \$3 million decrease because the game has not generated sales since it officially ended in January 2012.

February Instant Ticket Release (Feb. 26)



Super 7's

Price Point: \$1, Top Prize: \$7,000



HOT \$1,000,000

Price Point: \$5; Top Prize: \$1,000,000



Whole Lotta \$100s

Price Point: \$2, Top Prize: \$50,000



24 Karat CASH

Price Point: \$2, Top Prize: \$50,000



Lucky Green Tripler

Price Point: \$2, Top Prize: \$50,000

February Instant Ticket Release POS

11x17 Poster

THE MASS. STATE LOTTERY PRESENTS

HOTTEST INSTANT TICKET SPRING LINE-UP

OVER \$200,000,000 in CASH PRIZES!

FEATURING

- HOT**: WIN UP TO \$1,000,000! OVER 4,500 PRIZES FROM \$100 TO \$100K!
- Super 7s**: WIN UP TO \$7,000!
- CASH**: WIN UP TO \$50,000! OVER 416,000 PRIZES FROM \$20 TO \$2,000!
- WHOLE LOTTA**: WIN UP TO \$50,000! LOADED WITH \$100's!
- Lucky Green Triple**: WIN UP TO \$50,000!

TICKETS ON SALE HERE - \$1.00, \$2.00, \$5.00

THE LOTTERY logo

INSTANT GAMES

Wobbler

THE MASS. STATE LOTTERY PRESENTS

HOTTEST INSTANT TICKET SPRING LINE-UP

OVER \$200,000,000 in CASH PRIZES!

FEATURING

- HOT**: WIN UP TO \$1,000,000! OVER 4,500 PRIZES FROM \$100 TO \$100K!
- Super 7s**: WIN UP TO \$7,000!
- CASH**: WIN UP TO \$50,000! OVER 416,000 PRIZES FROM \$20 TO \$2,000!
- WHOLE LOTTA**: WIN UP TO \$50,000! LOADED WITH \$100's!
- Lucky Green Triple**: WIN UP TO \$50,000!

TICKETS ON SALE HERE - \$1.00, \$2.00, \$5.00

THE LOTTERY logo

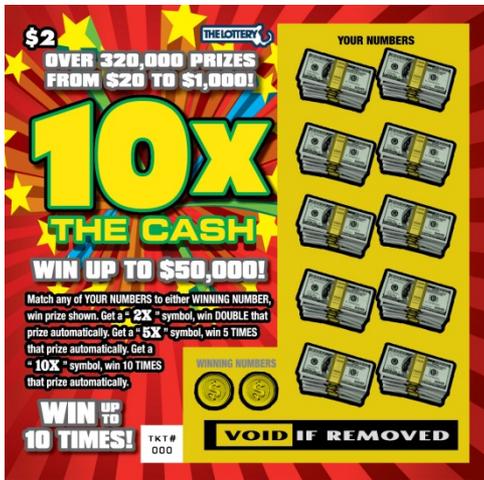
January 2013 Instant Ticket Release Sales



5X The Cash

Price Point: \$1

7 Week Sales: \$5,926,607



10X The Cash

Price Point: \$2

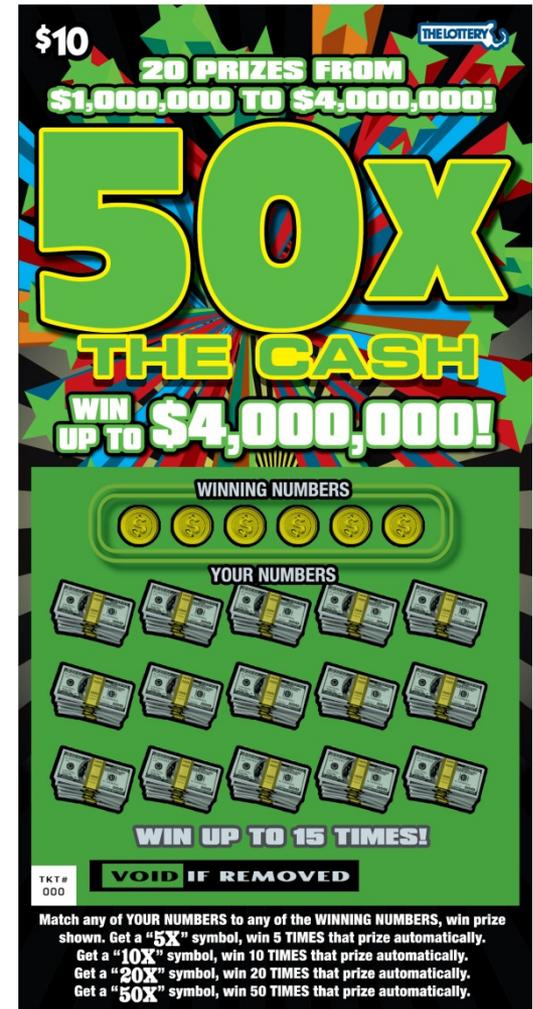
7 Week Sales: \$19,838,422



20X The Cash

Price Point: \$5

7 Week Sales: \$36,698,570



50X The Cash

Price Point: \$10

7 Week Sales: \$48,897,320

Boston Celtics Instant Ticket Promotion

The Lottery and the Boston Celtics are teaming up on a contest that will provide six lucky fans with the once-in-a-lifetime experience of playing Celtics Captain Paul Pierce in a game of “H-O-R-S-E”. The contest is offered in conjunction with the Boston Celtics Instant Ticket, a \$2.00 scratch ticket that debuted earlier this season at Lottery retailers statewide.

Fans can enter online for a chance to participate in the on-court challenge, which will take place at the team’s Boston Celtics Training Center at Healthpoint in Waltham on March 15, by visiting: www.Celtics.com/masslottery. There is no purchase necessary to enter. Registration opened on January 31 and will close on March 7.

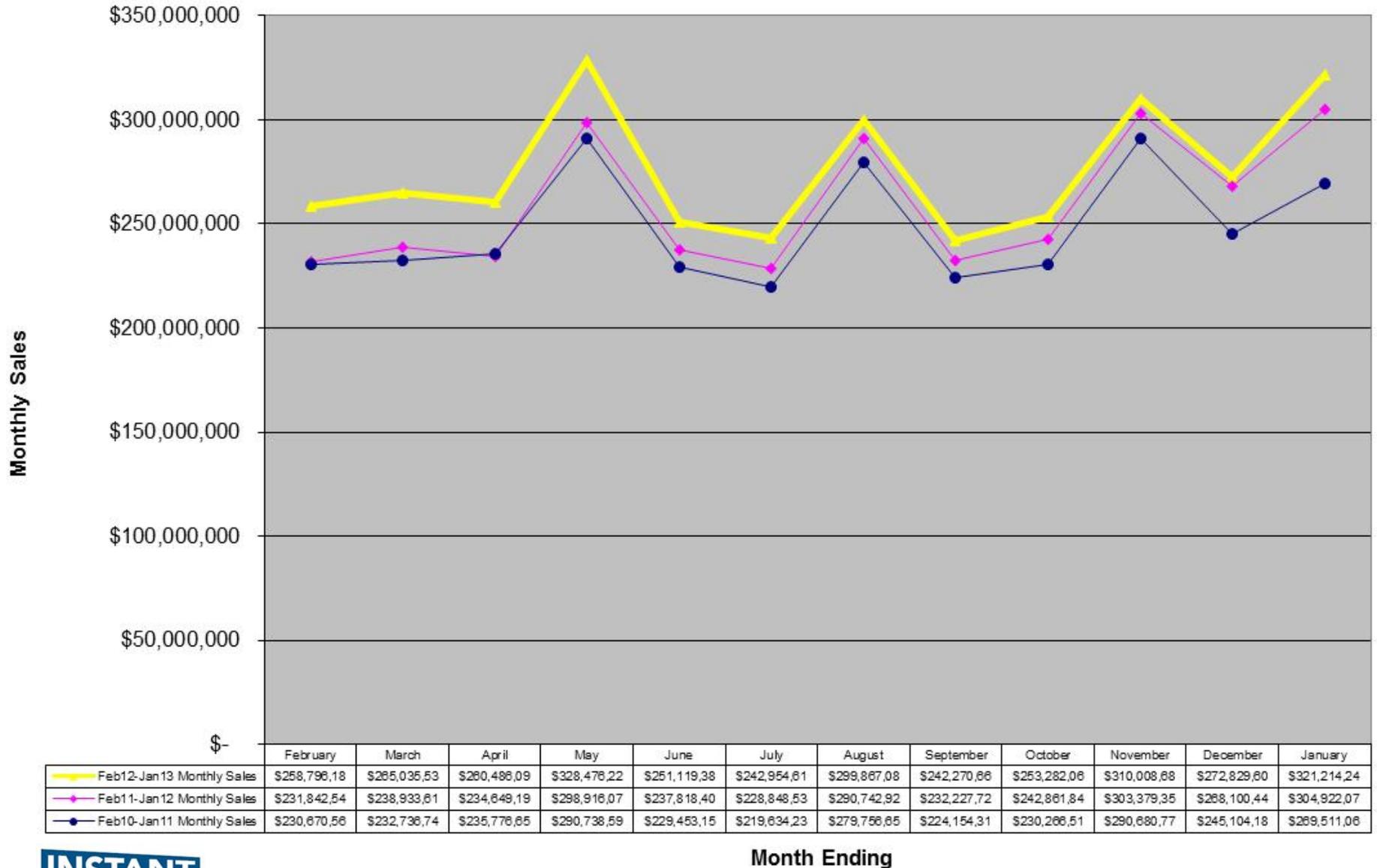


Mass Lottery 2013 Boston Celtics Sweepstakes

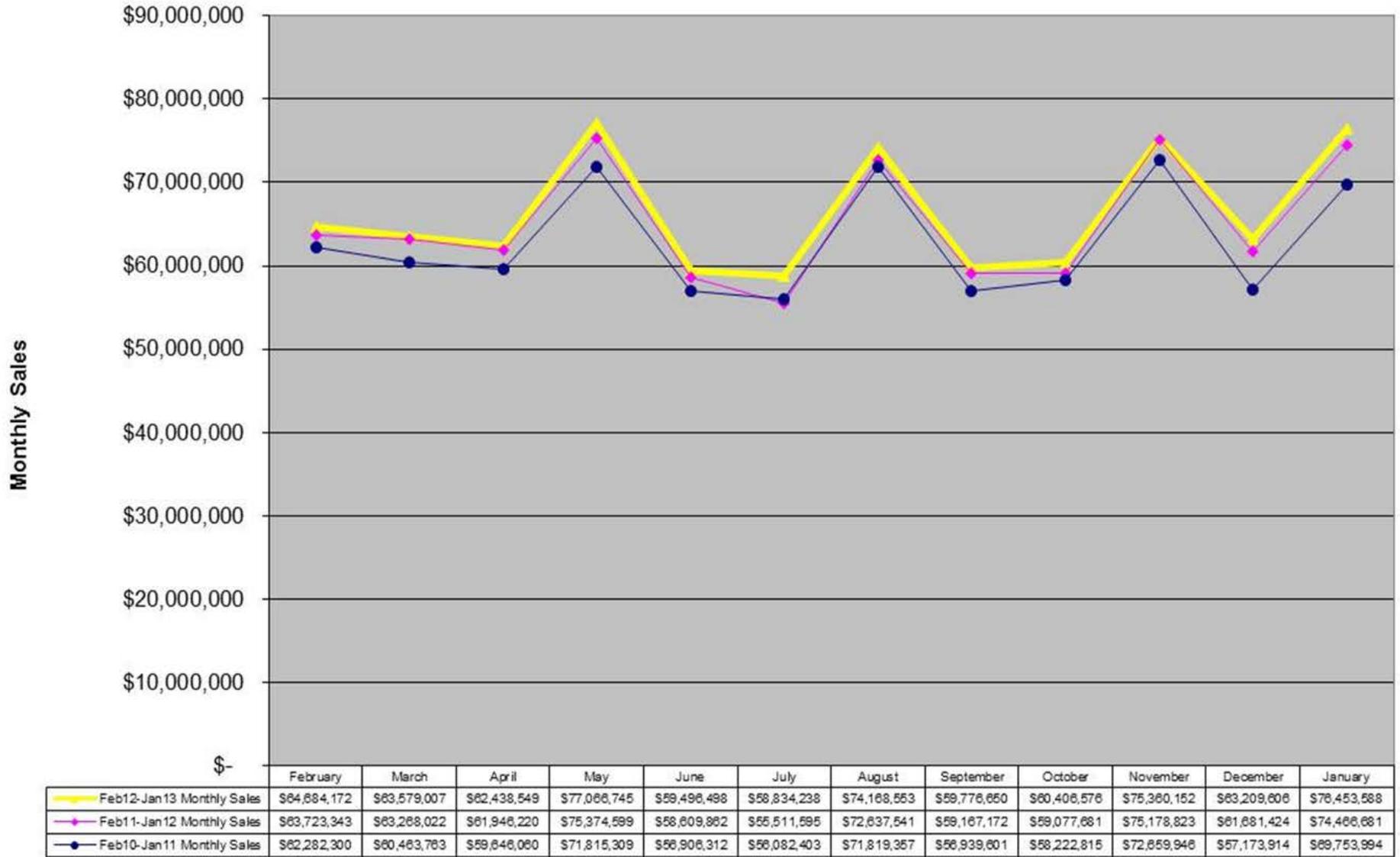
Here's your chance to meet the Truth! Enter the Mass Lottery 2013 Boston Celtics Sweepstakes for your chance to play Celtics Captain Paul Pierce in a game of H.O.R.S.E.



Instant Game Monthly Sales February 10 thru January 13

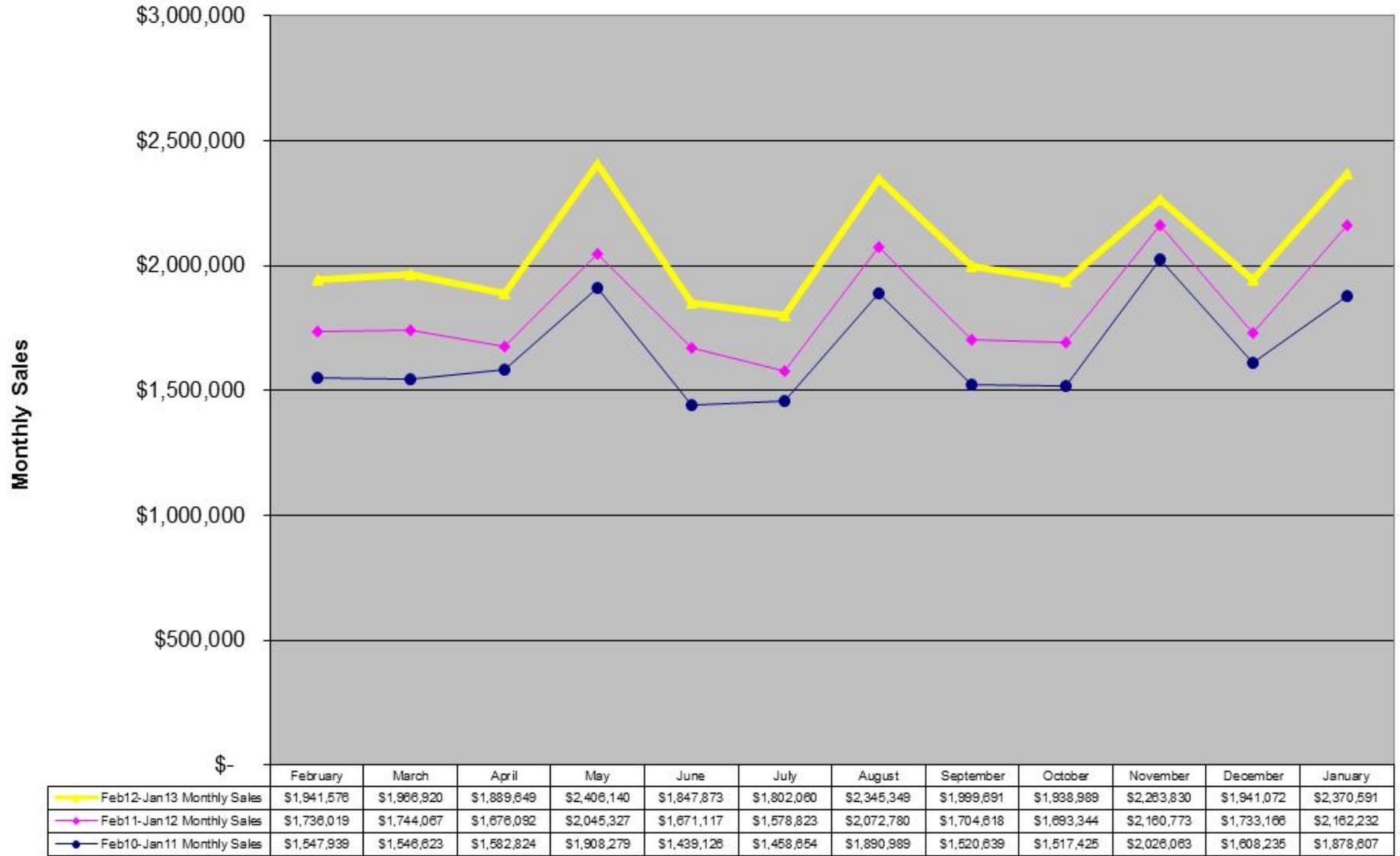


KENO Game Monthly Sales February 10 thru January 13



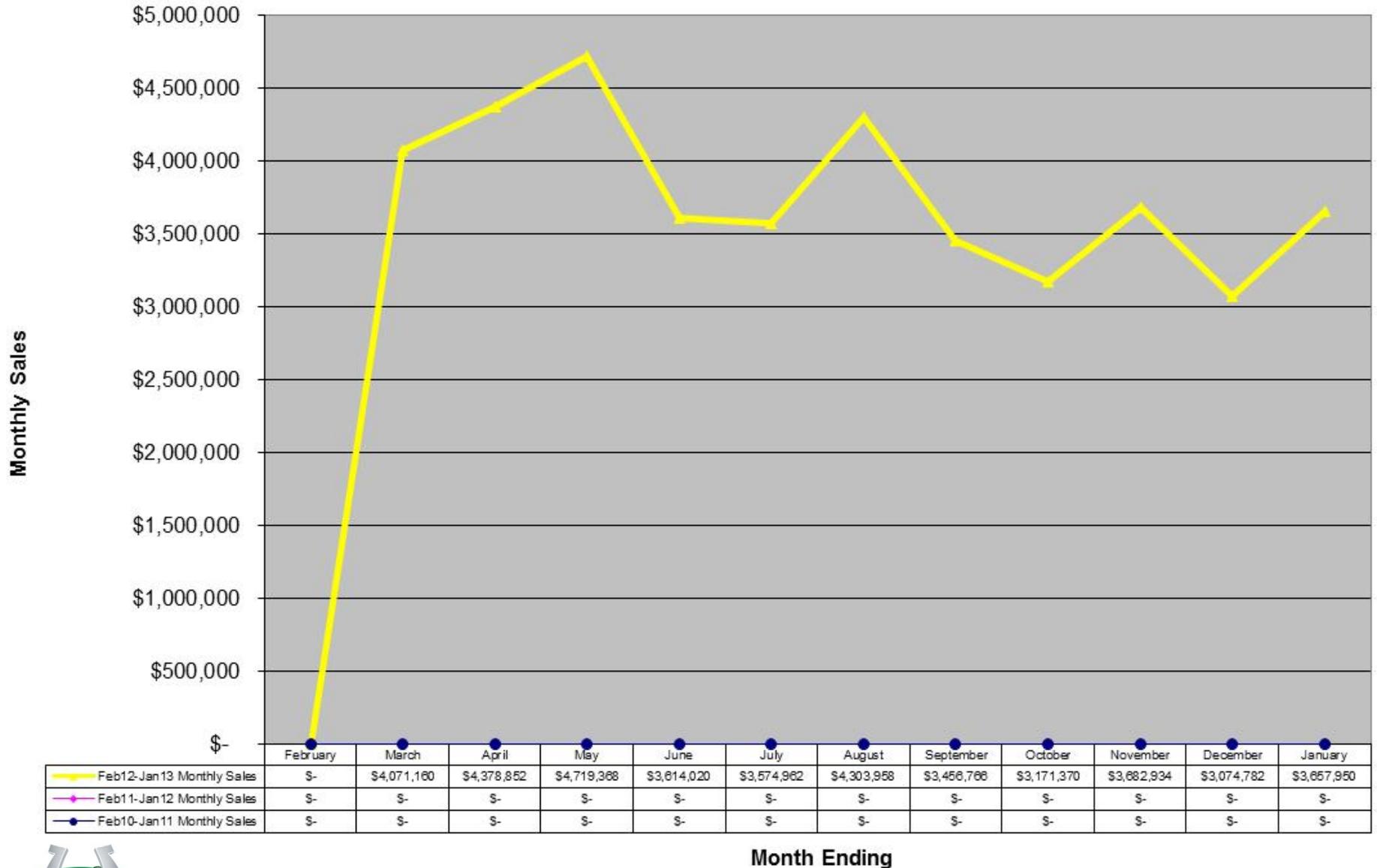
Month Ending

Race Game Monthly Sales February 10 thru January 13



Month Ending

Lucky For Life Game Monthly Sales February 10 thru January 13



Lucky for Life “Lucky Ticket” Promotion

To celebrate the one year anniversary of the regional Lucky for Life game, all six participating New England state lotteries will be running a player promotion that begins in the third week of March. All states will offer the same “buy-in” (Spend \$8 or more on the same Lucky for Life ticket), but the prizes will vary from state to state based on what each state’s players are accustomed to. In Massachusetts, we are offering players a chance to win an additional \$2,013.

The promotion will be supported with a suite of paid media, social media and in-store marketing/advertising. For the duration of two week promotional period, the Lottery will air :15 TV spots (utilizing the existing “Jake” commercial with a graphic tag on the closing scene), as well as :10 & :15 radio DJ endorsements.

We will run a Facebook sweepstakes/giveaway through which page fans can enter into a drawing to win \$208 – the cost of playing Lucky for Life twice a week for an entire year.

Every retailer will receive three 3 inch round “Get Your Lucky Ticket” button with the game logo, as well as a small allocation of 3 inch round stickers bearing the promotion dates to help sell the game. The buttons can be used after the promotion is over.



Lucky for Life :15 TV ad closing scene



Lucky for Life “Lucky Ticket” Promotion POS

8.5x11 & 13x9 Posters



Lucky FOR LIFE
NEW ENGLAND'S GAME

GET YOUR
LUCKY TICKET
FOR A CHANCE TO WIN
\$2,013

SPEND \$8 OR MORE ON
A SINGLE LUCKY FOR LIFE®
TICKET AND RECEIVE A
LUCKY TICKET
FOR THE CHANCE TO
WIN A CASH PRIZE
MARCH 10TH - 23RD

On March 27th, twenty LUCKY TICKETS will be randomly selected to each win \$2,013.
Winning LUCKY TICKET serial numbers will be posted on masslottery.com after 2:00 p.m.

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



5 inch Round Sticker

Table Tent Sign



Lucky FOR LIFE
NEW ENGLAND'S GAME

CHANCE TO INSTANTLY
WIN A \$100
LUCKY TICKET
MARCH 10TH - 23RD

MARCH 10TH - 23RD

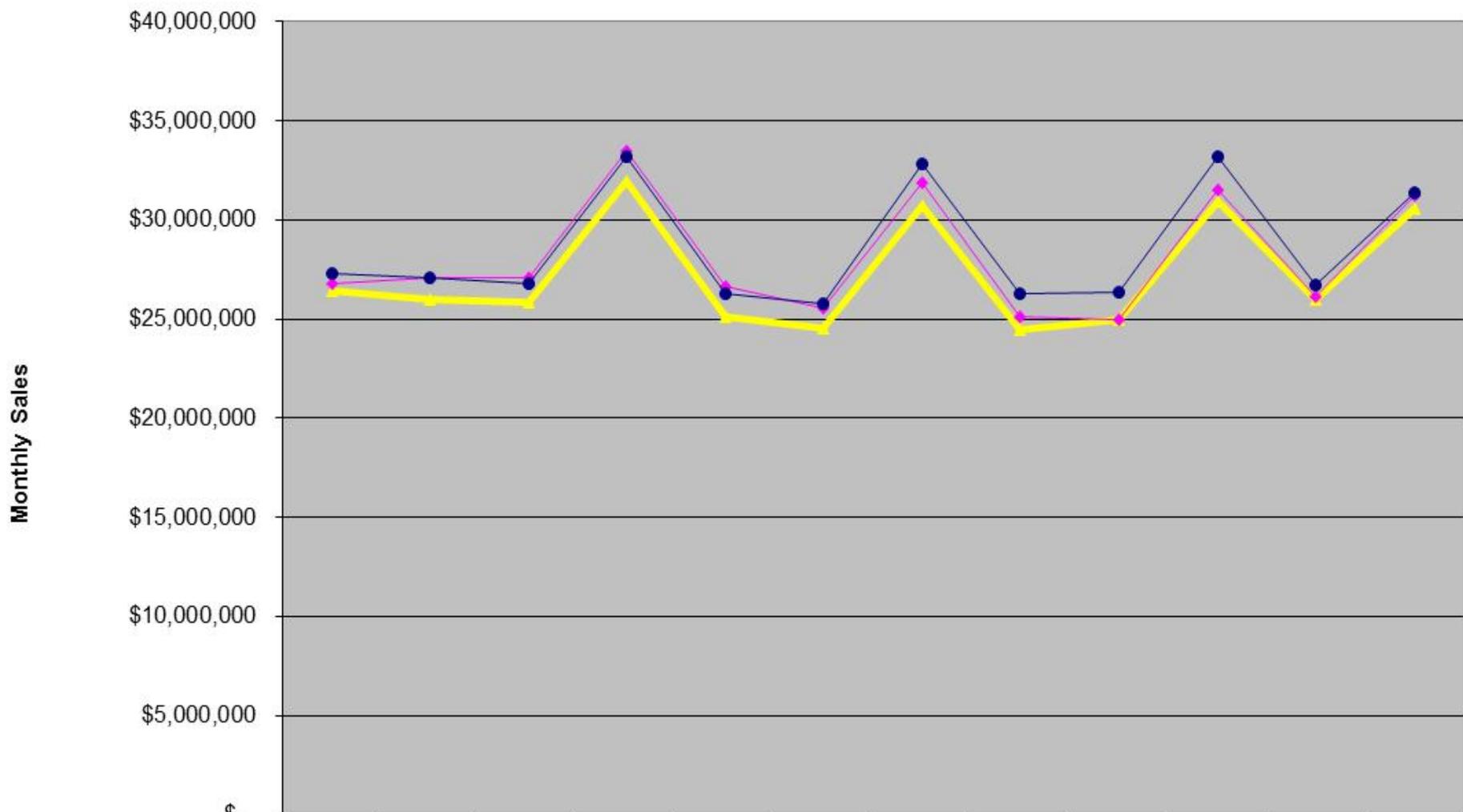
SPEND \$8 OR MORE ON
A SINGLE LUCKY FOR LIFE®
TICKET FOR YOUR CHANCE TO
WIN \$100.00 INSTANTLY!

All retailers will each receive one 8.5x11 poster (approximately half will also receive 13x19 posters), all will receive a wobblers, a 5 inch round sticker, and a table tent sign.

During the same time period, we will also provide branded “lucky” giveaway items for KENO and KENO-to-Go retailers to provide to their Lottery customers including: t-shirts, pens and Key chains.

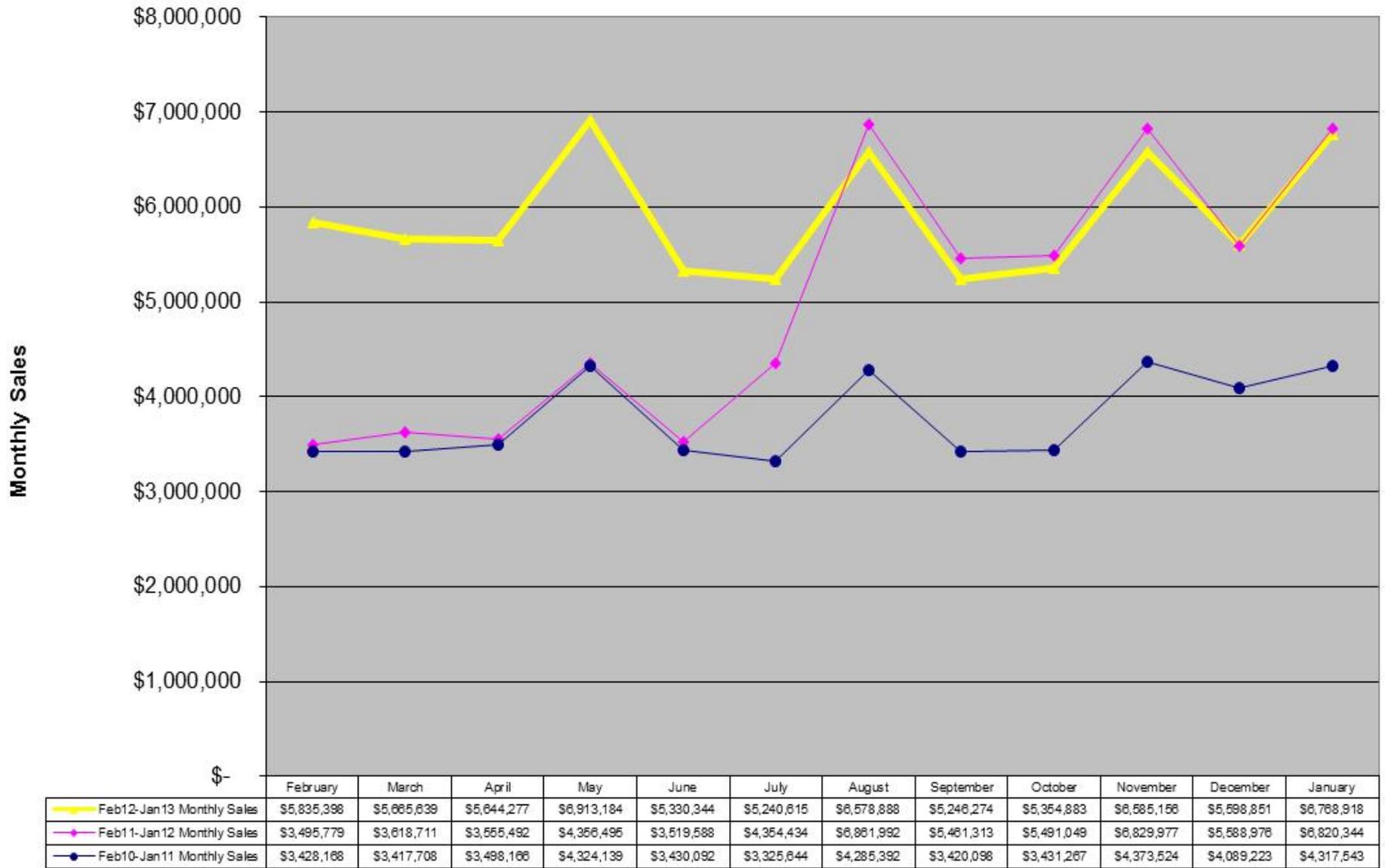


Numbers Game Monthly Sales February 10 thru January 13

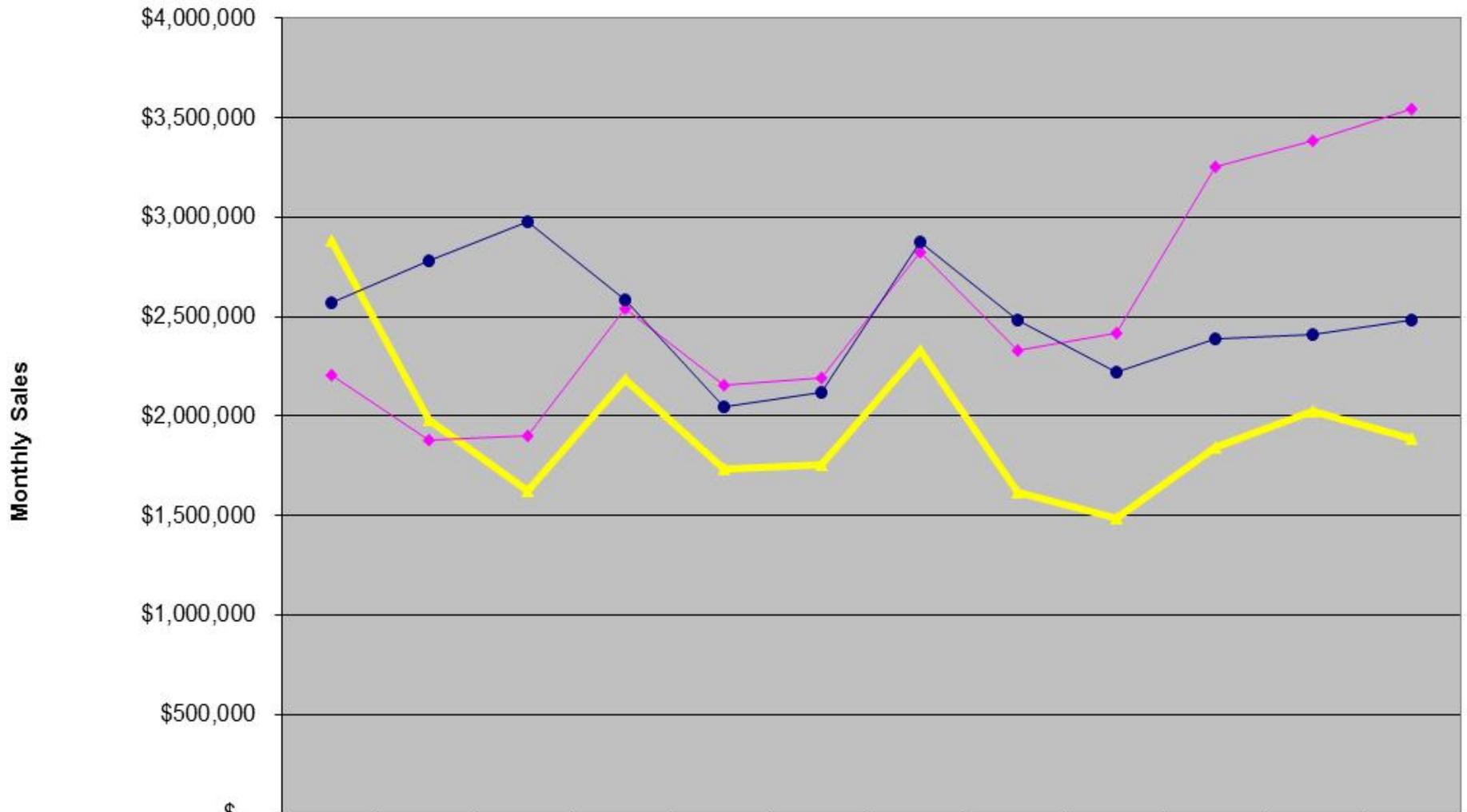


	February	March	April	May	June	July	August	September	October	November	December	January
Feb12-Jan13 Monthly Sales	\$26,412,960	\$25,986,016	\$25,821,532	\$31,954,317	\$25,122,691	\$24,550,515	\$30,735,573	\$24,467,660	\$24,978,979	\$30,897,851	\$25,954,498	\$30,586,264
Feb11-Jan12 Monthly Sales	\$26,812,928	\$27,063,003	\$27,070,774	\$33,498,382	\$26,620,647	\$25,548,523	\$31,896,957	\$25,134,513	\$24,989,841	\$31,502,648	\$26,103,834	\$31,223,074
Feb10-Jan11 Monthly Sales	\$27,275,789	\$27,076,648	\$26,805,374	\$33,217,899	\$26,306,650	\$25,780,080	\$32,843,654	\$26,268,575	\$26,342,732	\$33,189,633	\$26,725,004	\$31,355,851

Mass Cash Game Monthly Sales February 10 thru January 13

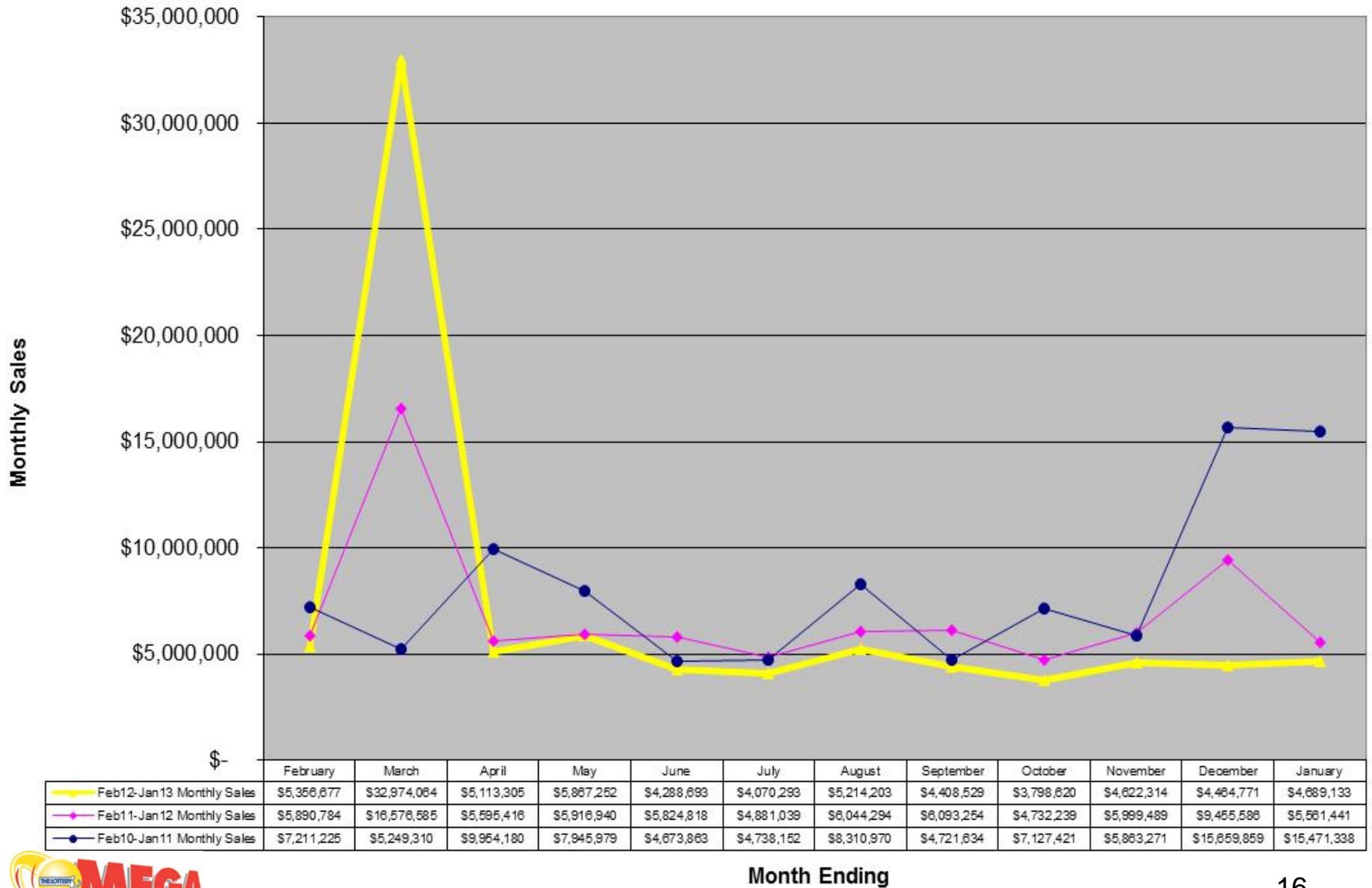


Megabucks Game Monthly Sales February 10 thru January 13

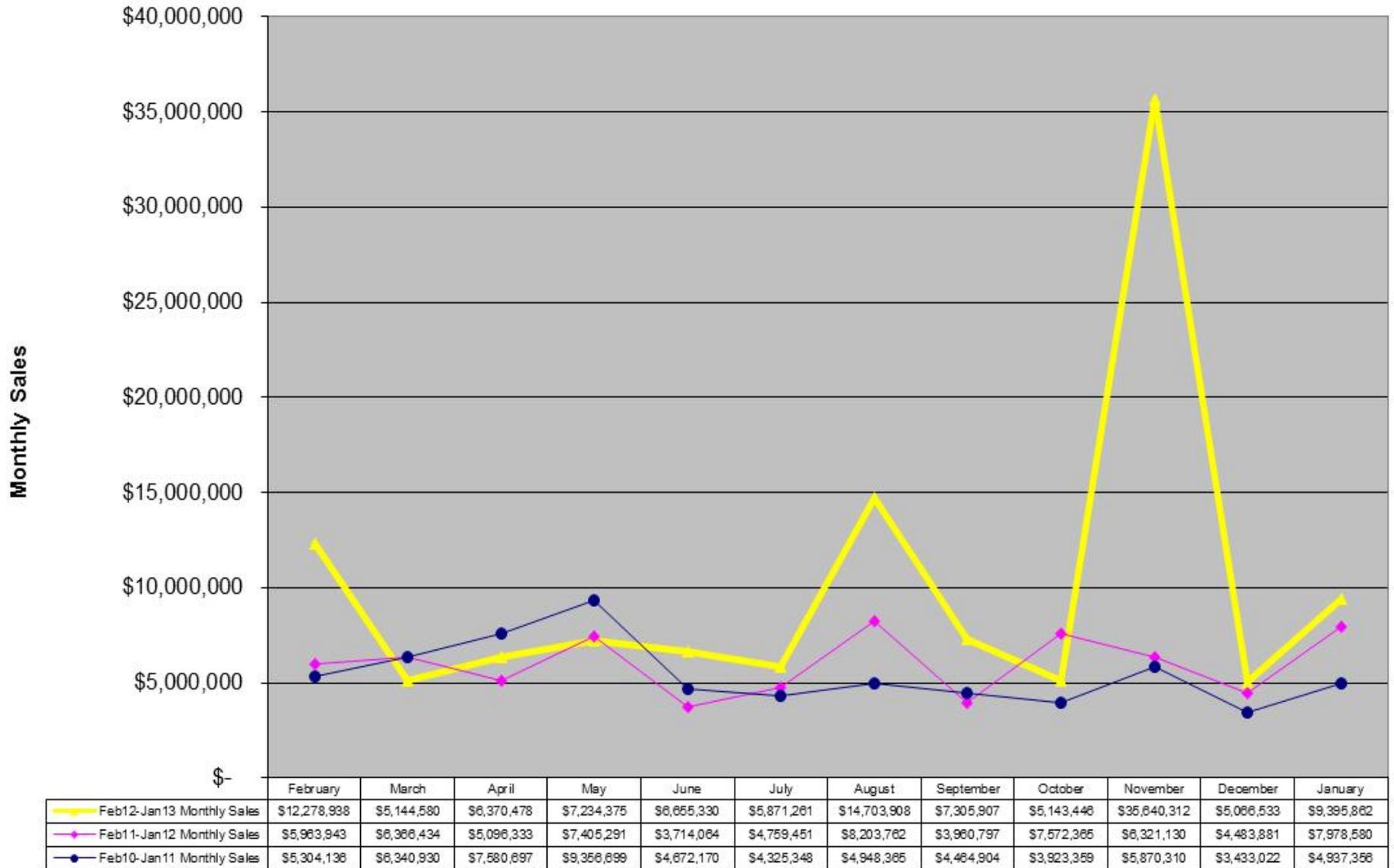


	February	March	April	May	June	July	August	September	October	November	December	January
Feb12-Jan13 Monthly Sales	\$2,879,330	\$1,980,570	\$1,626,691	\$2,186,470	\$1,730,305	\$1,754,484	\$2,330,748	\$1,616,040	\$1,482,273	\$1,843,099	\$2,023,565	\$1,884,472
Feb11-Jan12 Monthly Sales	\$2,205,105	\$1,878,503	\$1,900,644	\$2,538,472	\$2,155,685	\$2,194,423	\$2,823,960	\$2,327,303	\$2,418,913	\$3,249,651	\$3,381,264	\$3,540,270
Feb10-Jan11 Monthly Sales	\$2,570,280	\$2,776,858	\$2,974,056	\$2,584,907	\$2,047,968	\$2,120,276	\$2,871,261	\$2,485,109	\$2,220,819	\$2,389,826	\$2,409,018	\$2,481,937

Mega Millions Game Monthly Sales February 10 thru January 13

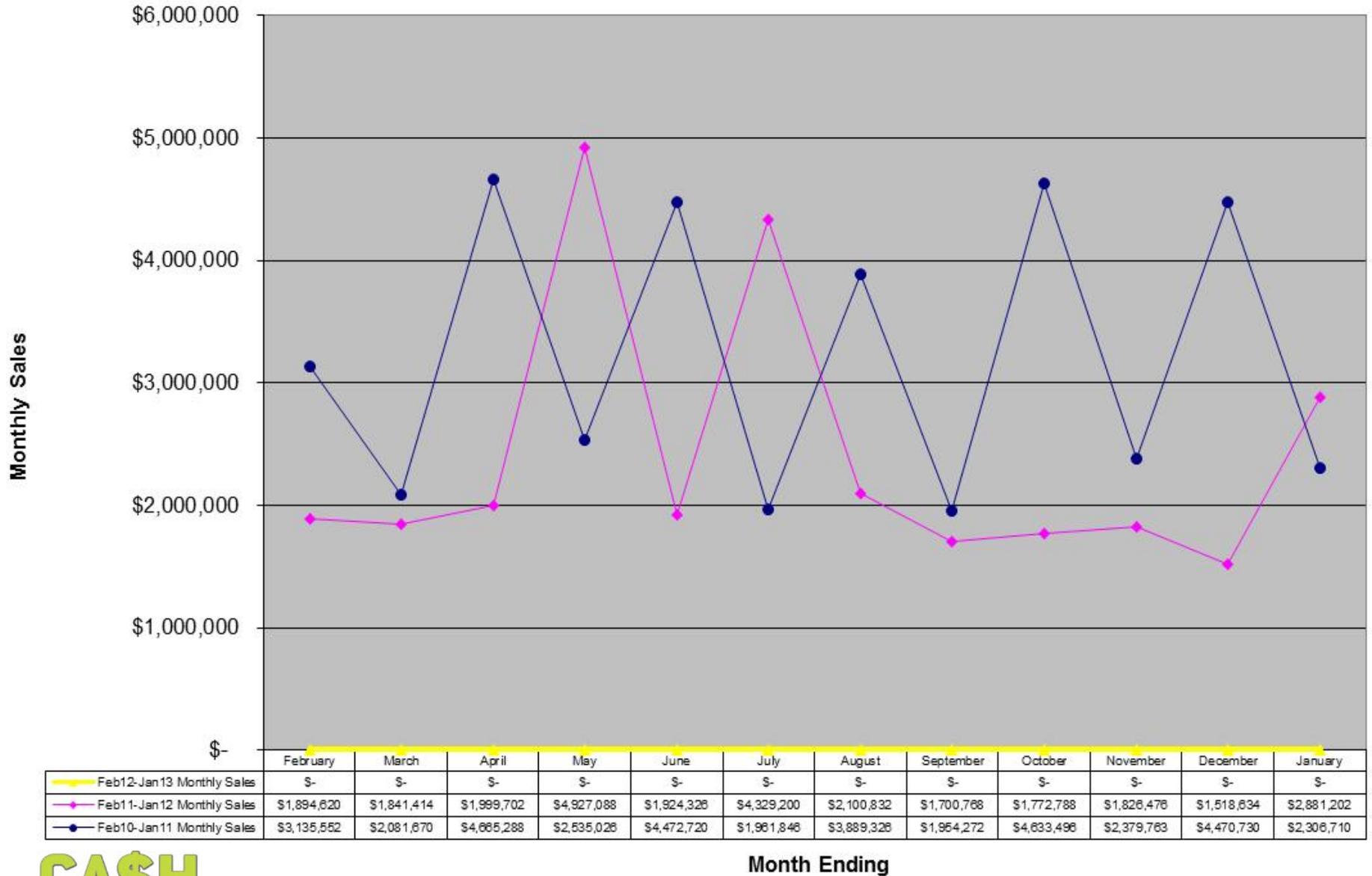


Powerball Game Monthly Sales February 10 thru January 13

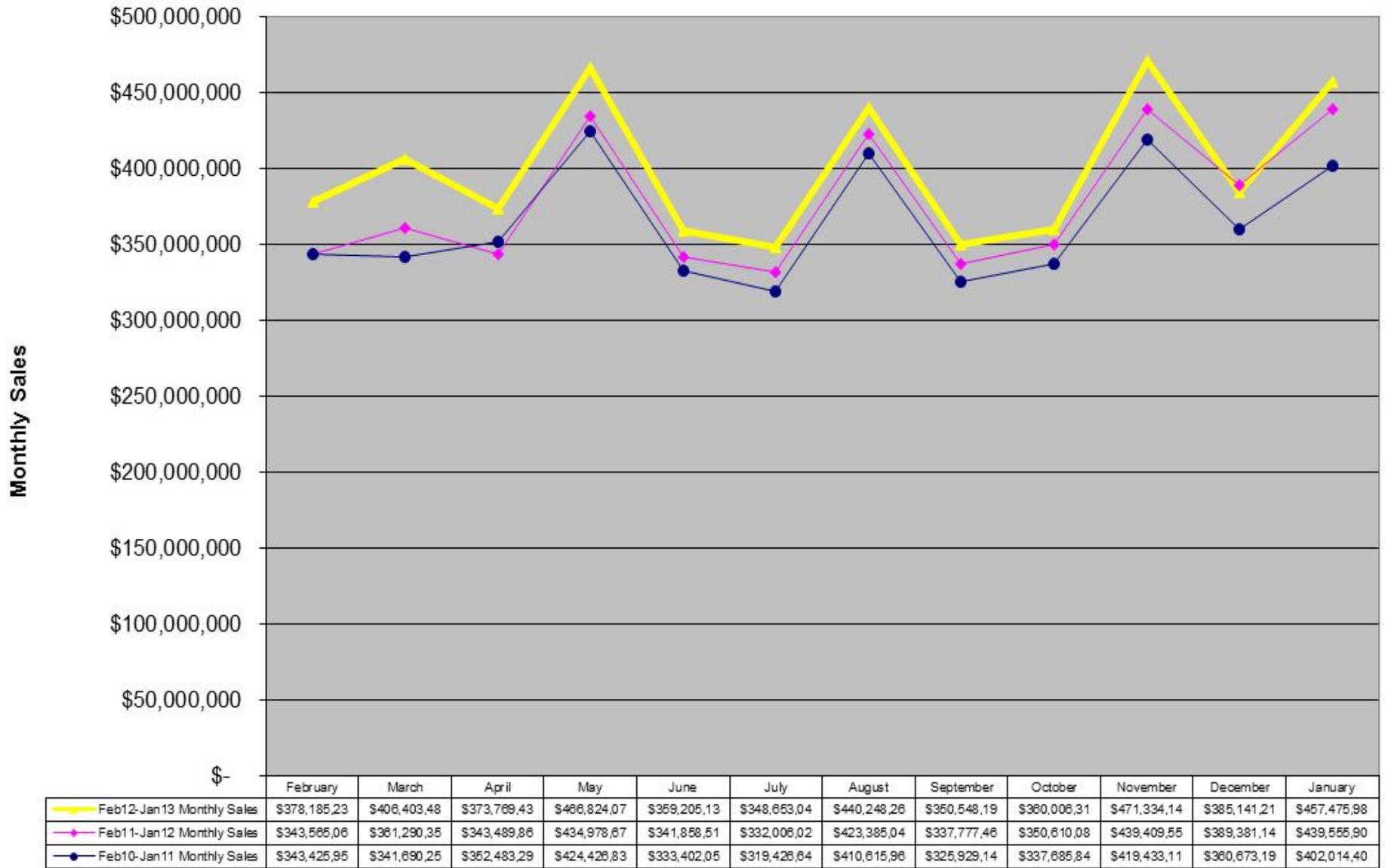


Month Ending

Cash Winfall Game Monthly Sales February 10 thru January 13

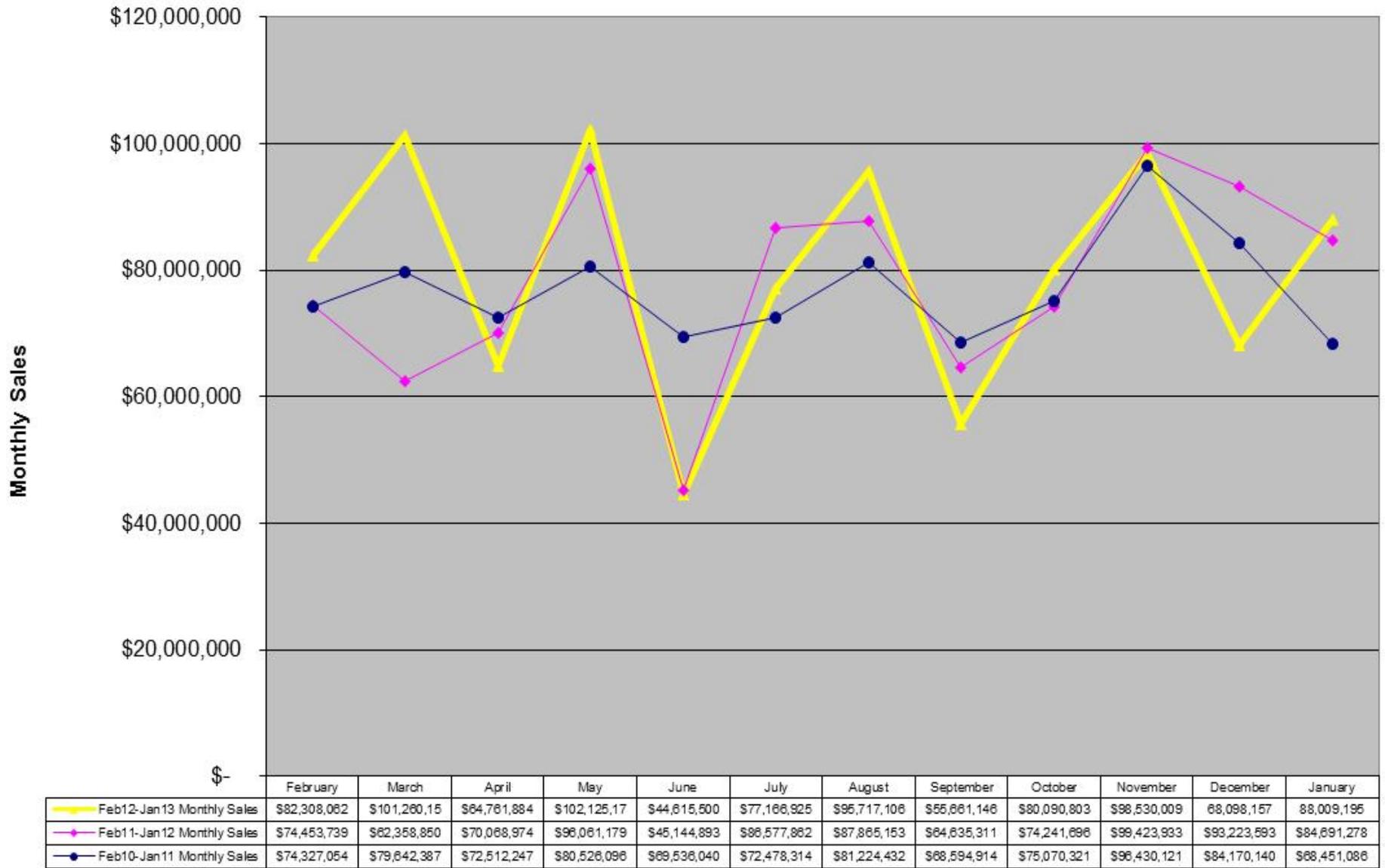


All Game Monthly Sales February 10 thru January 13



Month Ending

Net Profit Monthly Sales February 10 thru January 13



Month Ending

MSLC Revenue Results

January FY13 vs. FY12

(\$ millions)

Through February 2, 2013

	FY13	% of Total	FY12	% of Total	\$ Change	% Change
Instant Tickets	\$321	70.2%	\$305	69.2%	\$16	5.2%
MegaMillions	5	1.1%	6	1.4%	-1	-16.7%
Powerball	9	2.0%	8	1.8%	1	12.5%
Keno	76	16.6%	74	16.9%	2	2.1%
Mass Cash	7	1.5%	7	1.6%	0	0.0%
Race Game	2	0.4%	2	0.5%	0	0.0%
Lucky For Life	4	0.9%	0	0.0%	4	100.0%
Cash WinFall	0	0.0%	3	0.7%	-3	-100.0%
Numbers Game	31	6.8%	31	7.0%	0	0.0%
Online Raffle	0	0.0%	0	0.0%	0	0.0%
Super 50-50 Raffle	0	0.0%	0	0.0%	0	100.0%
Megabucks	2	0.4%	4	0.9%	-2	-50.0%
Total	\$457	100.0%	\$440	100.0%	\$17	3.8%

MSLC Revenue Results

Year-to-Date FY13 vs. FY12

(\$ millions)

Through February 2, 2013

	FY13	% of Total	FY12	% of Total	\$ Change	% Change
Instant Tickets	\$1,942	69.1%	\$1,871	69.0%	\$71	3.8%
MegaMillions	31	1.1%	43	1.6%	-12	-27.9%
Powerball	83	3.0%	43	1.6%	40	93.0%
Keno	468	16.6%	458	16.9%	10	2.2%
Mass Cash	41	1.5%	41	1.5%	0	0.0%
Race Game	15	0.5%	13	0.5%	2	15.4%
Lucky For Life	25	0.9%	0	0.0%	25	100.0%
Cash WinFall	0	0.0%	16	0.6%	-16	-100.0%
Numbers Game	192	6.8%	196	7.2%	-4	-2.0%
Online Raffle	0	0.0%	10	0.4%	-10	0.0%
Super 50-50 Raffle	2	0.1%	0	0.0%	2	100.0%
Megabucks	13	0.5%	20	0.7%	-7	-35.0%
Total	\$2,812	100.0%	\$2,711	100.0%	\$101	3.7%

Lottery Reform Scorecard

Governance

- The Lottery continues to build out the governance page of its website to enhance transparency. Please visit: <http://www.masslottery.com/about/>
- The Lottery is midway through the mandatory online ethics training and anticipates full compliance by March 8, 2013, well in advance of the Ethics Commission's April deadline.
- To keep Lottery job applicants apprised of the state of the law and the Lottery's hiring process, the Human Resources Department is posting on the Lottery's website the Ethics Commission's newly issued advisory entitled "Public Employees Making and Receiving Job Recommendations."

Operations

- The Executive Director executed this month the following Compliance Policies and Procedures: Agent Monitoring and Testing – Professional Behavior of Agents; Altered Ticket Handling; and Instant Game Tickets "A" and "B" Errors Reporting.
- Development of the MIS written security policy and procedure to ensure best practices as recommended by the KPMG audit is underway.

Lottery Reform Scorecard

Governance

- The Lottery continues to build out the governance page of its website to enhance transparency. Please visit: <http://www.masslottery.com/about/>
- The Lottery is midway through the mandatory online ethics training and anticipates full compliance by March 8, 2013, well in advance of the Ethics Commission's April deadline.
- To keep Lottery job applicants apprised of the state of the law and the Lottery's hiring process, the Human Resources Department is posting on the Lottery's website the Ethics Commission's newly issued advisory entitled "Public Employees Making and Receiving Job Recommendations."

Operations

- The Executive Director executed this month the following Compliance Policies and Procedures: Agent Monitoring and Testing – Professional Behavior of Agents; Altered Ticket Handling; and Instant Game Tickets "A" and "B" Errors Reporting.
- Development of the MIS written security policy and procedure to ensure best practices as recommended by the KPMG audit is underway.

Miscellaneous...



We received this amazing photo from Massachusetts College of Art and Design Fashion Department Student Lauren Dewey, who had to make a non-textile dress for a school assignment. She chose to use instant tickets as the non-textile material. Lauren collected previously-scratched winning tickets to construct the dress.

Here's a photo of her modeling it - we hope she gets an A+.

Designer/Constructor: Lauren Dewey

Model: Lauren Dewey

Photographer: Alexandra Champoli

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.

