

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg

March 26, 2013



Lottery Sales Update

- As a result of inclement weather, particularly heavy snowfall, Lottery sales for the month of February were down \$18 million. The storms that hit the state during the month had a devastating impact on sales of approximately \$30 million.
- Additionally, the prize payout for February 2013 was 75.1 percent, as compared to 71.0 percent for February 2012. The 4.1 percent increase in payout caused our overall net profit to drop \$40.5 million behind last year's record-setting pace.
- Only one game in the portfolio experienced a sale increases in February. Lucky for Life, the regional draw game which launched in March 2012, brought in \$3 million in new sales.
- Games experiencing sales declines in February were: Instant Tickets, which were down \$7 million as a result of weather; Mega Millions, which was down \$2 million due to smaller jackpot offerings as compared to last year, as well as weather; Powerball, which was down \$5 million also due to smaller jackpots and weather; KENO, which was down \$3 million due to weather; Mass Cash, which was down \$1 million; Numbers Game, which was down \$2 million; and, Megabucks, which was down \$1 million due to a smaller jackpot this year as compared to last.

SUPER 50/50 Raffle

- The SUPER 50/50 Raffle is back. Ticket sales begin on March 31 at all 7,400 Lottery retailers statewide. The game mirrors the Lottery's most recent raffle offering – the prize will grow with every ticket sold and one lucky winner will receive exactly half of the game's total sales.
- SUPER 50/50 Raffle tickets cost \$10 each with \$5, or 50 percent, directly funding the game's top prize. Players will be able to get daily updates on the prize amount as it grows by logging onto the Lottery's website, www.masslottery.com.
- Players will not select their own raffle number. Each ticket bears a unique seven-digit number that is assigned as tickets are sold beginning with number 0000001 and increasing in sequential order until game sales end on July 1 at 11:59 p.m.
- On July 2, 2013, a drawing will be conducted to randomly select one winning number in the SUPER 50/50 Raffle. The super lump sum cash prize will ultimately be determined by the number of tickets that are purchased before the game's drawing.
- The Lottery will also hold weekly "Wild Wednesday" bonus drawings to reward players who pick up a SUPER 50/50 Raffle ticket early in the game's sales period. Every Wednesday starting May 8 through June 26, five (5) lucky ticket numbers will be randomly drawn from the pool of tickets sold to-date for a \$1,000 bonus prize. A total of 40 \$1,000 "Wild Wednesday" bonus prizes will be awarded leading up to the official SUPER 50/50 Raffle and all of these tickets will remain eligible for the July 2 drawing.



SUPER 50/50 Raffle Advertising

- The SUPER 50/50 Raffle launch will be supported in the marketplace with a suite of Point of Sale advertising, as well as a with a :15 television spot (flight dates 3/31 – 4/13 airing in all dayparts in Boston and Springfield markets) and a combination of :10 and :15 radio spots (flight dates 3/31 – 4/13 airing in Boston, Cape Cod, New Bedford, Springfield, Worcester, Greenfield and Pittsfield).
- **:15 Radio Copy:** The Massachusetts State Lottery's Super 50/50 Raffle is back. But don't wait until it's too late - get your ticket today at a Lottery retailer near you, and visit masslottery.com to watch the game's SUPER cash prize grow!
- The POS, TV and radio advertising message will shift during the final two weeks of game sales to reinforce the sense of urgency leading up to the drawing – “time is running out to get your SUPER 50/50 ticket.”



:15 Television Commercial



SUPER 50/50 Raffle POS



SUPER 50/50 RAFFLE

ONE PRIZE - ONE WINNER

Prize Is 50%
Of The Total Game Sales!

THE PRIZE GROWS WITH EVERY TICKET SOLD!

On sale starting March 31, 2013
Drawing will be held July 2, 2013
Each ticket costs \$10.

Visit MASSLOTTERY.COM daily to see the prize grow!

WILD RAFFLE WEDNESDAYS!

Every Wednesday starting May 8 through June 26, 2013, five ticket numbers will be randomly chosen and posted on masslottery.com. Each of these tickets will win \$1,000! These tickets will still be in the pool to win 50% of the sales. Buy your tickets early for the chance to win this EXTRA \$1,000. Winning ticket holders will have one year to claim their prizes at a Lottery regional office.



 masslottery.com

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



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Window decal (8.5"x11") and poster (8.5"x11" and 13"x19")

April Instant Ticket Release (April 9)

Scene 1



Cadillac Riches Instant Ticket

Price Point: \$5

Est. Sales: \$126 million Est. Net Profit: \$19.95 million

- Cadillac Riches is the first car-themed game that the Lottery has released in several years and the first Massachusetts ticket to feature Scratch FX® - a patented product that adds sparkle and visually enhances the ticket front. There are four total ticket scenes in this game.
- Also adding to the game's appeal is the chance to instantly win up to \$1 million and five (5) second chance opportunities to win a Cadillac vehicle and premium Cadillac merchandise. Choice of four models: Cadillac CTS Sports Sedan, Cadillac CTS Premium Coupe, Cadillac Escalade base model or a Cadillac SRX Crossover.
- Internet Bonus Drawing: During the first six weeks of sales, people who buy Cadillac Riches tickets can "play" an online game for Bonus entries in to a drawing to win a Cadillac CTS. 10 players will be randomly selected to attend a June event at an in-state Cadillac dealer where the car will be awarded.
- The game launch will be supported by a statewide paid advertising campaign, including three weeks of TV ads and two weeks of radio, as well as a full suite of POS.

**INSTANT
GAMES**

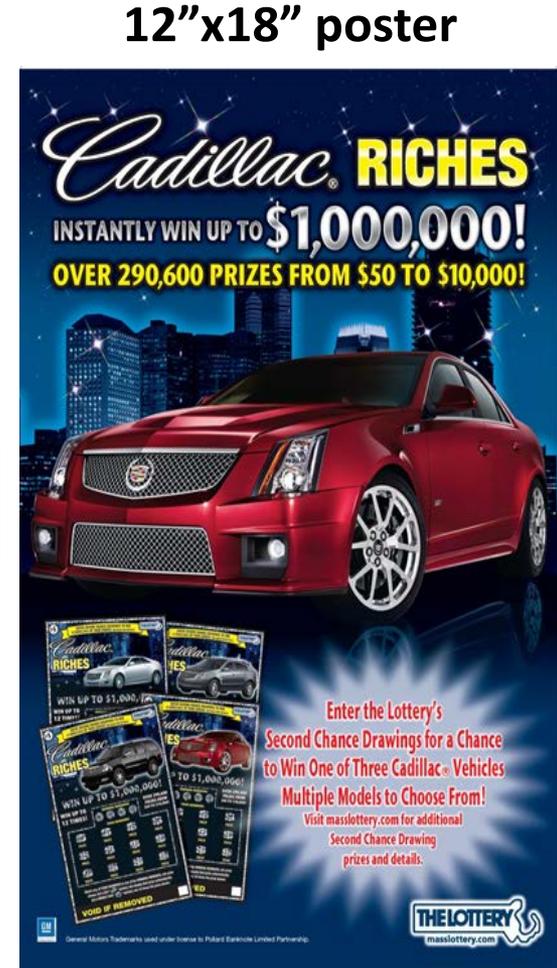
April Instant Ticket Release POS



48"x72" standee



12"x12.5" wobblers

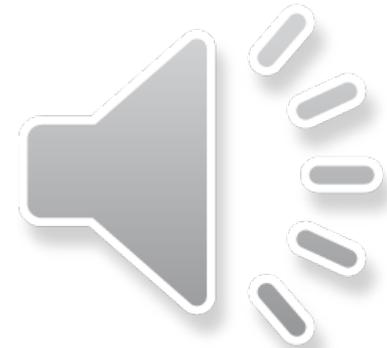


12"x18" poster

8"x8" window decal

**INSTANT
GAMES**

April Instant Ticket Release Advertising



**:30 Radio
Commercial**

:30 Television Commercial

February Instant Ticket Release Sales Update



\$1 Super 7's

4 Week Sales: \$2,580,473



\$5 HOT \$1,000,000

4 Week Sales: \$15,316,305



\$2 Whole Lotta \$100s

4 Week Sales: \$5,052,804



\$2 24 Karat CASH

4 Week Sales: \$5,787,162



\$2 Lucky Green Tripler

4 Week Sales: \$4,691,110

Boston Celtics Instant Ticket Promotion

The Lottery and the Boston Celtics teamed up on a contest that provided 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 was offered in conjunction with the Boston Celtics Instant Ticket, a \$2.00 scratch ticket that debuted earlier this season at Lottery retailers statewide. More than 3,000 fans entered online for a chance to participate in the on-court challenge, which took place at the team’s Boston Celtics Training Center at Healthpoint in Waltham.

From the looks of the scoreboard, the contestants: Jose Jimenez of Dorchester; Nicole Senior of Wakefield; Kristine Fusco of Waltham, whose husband Al played in her place; Ryan McRae of Woburn; Robert Dias of Fall River; and Jason Heath of Boston, couldn't handle “The Truth” after all. Pierce was victorious in the game of H.O.R.S.E. against the six contest winners. And while they couldn't outshoot Pierce, each walked away with Celtics merchandise prize packs and Boston Celtics instant tickets courtesy of the team.



\$10,000,000 HOLD'EM POKER Tournament

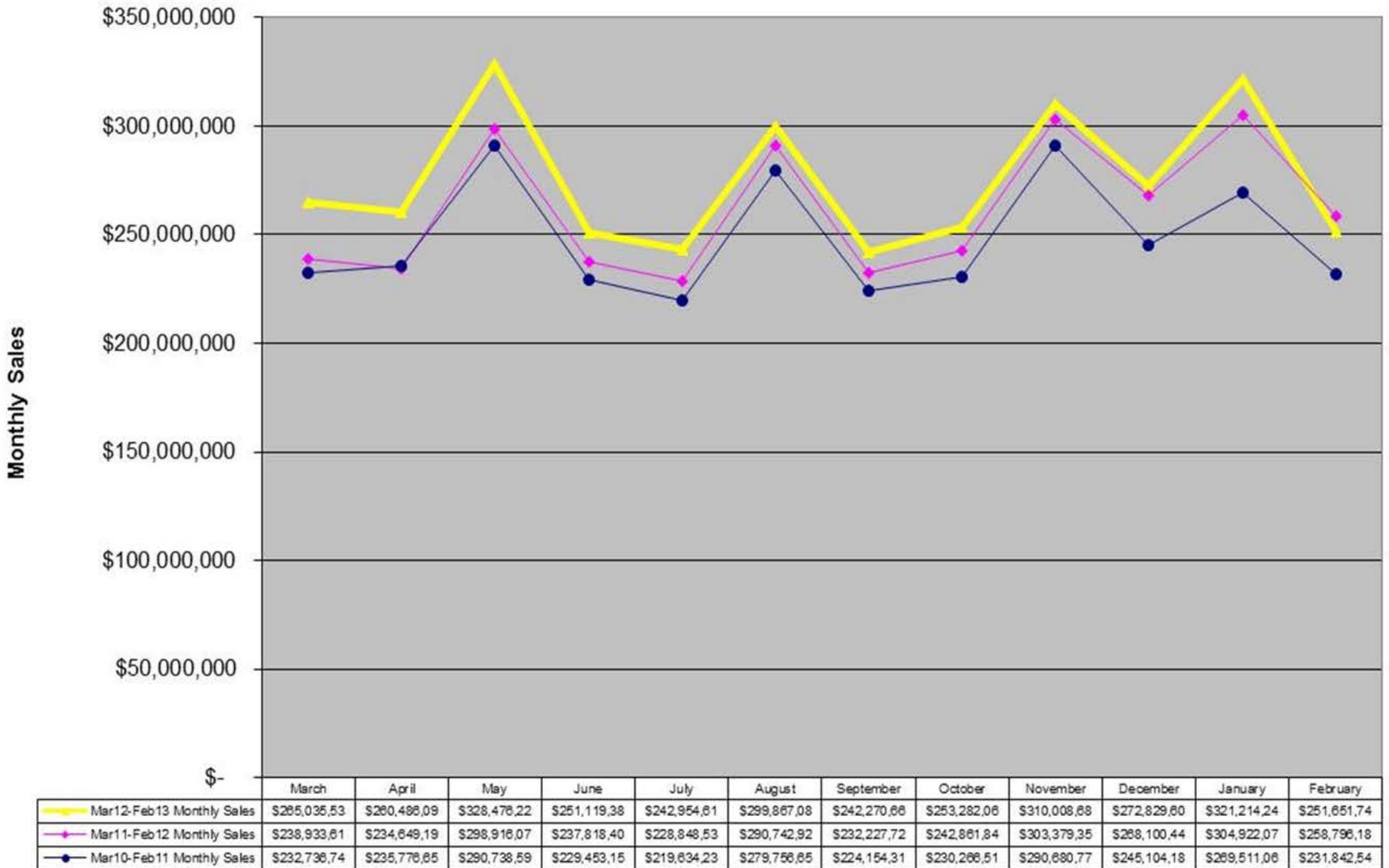


- On the evening of April 6, 2013, 560 Lottery players will convene at the TD Garden in Boston to participate in the \$10,000,000 HOLD'EM POKER® Tournament, which will simulate an actual poker tournament with four rounds of Hold'Em poker dealt; however, unlike an actual tournament, there is no poker skill required in the Lottery's event because all cards will be randomly assigned to the participants with the outcome of every hand determined through a secure drawing process.
- Participants with the best five-card poker hand within their group for each round will advance to the next round of the tournament. There will be three elimination rounds to determine the four participants who will advance to the Championship Round.
- Each of the 560 Tournament participants is guaranteed a \$2,000 Round One prize; 64 participants will each win \$10,000 in Round Two; 12 will receive \$50,000 prizes in Round Three; and in the final Championship Round, three participants will win \$1 million and one will emerge as the Tournament Champion, collecting the \$10 million Grand Prize.

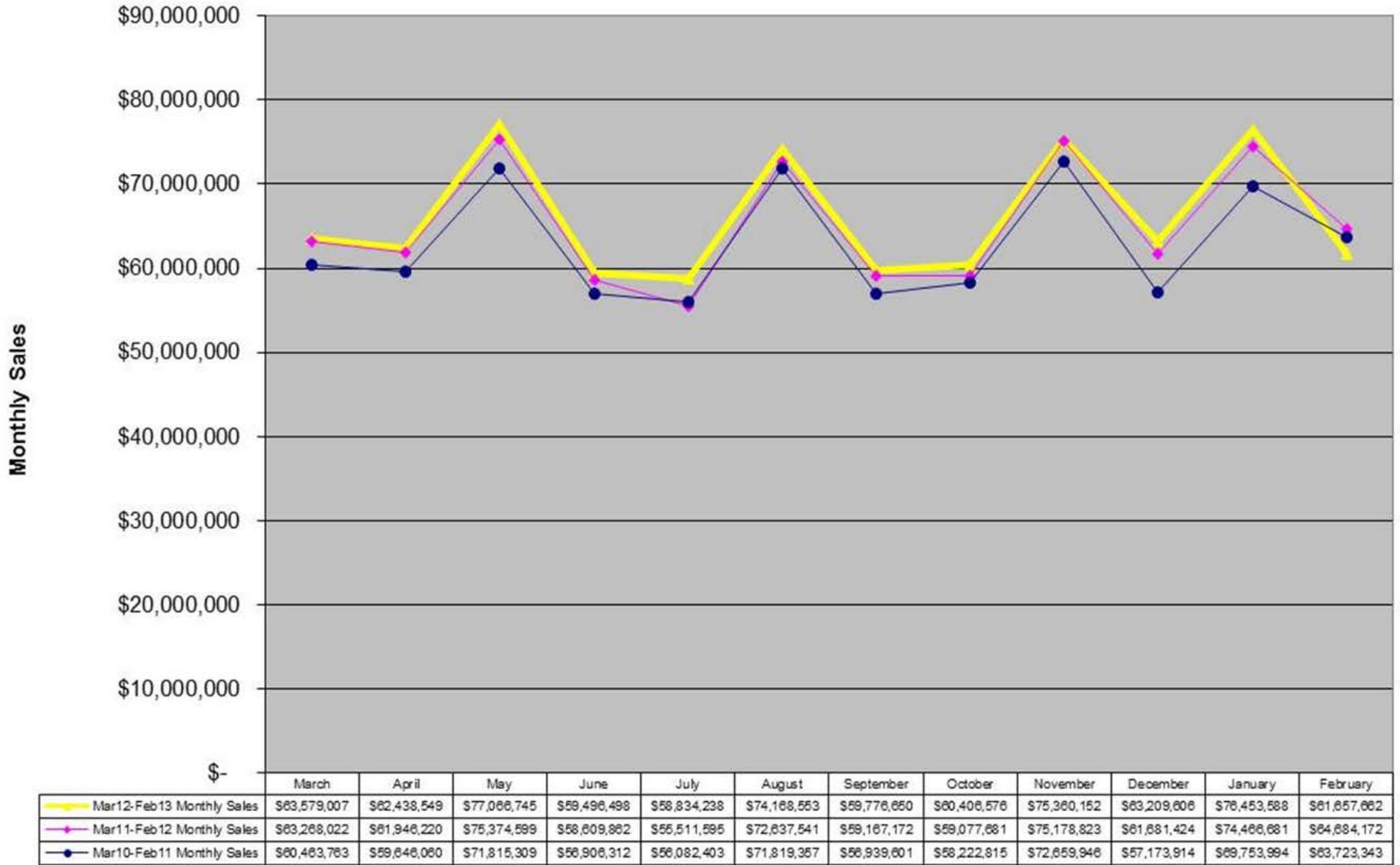
\$10,000,000 HOLD'EM Poker Tournament

- Drawings for consolation prizes will take place throughout the evening for participants that do not advance to later Rounds. The event is expected to last a total of three hours and draw over 1,100 attendees. Players who were selected as participants, but are unable to attend the Tournament will be able to send representatives in their place; however, those who do not attend and do not send a representative to participate on their behalf will be assigned a stand-in representative, and will still receive any cash that is due to them as a result of the \$10,000,000 HOLD'EM POKER® Tournament.
- At the time of the \$10,000,000 HOLD'EM POKER® instant ticket's launch in March 2005, the \$10 game boasted a record-breaking prize structure with over \$645 million in prizes, including a grand prize of \$10 million – which then was the largest single instant ticket prize in U.S. lottery history. Massachusetts has since launched instant tickets with \$20 million prize offerings and more robust prize structures.
- While nearly seven and a half years elapsed before the 80.6 million tickets printed were sold, the \$10,000,000 HOLD'EM POKER® instant ticket established a loyal player base in the market. Sales for the niche “extended play” game, which capitalized on the Hold'Em Poker play style that gained worldwide appeal due largely to televised tournaments like the World Poker Tour™, exceeded \$800 million and generated over \$97.8 million in net return to the Commonwealth for cities and towns.

Instant Game Monthly Sales March 10 thru February 13

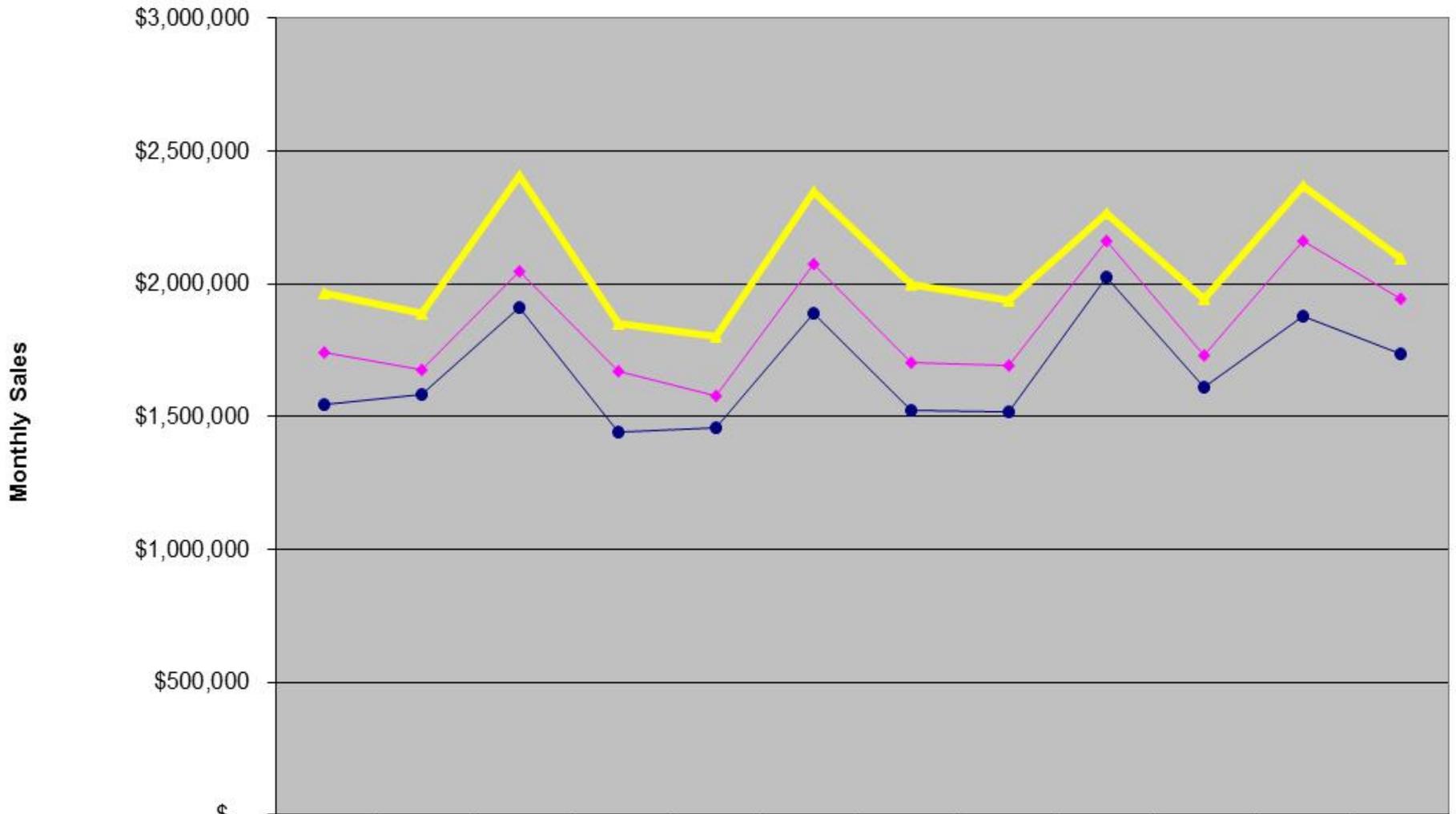


KENO Game Monthly Sales March 10 thru February 13



Month Ending

Race Game Monthly Sales March 10 thru February 13

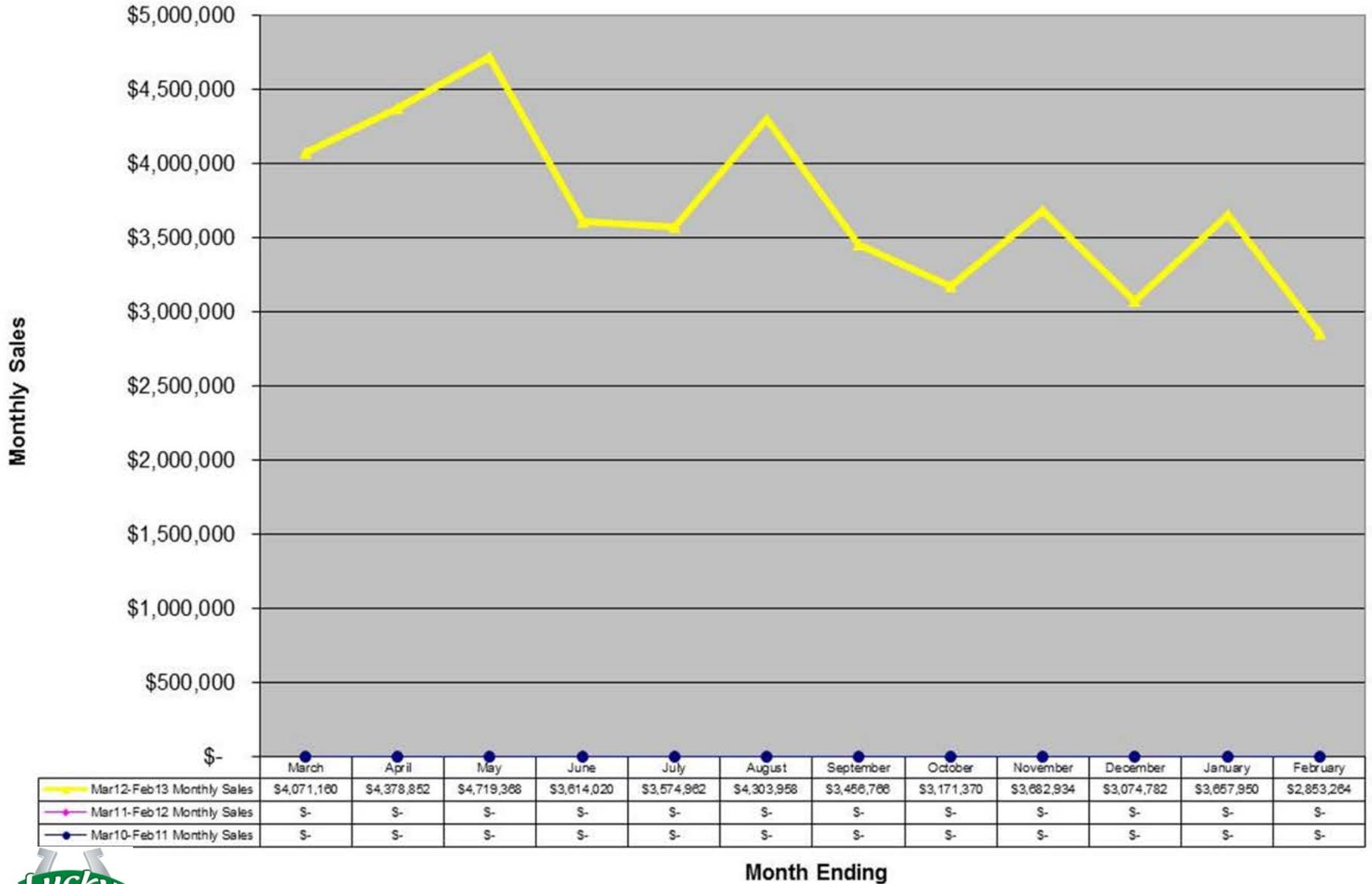


	March	April	May	June	July	August	September	October	November	December	January	February
Mar12-Feb13 Monthly Sales	\$1,966,920	\$1,889,649	\$2,406,140	\$1,847,873	\$1,802,060	\$2,345,349	\$1,999,891	\$1,938,989	\$2,263,830	\$1,941,072	\$2,370,591	\$2,096,591
Mar11-Feb12 Monthly Sales	\$1,744,067	\$1,676,092	\$2,045,327	\$1,671,117	\$1,578,823	\$2,072,780	\$1,704,818	\$1,693,344	\$2,160,773	\$1,733,166	\$2,162,232	\$1,941,576
Mar10-Feb11 Monthly Sales	\$1,546,623	\$1,582,824	\$1,908,279	\$1,439,126	\$1,468,654	\$1,890,989	\$1,520,839	\$1,517,425	\$2,026,063	\$1,608,235	\$1,878,607	\$1,736,019

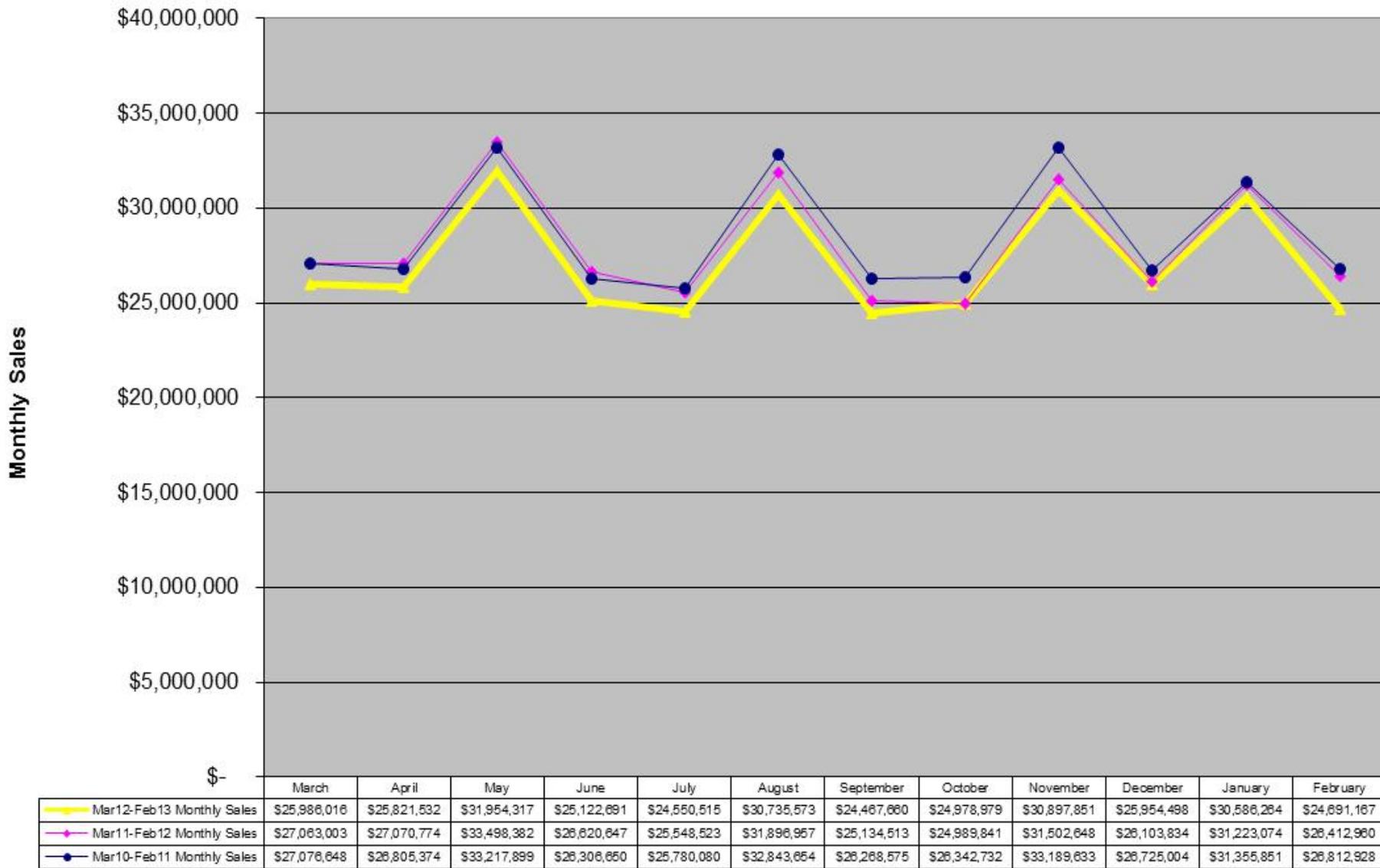
Month Ending



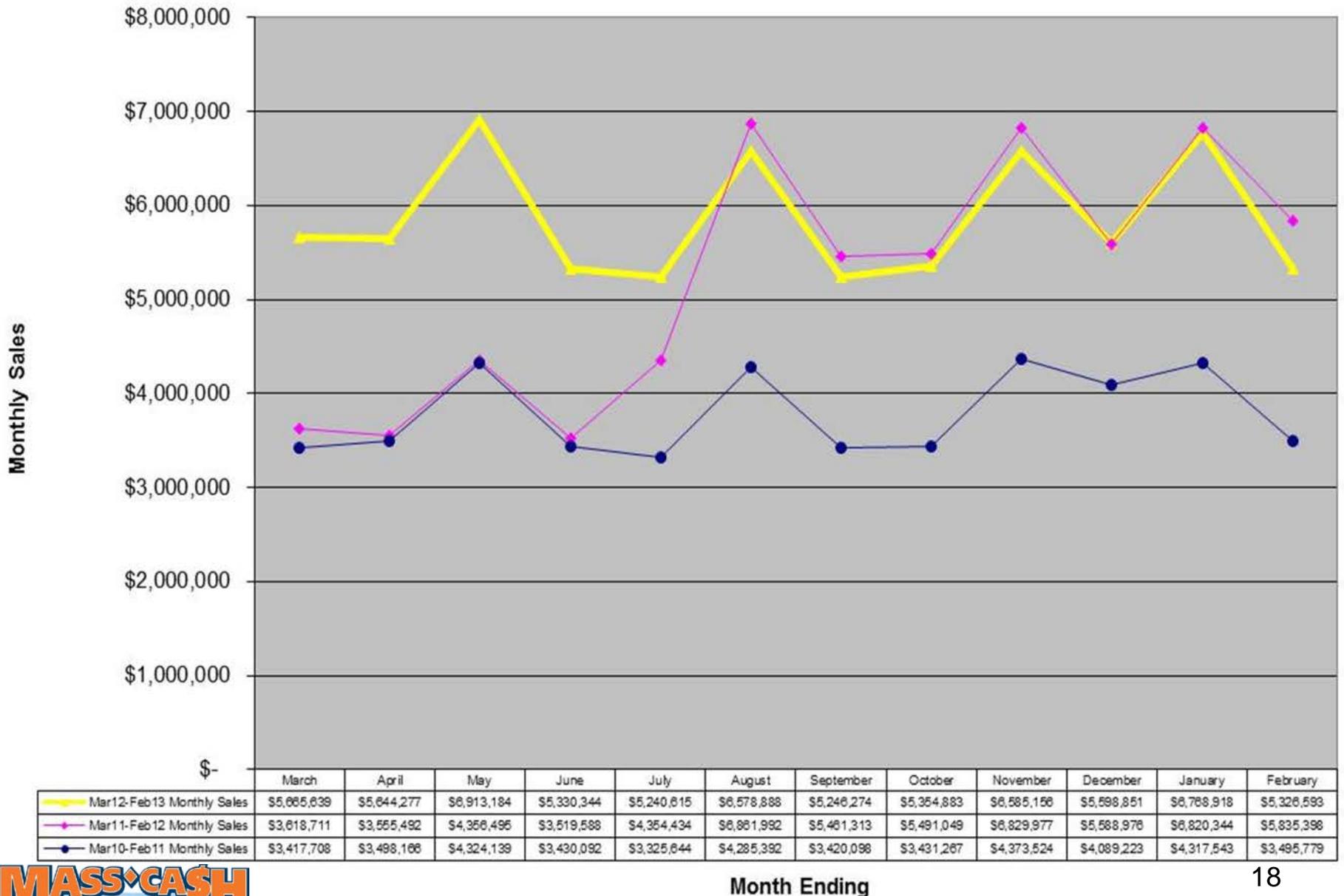
Lucky For Life Game Monthly Sales March 10 thru February 13



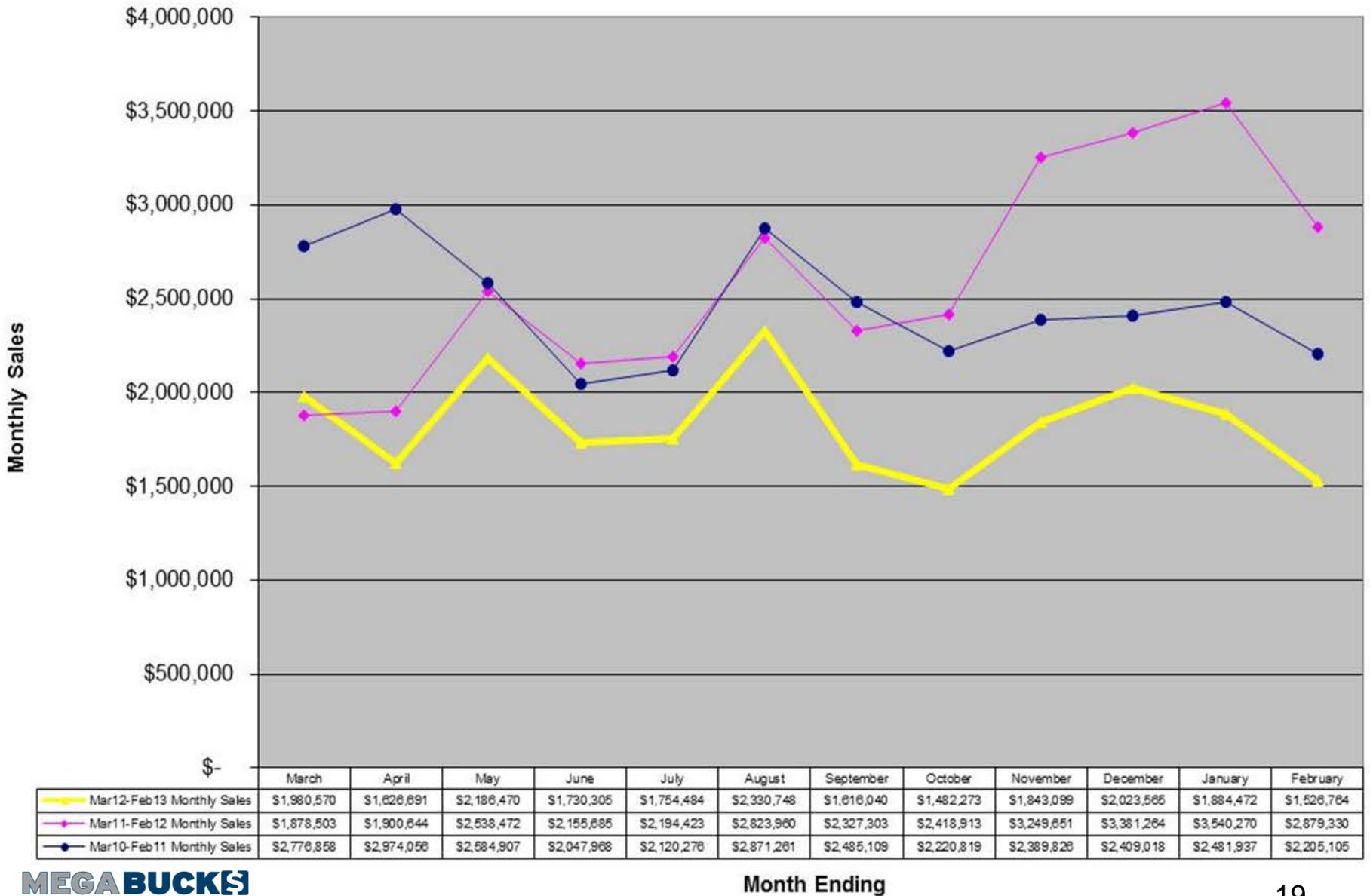
Numbers Game Monthly Sales March 10 thru February 13



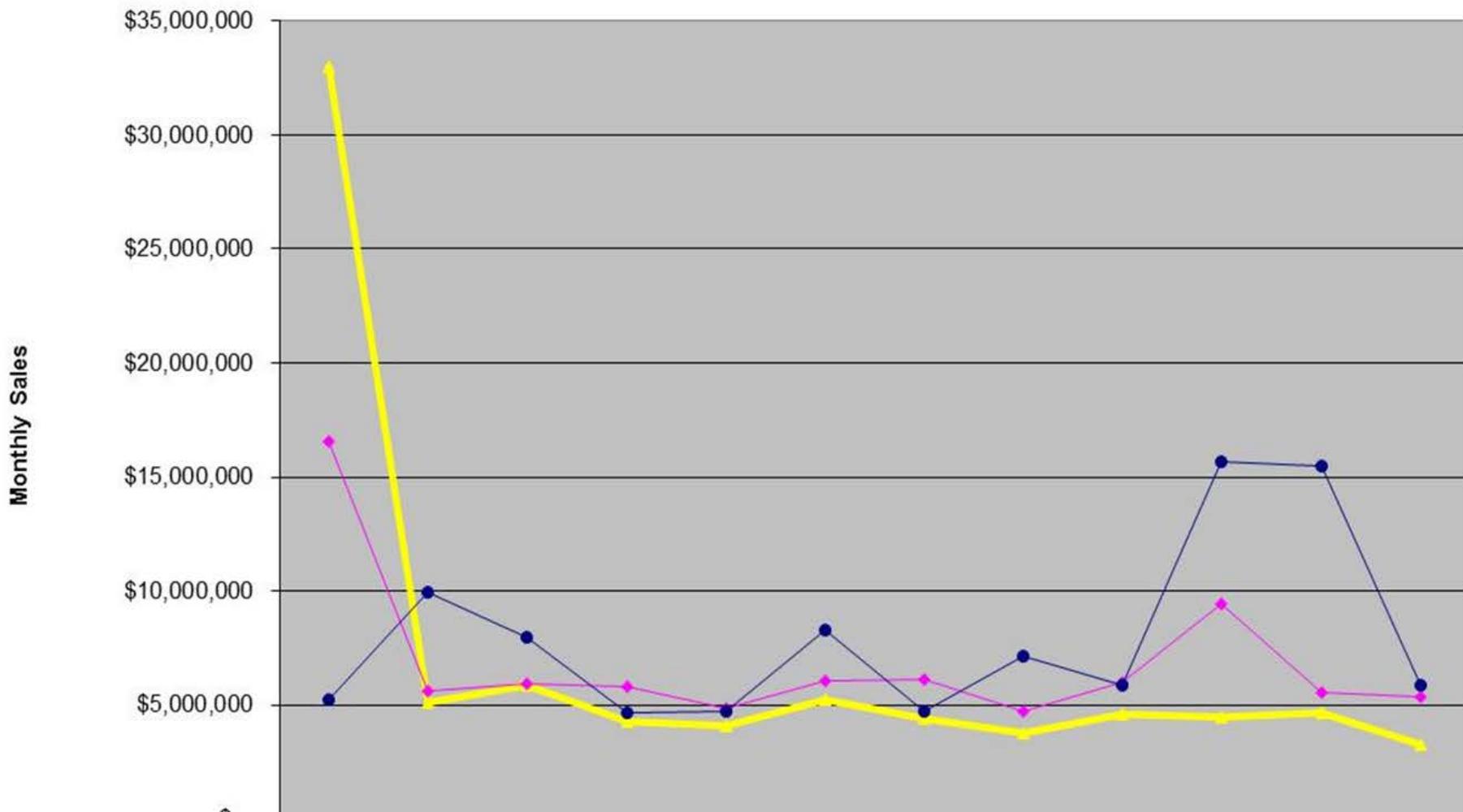
Mass Cash Game Monthly Sales March 10 thru February 13



Megabucks Game Monthly Sales March 10 thru February 13



Mega Millions Game Monthly Sales March 10 thru February 13

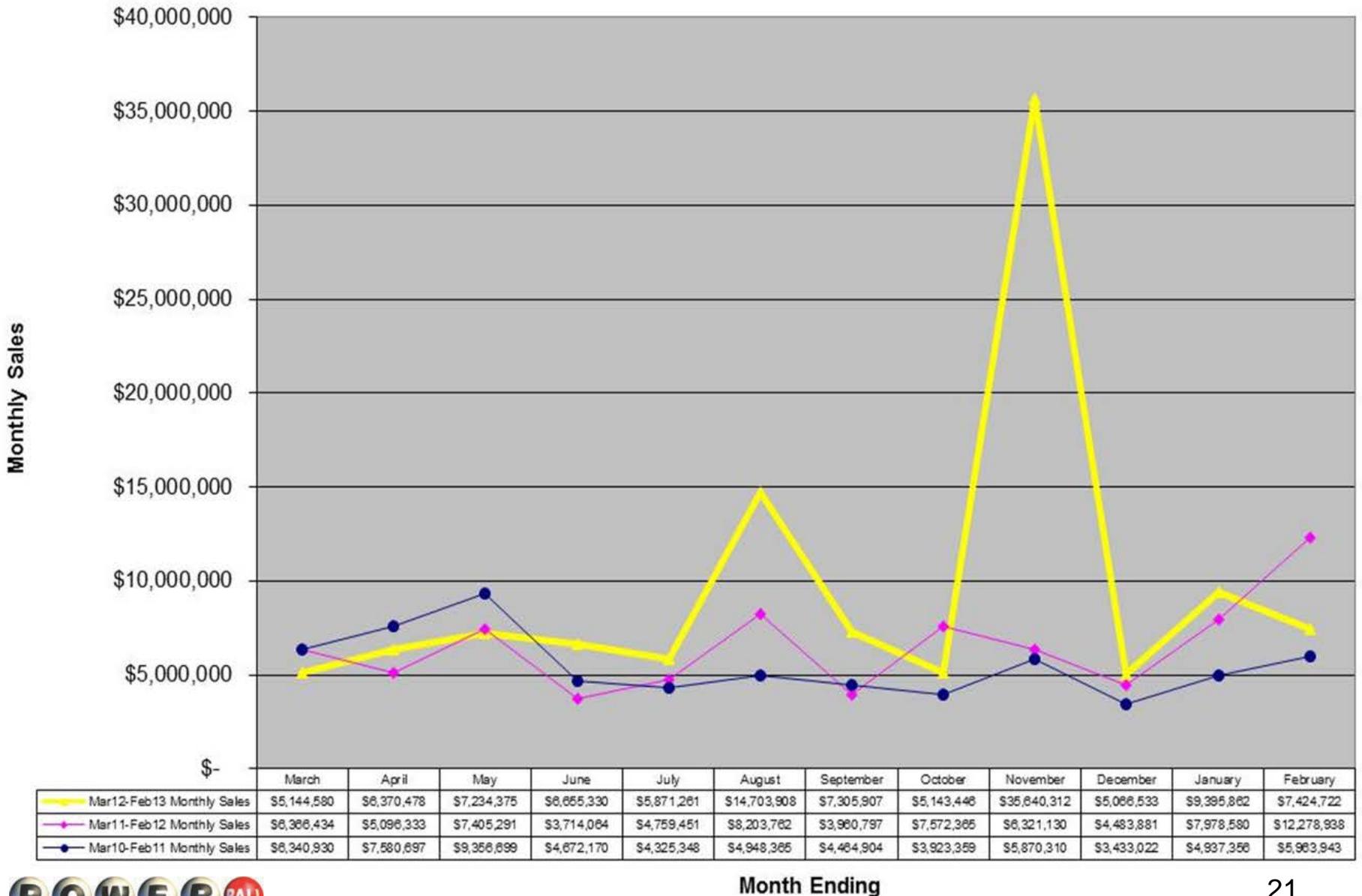


	March	April	May	June	July	August	September	October	November	December	January	February
Mar12-Feb13 Monthly Sales	\$32,974,064	\$5,113,305	\$5,867,252	\$4,288,893	\$4,070,293	\$5,214,203	\$4,408,529	\$3,798,620	\$4,622,314	\$4,464,771	\$4,669,133	\$3,259,650
Mar11-Feb12 Monthly Sales	\$16,576,585	\$5,595,416	\$5,916,940	\$5,824,818	\$4,881,039	\$6,044,294	\$6,093,254	\$4,732,239	\$5,999,489	\$9,455,586	\$5,561,441	\$5,356,677
Mar10-Feb11 Monthly Sales	\$5,249,310	\$9,954,180	\$7,945,979	\$4,673,863	\$4,738,152	\$8,310,970	\$4,721,634	\$7,127,421	\$5,663,271	\$15,659,859	\$15,471,338	\$5,890,784

Month Ending

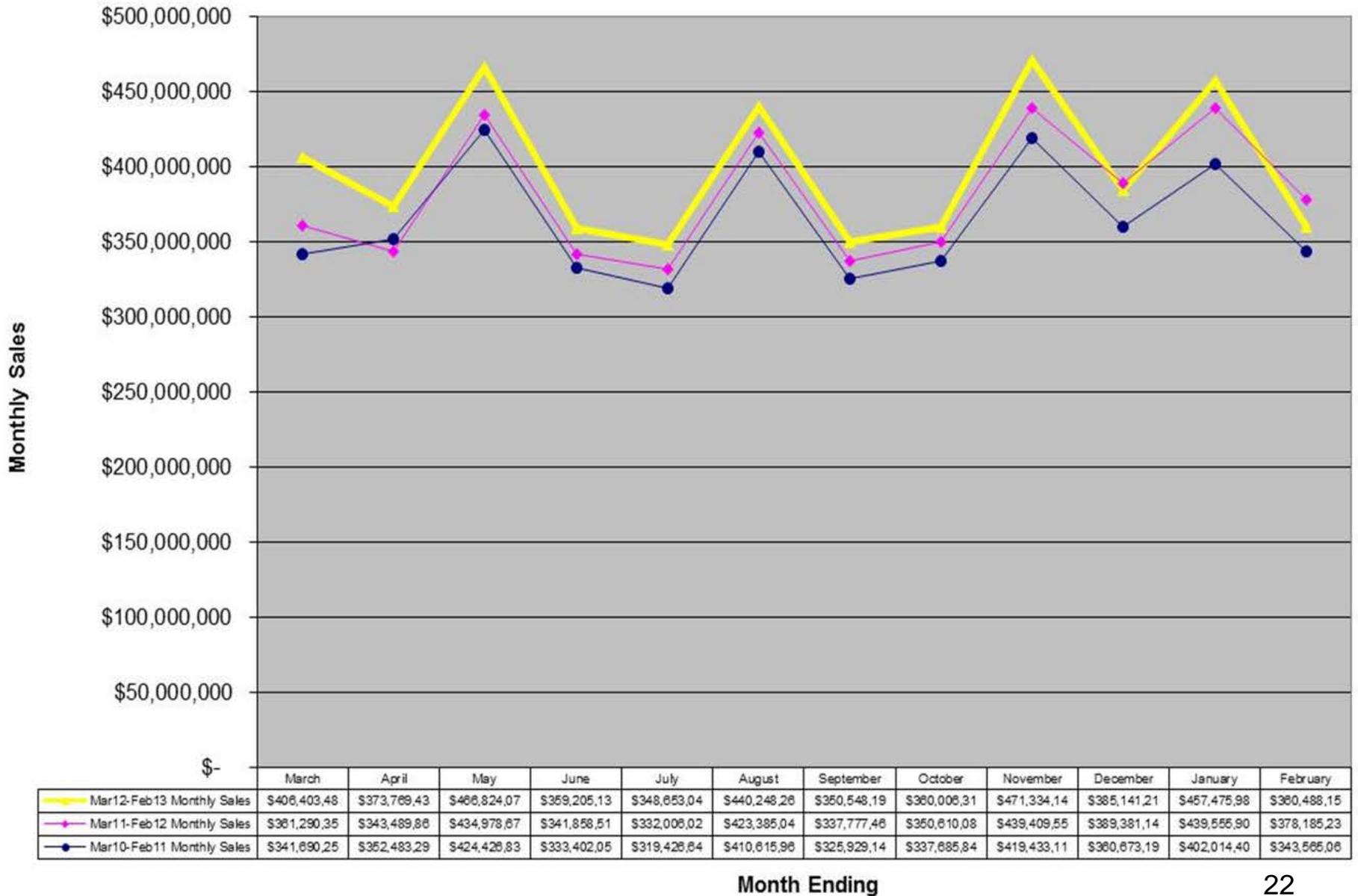


Powerball Game Monthly Sales March 10 thru February 13

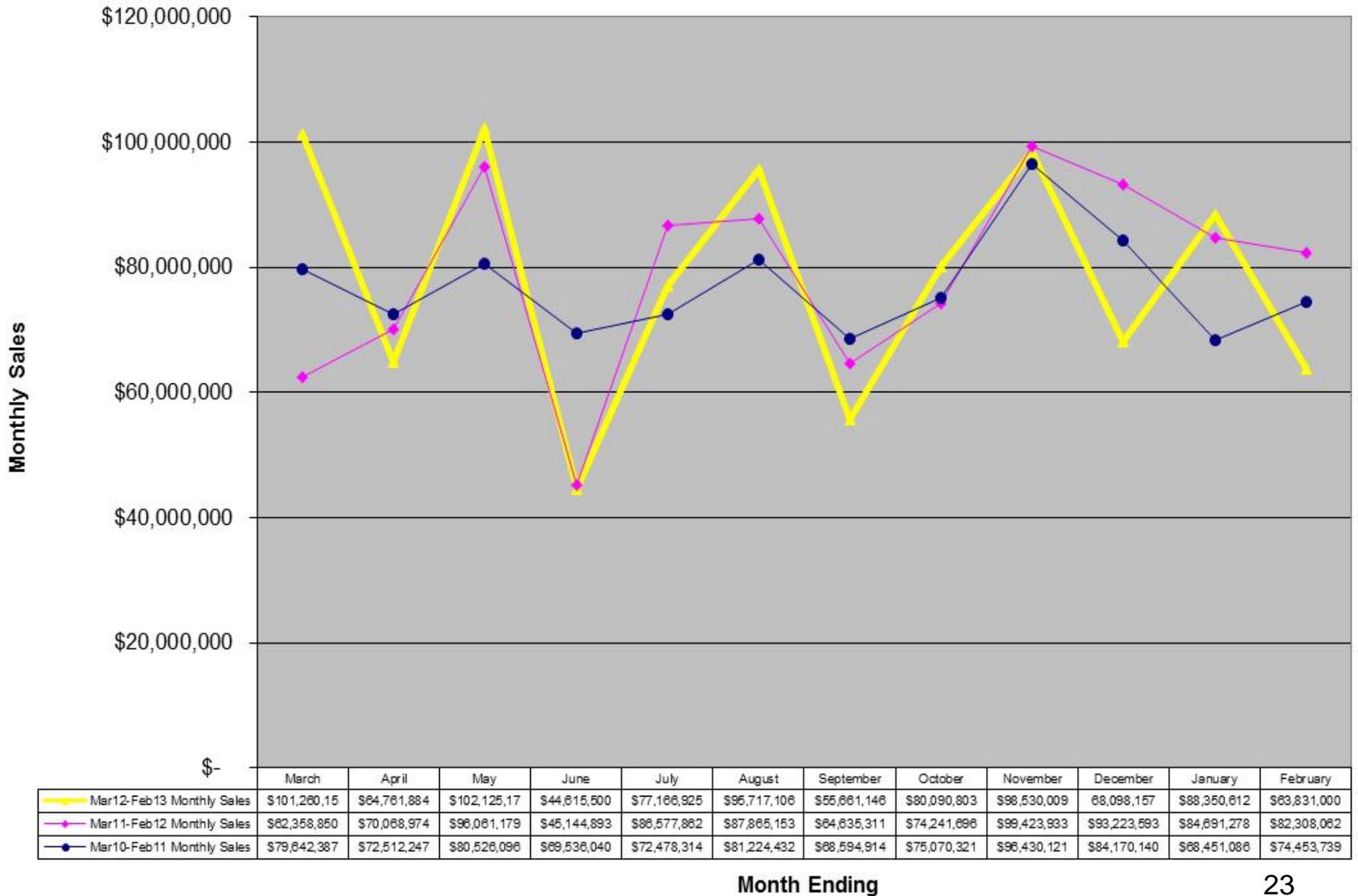


Month Ending

All Game Monthly Sales March 10 thru February 13



Net Profit Monthly Sales March 10 thru February 13



MSLC Revenue Results							
February FY13 vs. FY12							
(\$ millions)							
Through March 2, 2013							
		FY13	% of Total	FY12	% of Total	\$ Change	% Change
Instant Tickets	9.	\$252	69.8%	\$259	68.4%	-\$7	-2.7%
MegaMillions	0.	3	0.9%	5	1.4%	-2	-38.9%
Powerball	0.	7	2.1%	12	3.3%	-5	-39.8%
Keno	0.	62	17.1%	65	17.1%	-3	-4.6%
Mass Cash	0.	5	1.5%	6	1.5%	-1	-8.6%
Race Game	0.	2	0.6%	2	0.5%	0	10.5%
Lucky For Life	0.	3	0.8%	0	0.0%	3	100.0%
Cash WinFall		0	0.0%	0	0.0%	0	0.0%
Numbers Game	0.	25	6.8%	26	7.0%	-2	-6.4%
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	0.	2	0.4%	3	0.8%	-1	-48.3%
Total		\$361	100.0%	\$378	100.0%	-\$18	-4.7%
Instant Tickets	9.	\$252	69.8%	\$259	68.4%	-\$7	-2.7%
Online Games	0.	109	30.2%	119	31.6%	-11	-8.8%
Total		\$361	100.0%	\$378	100.0%	-\$18	-4.7%

MSLC Revenue Results

Year-to-Date FY13 vs. FY12

(\$ millions)

Through March 2, 2013

	FY13	% of Total	FY12	% of Total	\$ Change	% Change
Instant Tickets	\$2,194	69.1%	\$2,130	68.9%	\$64	3.0%
MegaMillions	35	1.1%	48	1.6%	-14	-28.3%
Powerball	91	2.9%	56	1.8%	35	62.9%
Keno	530	16.7%	522	16.9%	8	1.4%
Mass Cash	47	1.5%	47	1.5%	-1	-1.1%
Race Game	17	0.5%	15	0.5%	2	12.0%
Lucky For Life	28	0.9%	0	0.0%	28	100.0%
Cash WinFall	0	0.0%	16	0.5%	-16	-100.0%
Numbers Game	217	6.8%	223	7.2%	-6	-2.6%
Online Raffle	0	0.0%	10	0.3%	-10	0.0%
Super 50-50 Raffle	2	0.1%	0	0.0%	2	100.0%
Megabucks	15	0.5%	23	0.7%	-8	-36.4%
Total	\$3,174	100.0%	\$3,090	100.0%	\$84	2.7%
Instant Tickets	\$2,194	69.1%	\$2,130	68.9%	\$64	3.0%
Online Games	980	30.9%	960	31.1%	20	2.1%
Total	\$3,174	100.0%	\$3,090	100.0%	\$84	2.7%

Lottery Reform Scorecard

Governance

- The Lottery completed its mandatory online ethics training (with the exception of a few employees on leave), well in advance of the Ethics Commission's April deadline. 405 employees self-administered the training.
- The Lottery continues to work closely with the Comptroller's Office and the Employee Service Center in the implementation of the Self-Service Time and Attendance program. To create further efficiencies, refresher training for all time approvers will be provided over the next month.

Operations

- The Executive Director executed this month the Compliance and Internal Audit's Policy and Procedure for Agent Monitoring and Testing – Sale to Minors. The Lottery has shared this policy with the Massachusetts Council on Compulsive Gambling at its Executive Director's request.
- For improved oversight and planning, Human Resources Director Jim Canavan has created and implemented a position approval process that requires advance budgetary and Executive Director approval.

Procurement

- Development of procedures to assist departments making small purchases and large procurements is underway.

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.

