

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg

June 25, 2013



Lottery Sales Update

- Sales for the month of May were \$36 million ahead of last year due largely to the record-breaking Powerball jackpot of \$590.5 million.
- The prize payout in May 2013 was 68.9 percent as compared to 71.2 percent for May 2012. This drop in our prize payout for May has caused our overall prize payout for the year to drop to 72.7 percent for the first 11 months of the year, a decrease of 0.4 percent from the first 10 months of the year.
- We are now \$37 million behind last year's record-setting pace as compared to the first 10 months, when we were \$61.9 million behind.
- We had four games in the portfolio that experienced sales increases in May 2013. Instant tickets were up \$12 million; Mega Millions was up \$2 million, due to a larger jackpot this year as compared to last year; Powerball was up \$21 million, due to the record setting jackpot; and, KENO was up \$2 million.
- There were two draw games that experienced sales declines: Lucky for Life and the Numbers Game, both of which were down \$1 million.

Jackpot Poker Launch Update

- On June 17, the Massachusetts State Lottery introduced Jackpot Poker - a new card-themed *KENO*-style monitor game that offers players nine ways to win prizes of up to \$25,000, as well as provides the opportunity to cash in on a growing, progressive jackpot prize.
- The game launched at more than 1,200 Lottery retailers across the state and received a great reception from players. In its first week (June 17-23, 2013), Jackpot Poker recorded \$1,079,682 in sales, as compared to The Daily Race Game's \$506,342 in sales for the same week in 2012 (June 18-24).
- Jackpot Poker's first day of sales were \$254,265, more than double the single day sales record for its predecessor The Daily Race Game. The horse racing themed game recorded sales of \$124,279 on April 4, 2008, which was a Friday -- the highest sales day of the week for monitor games. It was one year after the game had been launched and the Lottery had just added a couple hundred new retailers.
- The average daily sales for The Daily Race Game had decreased to around \$70,000 a day in 2013, and that was with the benefit of another couple of hundred more retailers than in 2008.



June 2013 Instant Ticket Release Sales Update



\$12,000 Jackpot

Price Point: \$1

2 Week Sales: \$540,097



\$100,000 Jackpot

Price Point: \$2

2 Week Sales: \$2,287,186

**INSTANT
GAMES**



\$1,000,000 Jackpot

Price Point: \$5

2 Week Sales: \$5,483,315

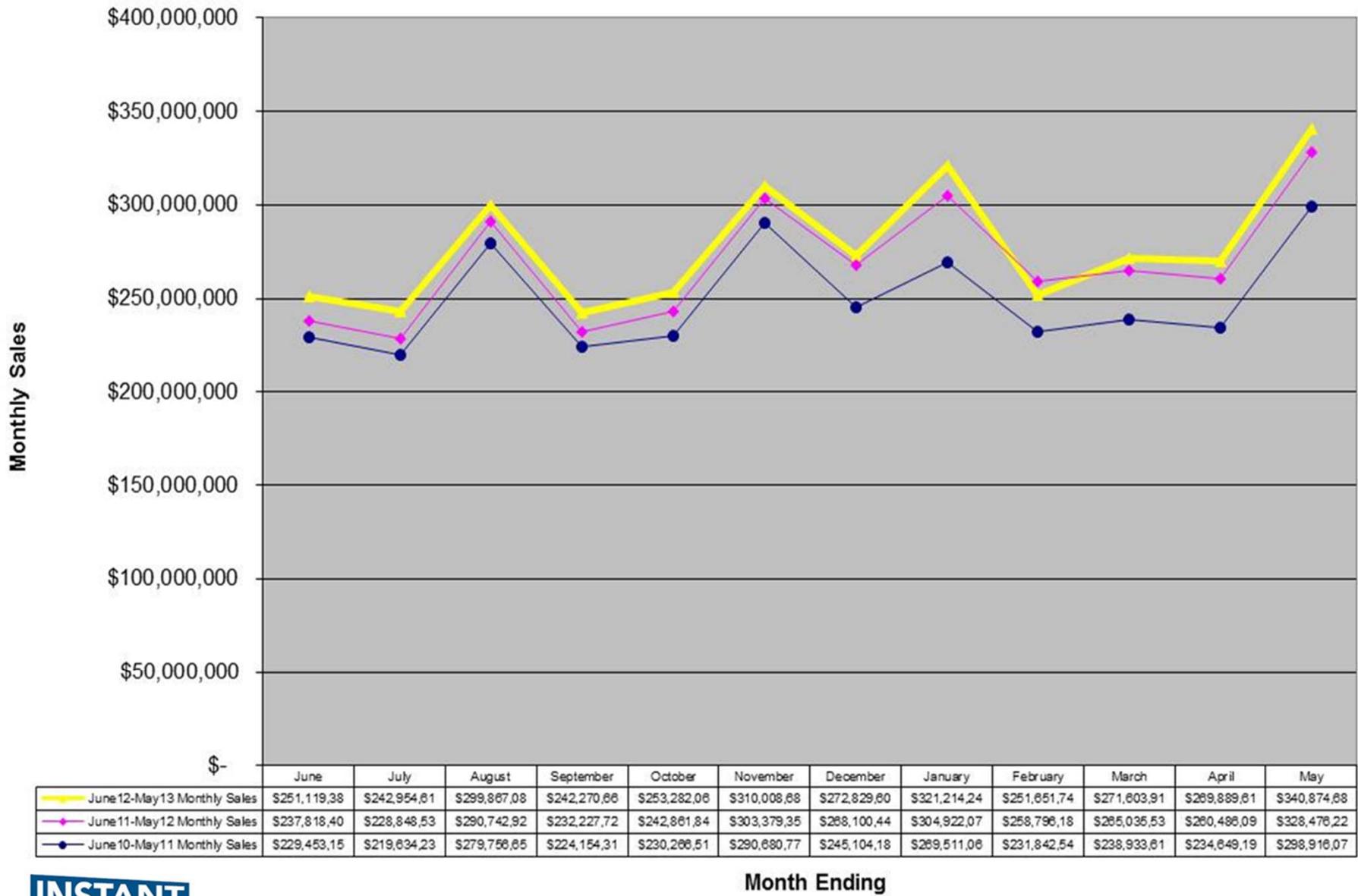


\$4,000,000 Jackpot

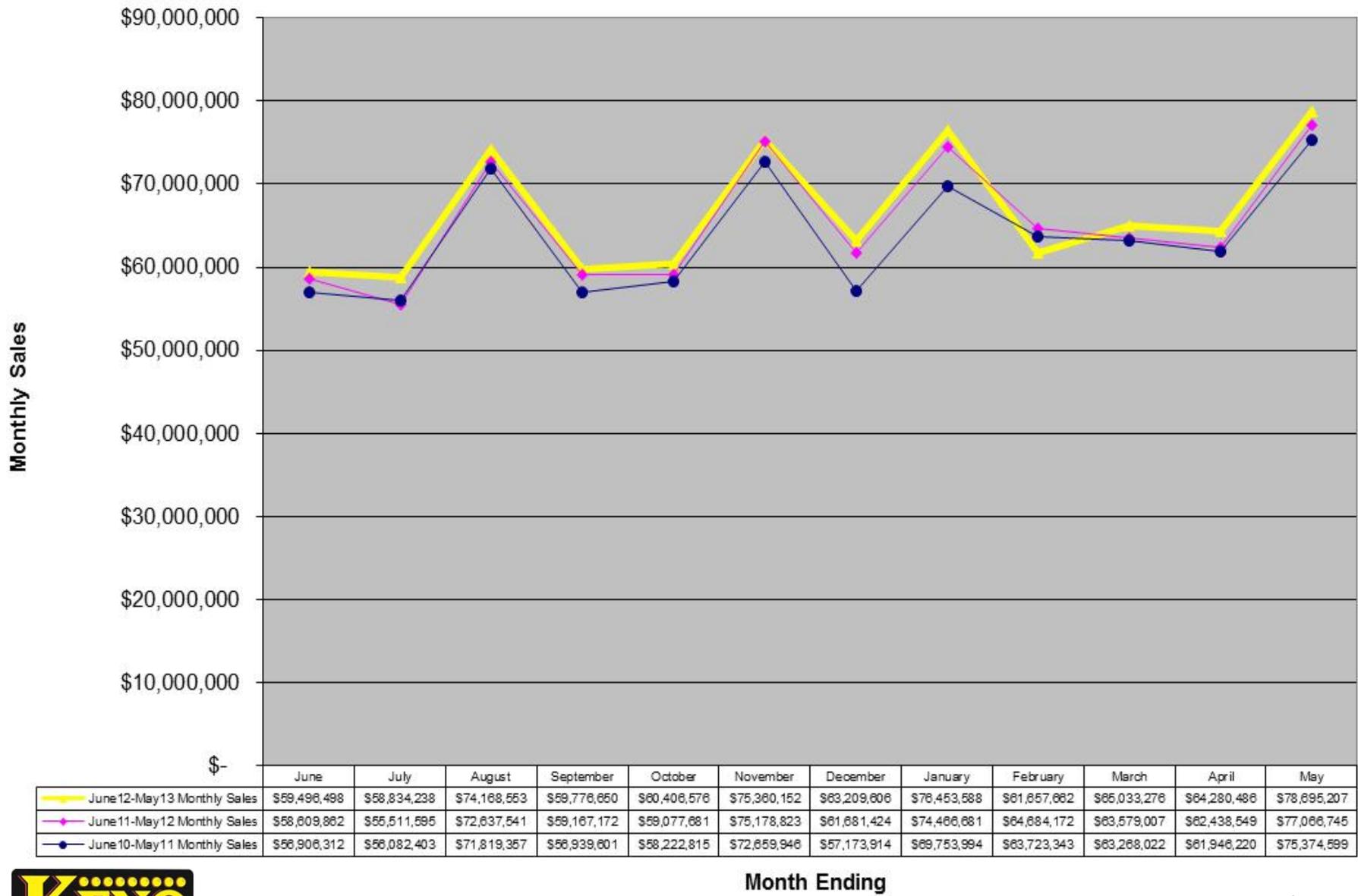
Price Point: \$10

2 Week Sales: \$6,980,720

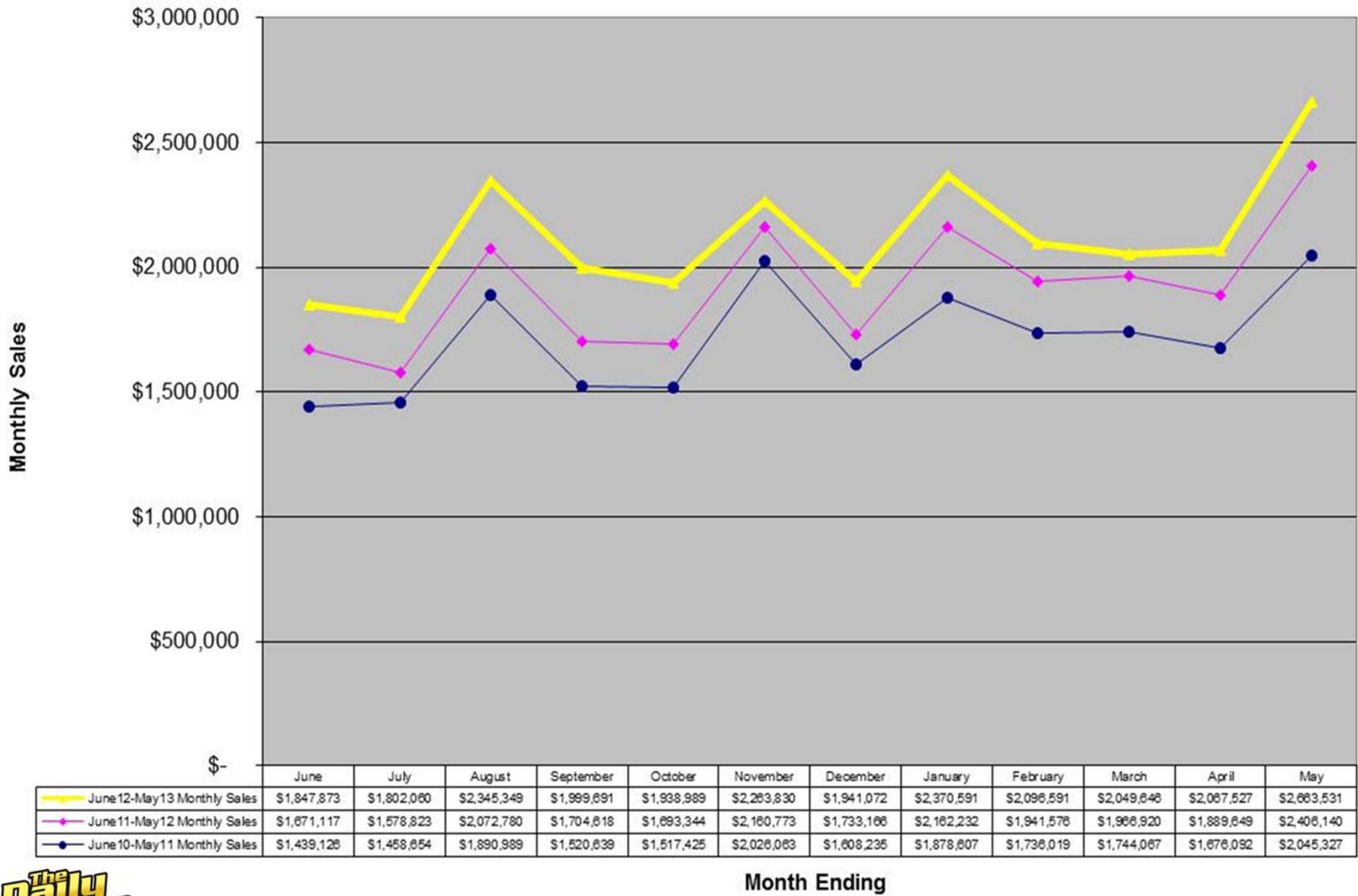
Instant Game Monthly Sales June 10 thru May 13



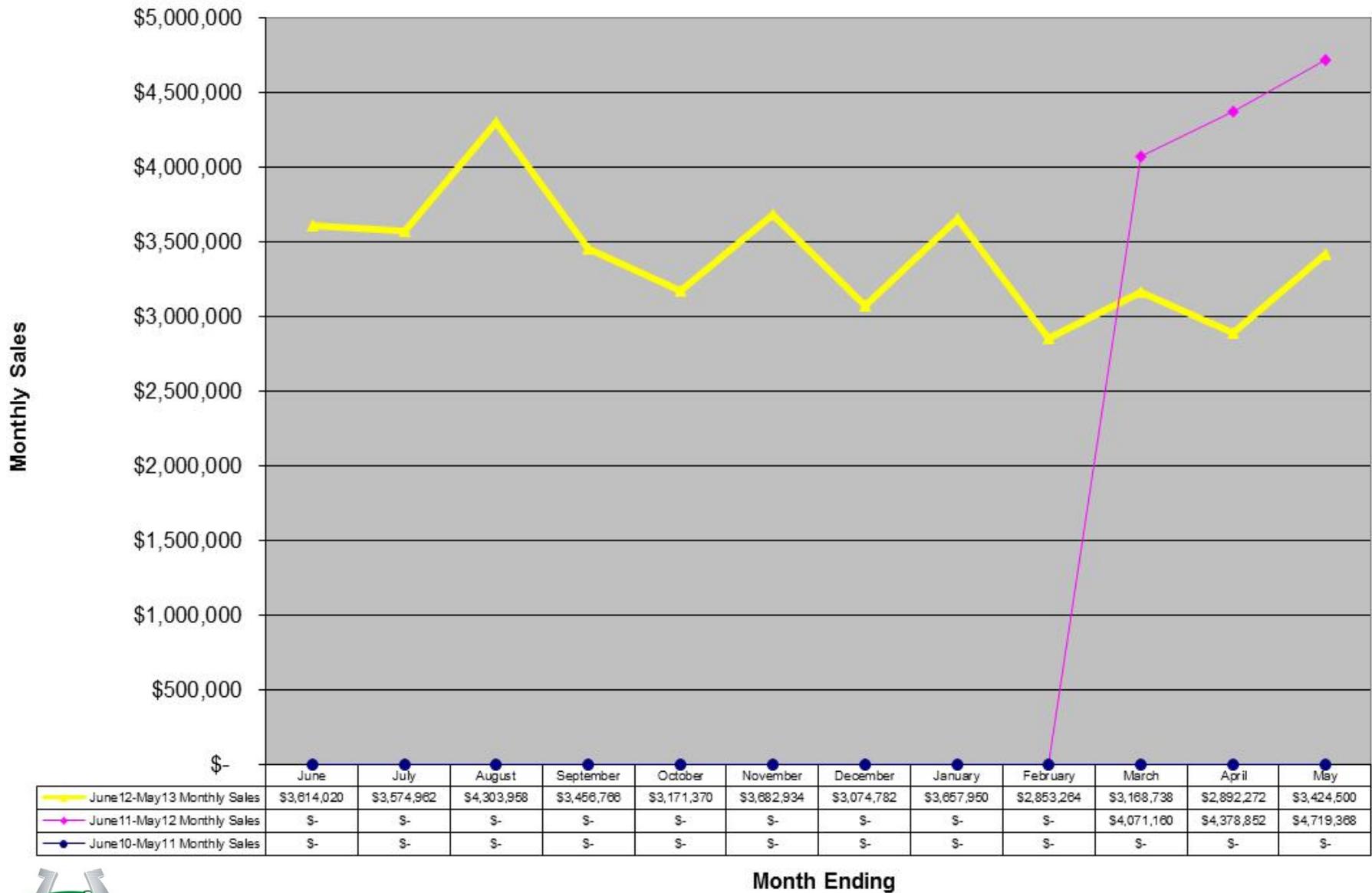
KENO Game Monthly Sales June 10 thru May 13



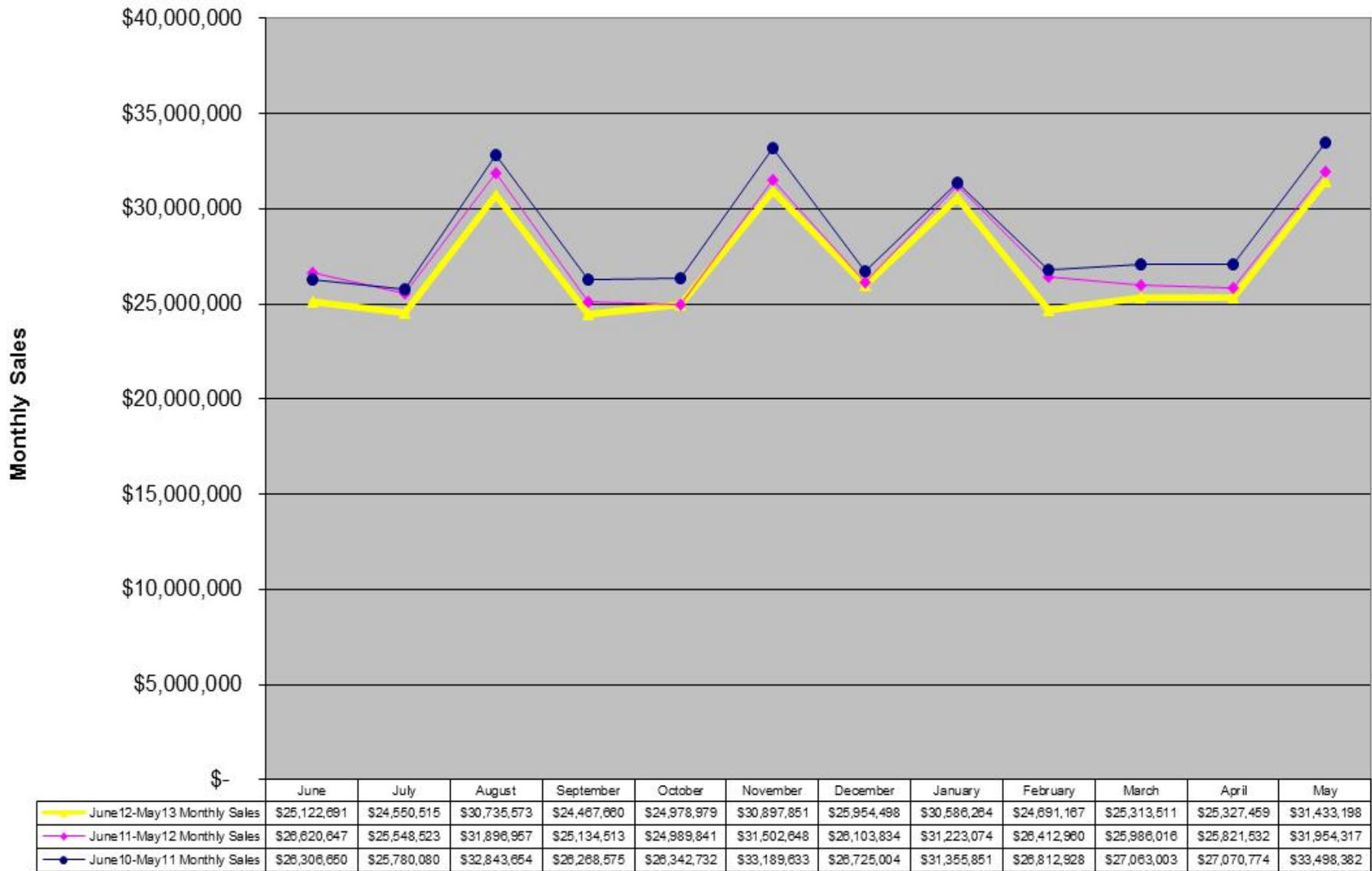
Race Game Monthly Sales June 10 thru May 13



Lucky For Life Game Monthly Sales June 10 thru May 13

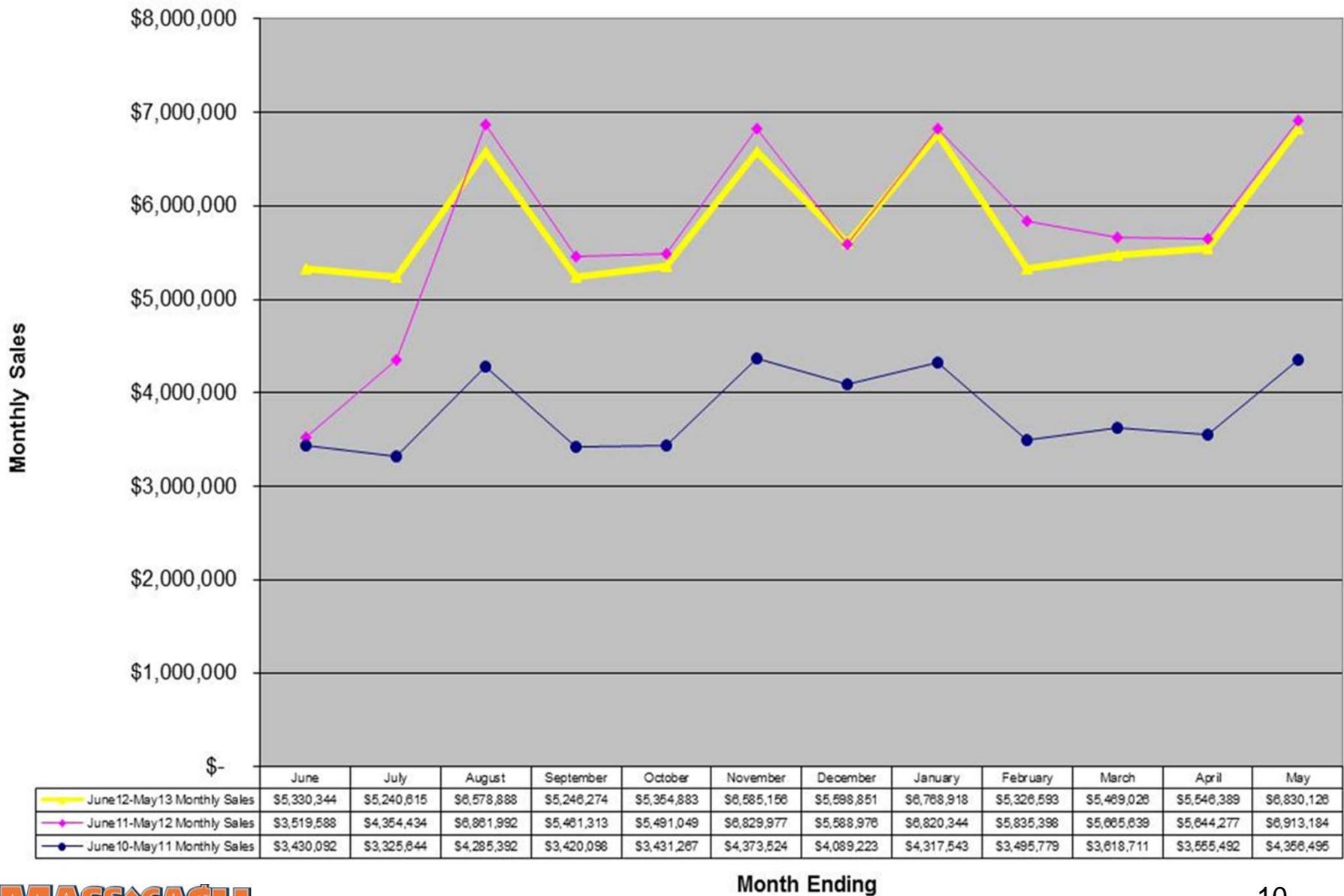


Numbers Game Monthly Sales June 10 thru May 13

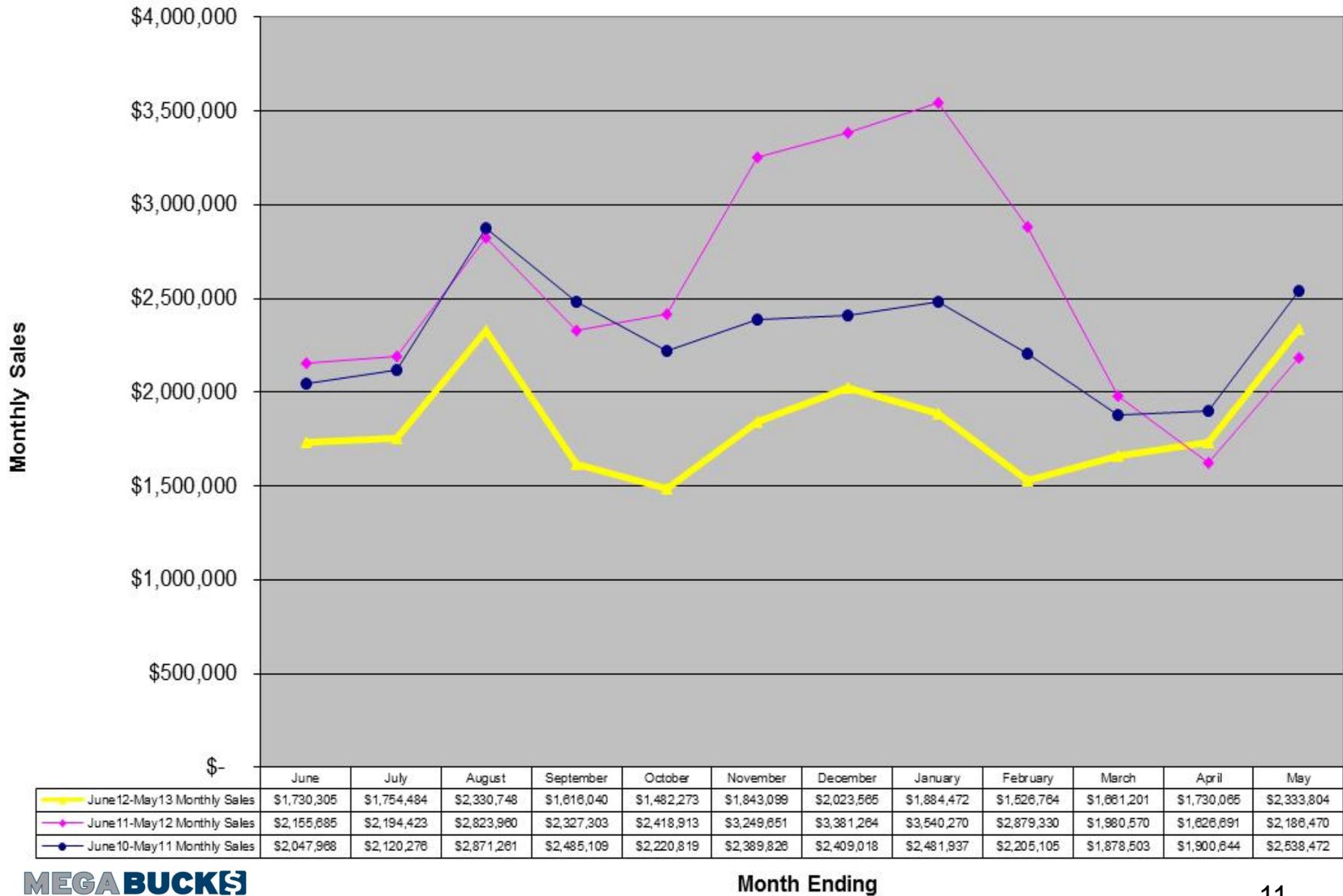


Month Ending

Mass Cash Game Monthly Sales June 10 thru May 13

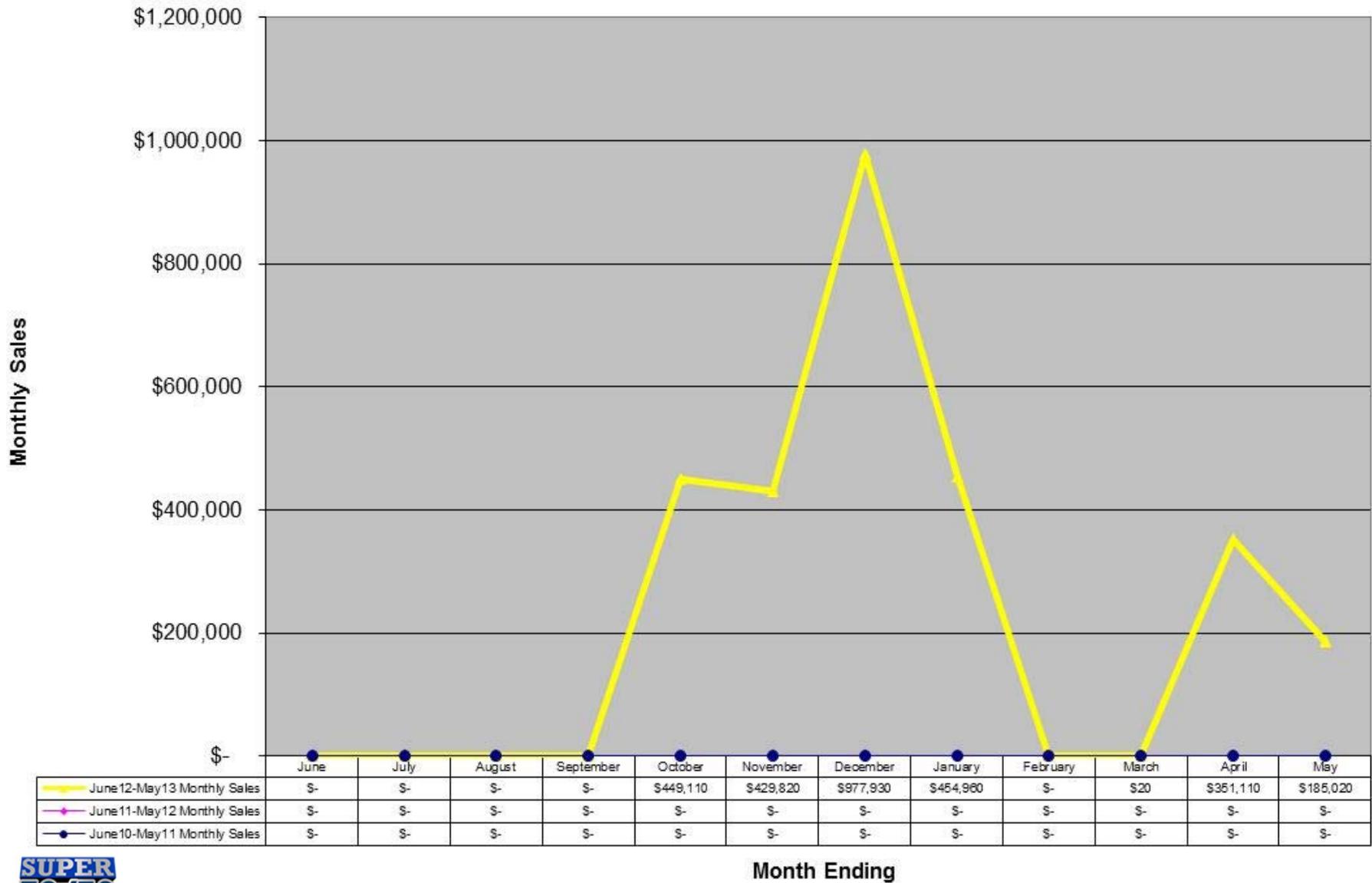


Megabucks Game Monthly Sales June 10 thru May 13

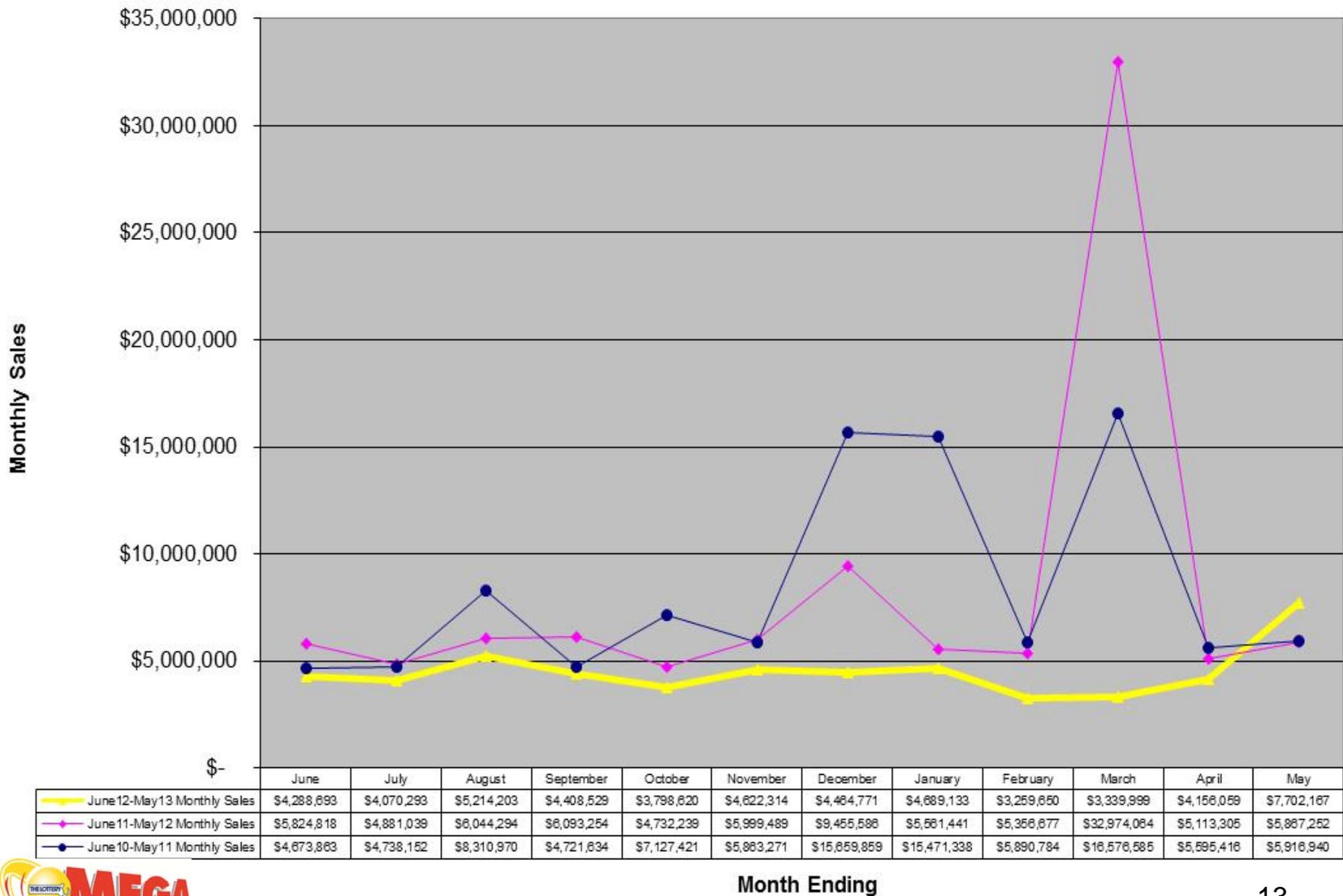


Month Ending

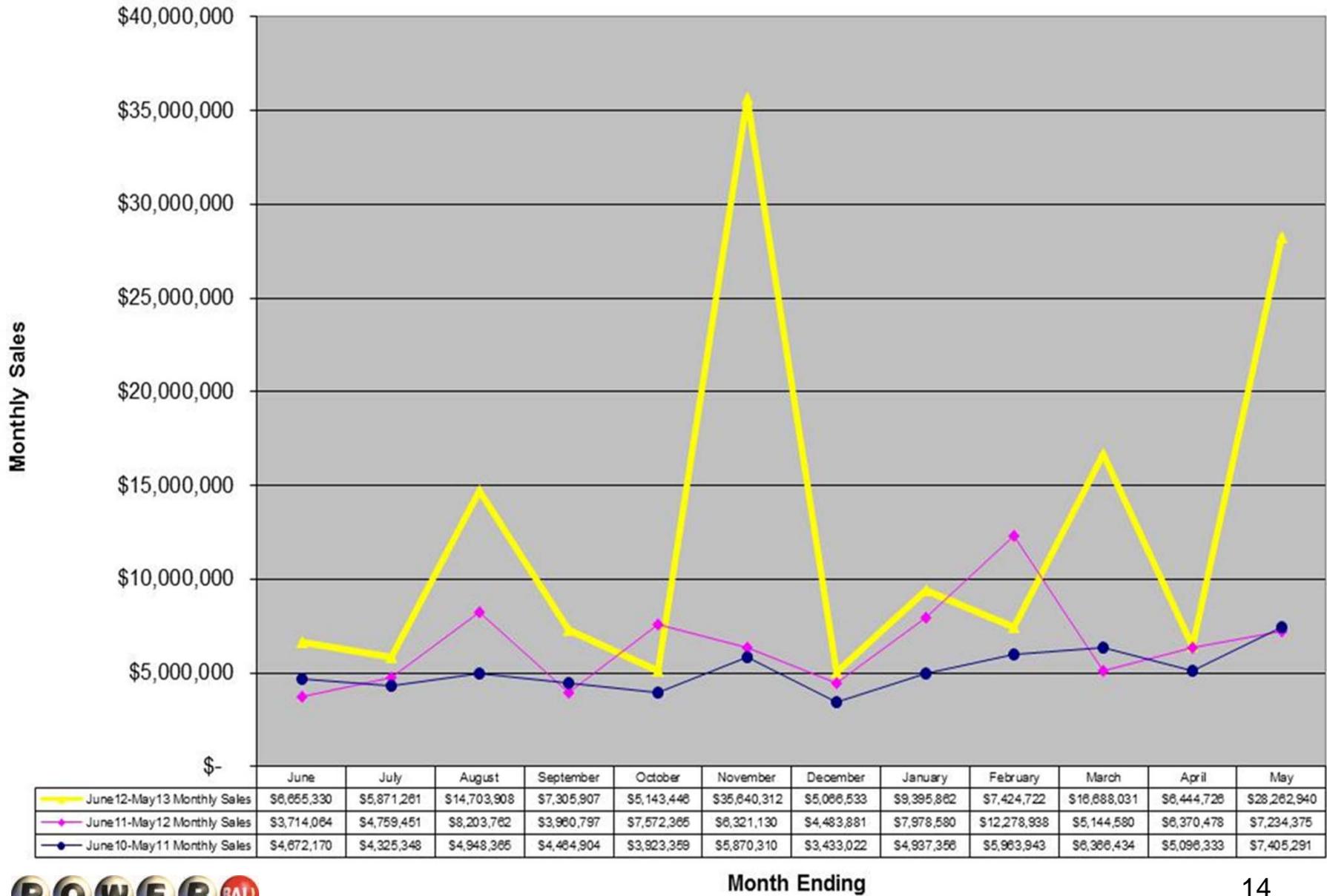
Super 50-50 Raffle Game Monthly Sales June 10 thru May 13



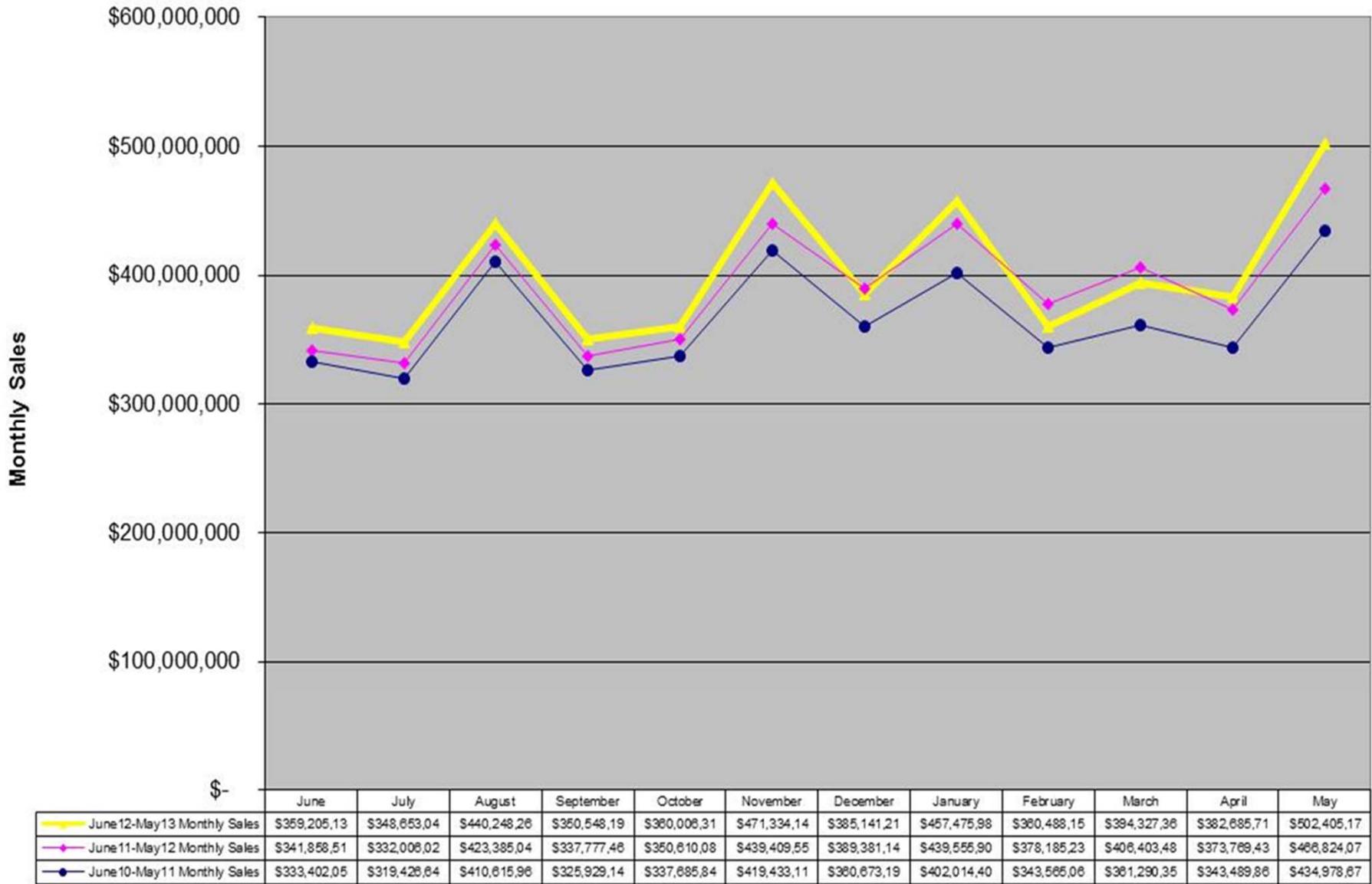
Mega Millions Game Monthly Sales June 10 thru May 13



Powerball Game Monthly Sales June 10 thru May 13

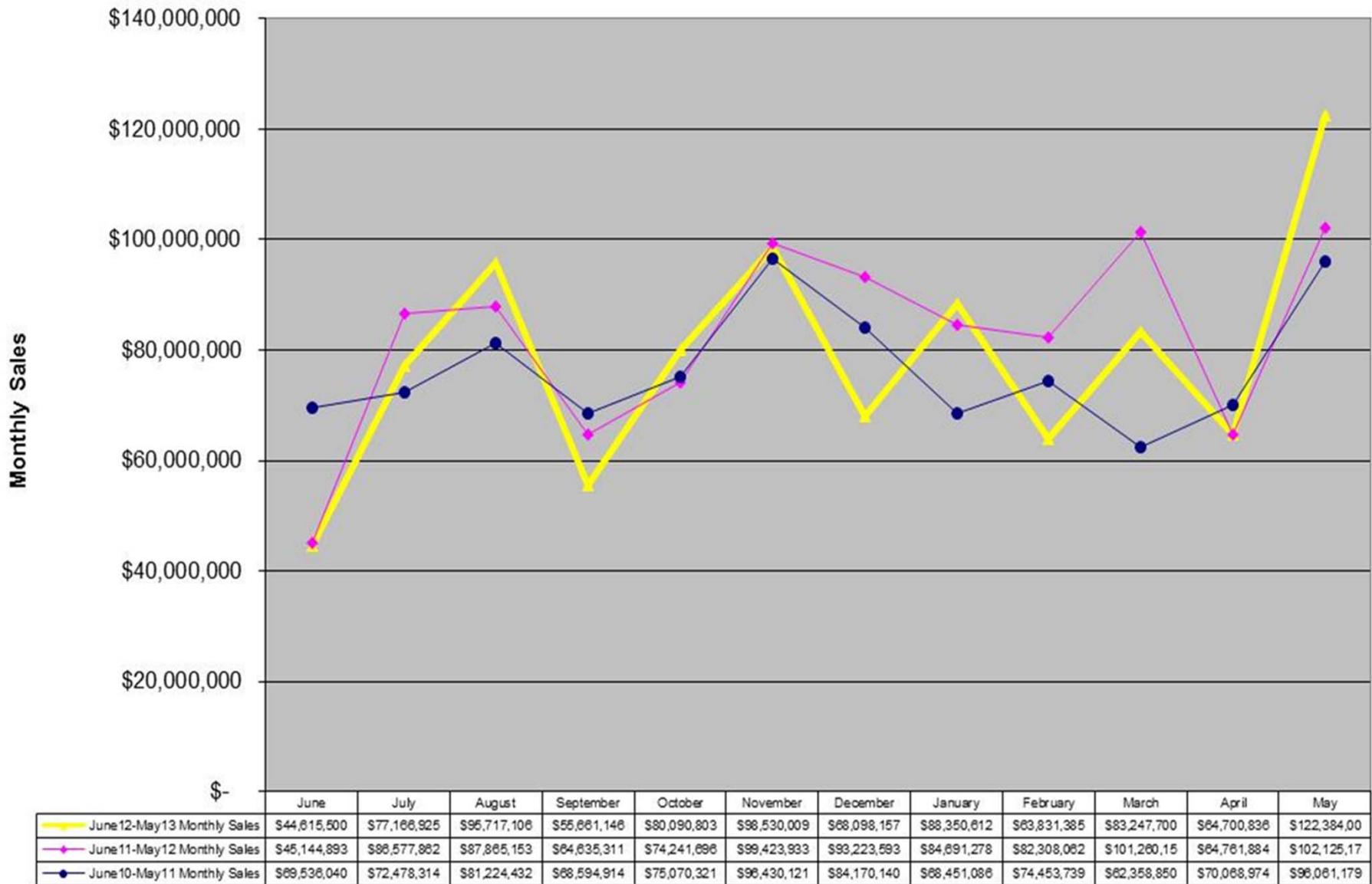


All Game Monthly Sales June 10 thru May 13



Month Ending

Net Profit Monthly Sales June 10 thru May 13



Month Ending

MSLC Revenue Results

May FY13 vs. FY12

(\$ millions)

Through June 1, 2013

	FY13	% of Total	FY12	% of Total	\$ Change	% Change
Instant Tickets	\$341	67.9%	\$328	70.4%	\$12	3.8%
MegaMillions	8	1.5%	6	1.3%	2	30.5%
Powerball	28	5.6%	7	1.5%	21	293.1%
Keno	79	15.7%	77	16.5%	2	2.1%
Mass Cash	7	1.4%	7	1.5%	0	-1.4%
Race Game	3	0.5%	2	0.5%	0	12.5%
Lucky For Life	3	0.7%	5	1.0%	-1	100.0%
Numbers Game	31	6.3%	32	6.8%	-1	-1.7%
Super 50-50 Raffle	0	0.0%	0	0.0%	0	100.0%
Megabucks	2	0.5%	2	0.5%	0	4.5%
Total	\$502	100.0%	\$467	100.0%	\$36	7.6%
Instant Tickets	\$341	67.9%	\$328	70.4%	\$12	3.8%
Online Games	162	32.1%	138	29.6%	23	16.7%
Total	\$502	100.0%	\$467	100.0%	\$36	7.6%

MSLC Revenue Results

Year-to-Date FY13 vs. FY12

(\$ millions)

Through June 1, 2013

	FY13	% of Total	FY12	% of Total	\$ Change	% Change
Instant Tickets	\$3,076	69.1%	\$2,984	68.8%	\$93	3.1%
MegaMillions	50	1.1%	92	2.1%	-42	-46.0%
Powerball	142	3.2%	74	1.7%	68	91.0%
Keno	738	16.6%	725	16.7%	12	1.7%
Mass Cash	65	1.4%	65	1.5%	-1	-1.4%
Race Game	24	0.5%	21	0.5%	2	10.5%
Lucky For Life	37	0.8%	13	0.3%	24	100.0%
Cash WinFall	0	0.0%	16	0.4%	-16	-100.0%
Numbers Game	299	6.7%	307	7.1%	-8	-2.5%
Online Raffle	0	0.0%	10	0.2%	-10	0.0%
Super 50-50 Raffle	3	0.1%	0	0.0%	3	100.0%
Megabucks	20	0.5%	29	0.7%	-8	-29.4%
Total	\$4,453	100.0%	\$4,337	100.0%	\$116	2.7%
Instant Tickets	\$3,076	69.1%	\$2,984	68.8%	\$93	3.1%
Online Games	1,377	30.9%	1,353	31.2%	23	1.7%
Total	\$4,453	100.0%	\$4,337	100.0%	\$116	2.7%

Lottery Reform Scorecard

Governance

- The Lottery will submit its Performance Management and Innovation Report, addressing Lottery goals and achievements along with performance metrics, to the House and Senate Committees on Ways and Means, the House and Senate Committees on Post Audit and Oversight, and the Joint Committee on State Administration and Regulatory Oversight by July 1st pursuant to (newly adopted) Section 26A of G.L. c. 10.
- In furtherance of the Lottery's mission "to protect the well-being of its customers," the Human Resources Department partnered with the Massachusetts Council on Compulsive Gambling and provided training on problematic gaming to all Lottery sales representatives. Human Resources is working with the MCCG to create certificates for each of those participating in this important initiative.

Operations

- To create operational efficiencies, the Human Resources Department has trained approximately 50 directors, managers and supervisors on its newly revised performance evaluation process and procedure and expects evaluations to be completed by July 1st. This month, Human Resources also provided training on Jackpot Poker to all sales representatives, both in-house and remotely, so that they can train their respective agents. On June 11th, the Lottery held Open House receptions at Braintree's headquarters and the regional offices to further introduce all agents and any interested staff to Jackpot Poker. Finally, over the past two months, Human Resources offered - through an approved vendor - all Lottery employees additional training on Microsoft Word, Microsoft Office, and Excel.
- The Executive Director executed this month a policy and procedure for the Security Department regarding the review of CORI results in conjunction with reforms being made to our licensing process.

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.

