

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by Paul R. Sternburg
August 27, 2013



Lottery Sales Update

- Sales for July 2013 were down \$1 million as compared to July 2012. We attribute this decline in sales to a decrease in customer traffic at Lottery retailers during the stretch of extremely hot weather that occurred throughout the month.
- While July sales were slightly lower, we also had a lower prize payout percentage for the month, which served to increase our overall net profit. The prize payout for July 2013 was 71 percent, as compared 75.5 percent in July 2012. This 4.5 percent decrease in prize payout raised our net profit by \$13 million over last year's figure.
- Two games saw significant sales increases in July: Powerball was up \$2 million due to a larger jackpot offering this year as compared to last year; and KENO saw a \$1 million increase. Additionally, Jackpot Poker, the new second monitor game that launched in mid-June 2013, provided a \$1 million bump in sales.
- There were two games that experienced significant sales decreases in July: Mega Millions sales were down \$1 million due to a smaller jackpot offering this year as compared to last year; and Lucky for Life was down \$1 million as compared to last year. Also, the Daily Race Game officially ended on June 12, 2013, resulting in loss of \$2 million compared to last year.

September 2013 Instant Ticket Release (Sept. 17)



Full of \$50s

Price Point: \$1, Top Prize: \$10,000



Fire & Ice

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



Scary Cash

Price Point: \$5
Top Prize: \$250,000



Win It All

Price Point: \$5
Top Prize: \$1 million

September 2013 Instant Ticket Release (Sept. 17)



POS: Wobbler

\$20 40 PRIZES FROM \$1,000,000 TO \$10,000,000! **THE LOTTERY**

PLATINUM MILLIONS

FEATURING THE **1ST CHANCE EVER TO WIN DOUBLE ALL PRIZES SHOWN!**

OVER \$400,000,000 IN TOTAL PRIZES!

OVER 80% PAYOUT!

Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize shown. When matching numbers are **BLUE**, win **DOUBLE** the prize shown. Get a "533", "1033" or "2033" symbol and multiply that prize by 5, 10 or 20, respectively. Get a Star "★" symbol, win ALL 20 prizes shown. Get a **BLUE Double Star** "★" symbol and win **DOUBLE** all of the prizes shown.

WINNING NUMBERS

YOUR NUMBERS

VOID IF REMOVED WIN UP TO 20 TIMES!

Platinum Millions

Price Point: \$20,
Top Prize: \$10 million

INSTANT EXCITEMENT COMES IN MANY SIZES!

Five new games featuring top prizes from \$10,000 to \$10,000,000!

WIN UP TO \$1,000,000! **Win It All** **OVER 76% PAYOUT!**

\$20 40 PRIZES FROM \$1,000,000 TO \$10,000,000! **THE LOTTERY**

PLATINUM MILLIONS

FEATURING THE **1ST CHANCE EVER TO WIN DOUBLE ALL PRIZES SHOWN!**

OVER \$400,000,000 IN TOTAL PRIZES!

OVER 80% PAYOUT!

WIN UP TO \$50,000! **Fire & Ice** **OVER 72% PAYOUT!**

\$5 **Full of \$50s** **WIN UP TO \$10,000!** **OVER 69% PAYOUT!**

SCARY CASH **WIN UP TO \$10,000!** **OVER 76% PAYOUT!**

OVER 24,900,000 TOTAL WINNERS!

THE BEST LOTTERY PRIZE PAYOUTS IN THE WORLD!

THE LOTTERY

POS: Poster (2 sizes)



August 2013 Instant Ticket Sales Update



Wild Joker

Price Point: \$1

3 Week Sales: \$1,033,275



Silver 7's

Price Point: \$2, 3 Week Sales: \$2,939,768



Black Ace Tripler

Price Point: \$2, 3 Week Sales: \$3,037,562



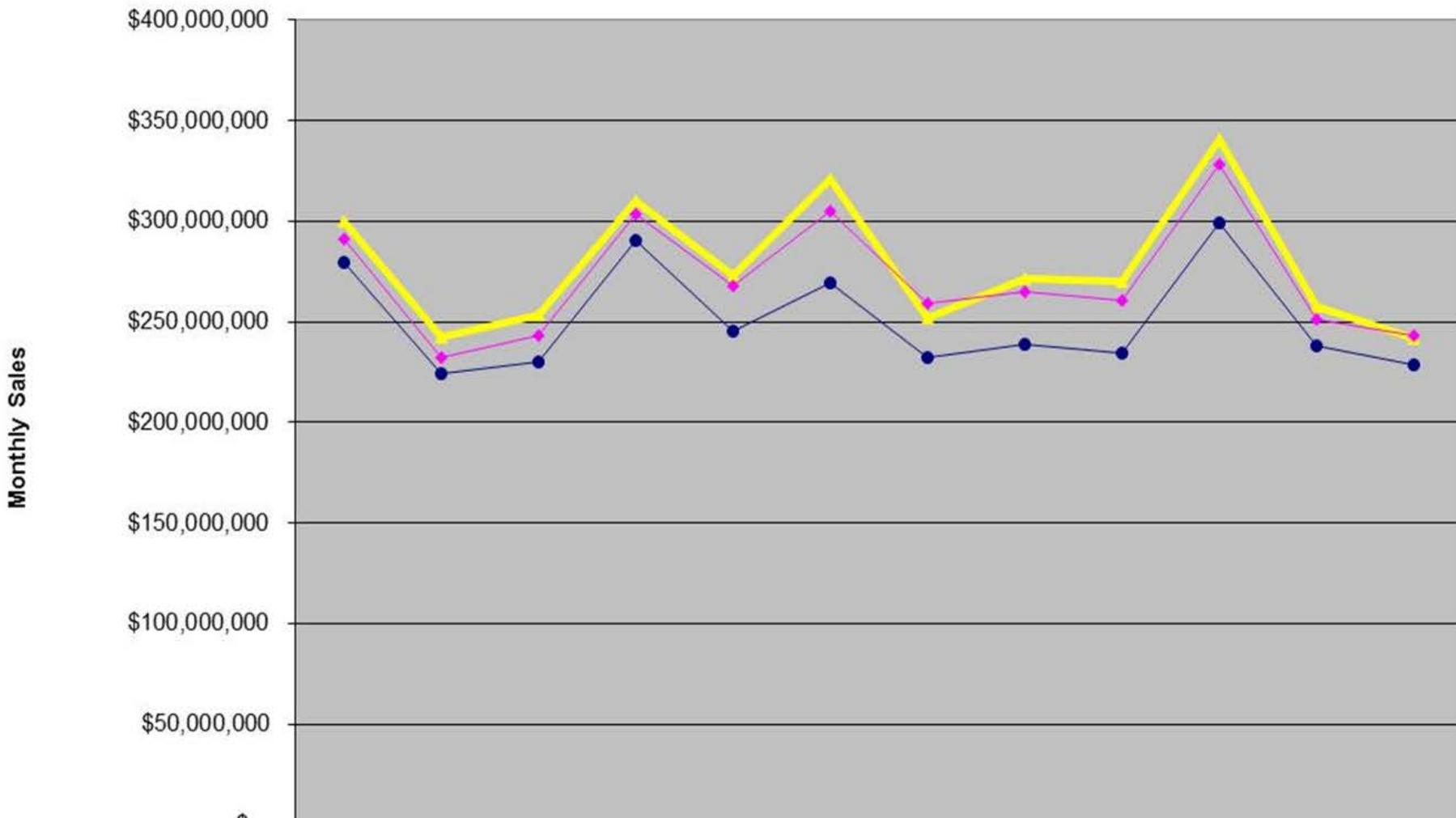
Cash Blast

Price Point: \$5

3 Week Sales: \$9,272,060



Instant Game Monthly Sales August 10 thru July 13

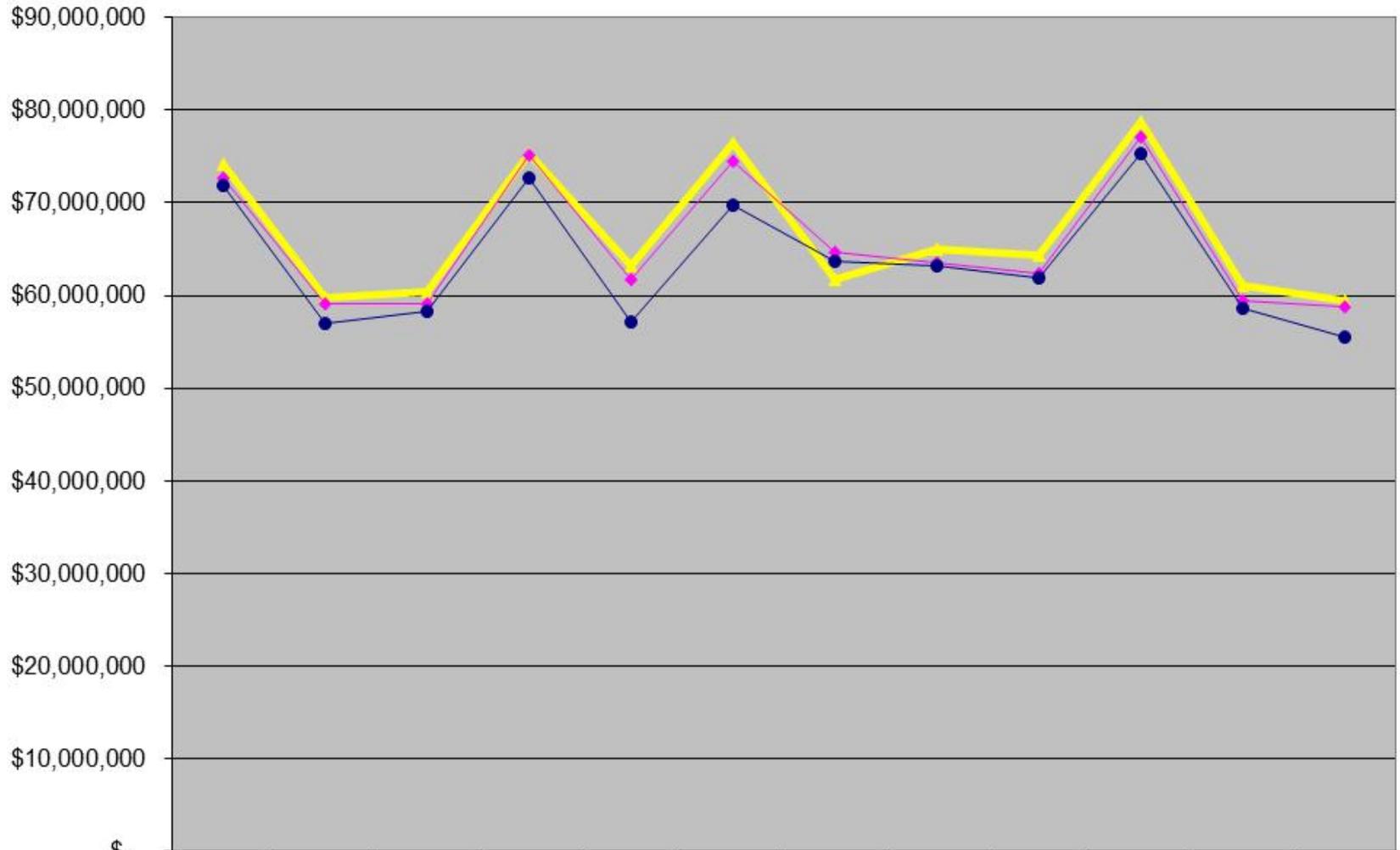


	August	September	October	November	December	January	February	March	April	May	June	July
August12-July13 Monthly Sales	\$299,867,08	\$242,270,66	\$253,282,06	\$310,008,68	\$272,829,60	\$321,214,24	\$251,651,74	\$271,603,91	\$289,889,61	\$340,874,68	\$257,793,30	\$241,559,17
August11-July12 Monthly Sales	\$290,742,92	\$232,227,72	\$242,861,84	\$303,379,35	\$268,100,44	\$304,922,07	\$258,796,18	\$265,035,53	\$260,496,09	\$328,476,22	\$251,119,38	\$242,954,61
August10-July11 Monthly Sales	\$279,766,65	\$224,154,31	\$230,266,51	\$290,690,77	\$245,104,18	\$269,511,06	\$231,842,54	\$238,933,61	\$234,649,19	\$298,916,07	\$237,818,40	\$228,848,53



Month Ending

KENO Game Monthly Sales August 10 thru July 13

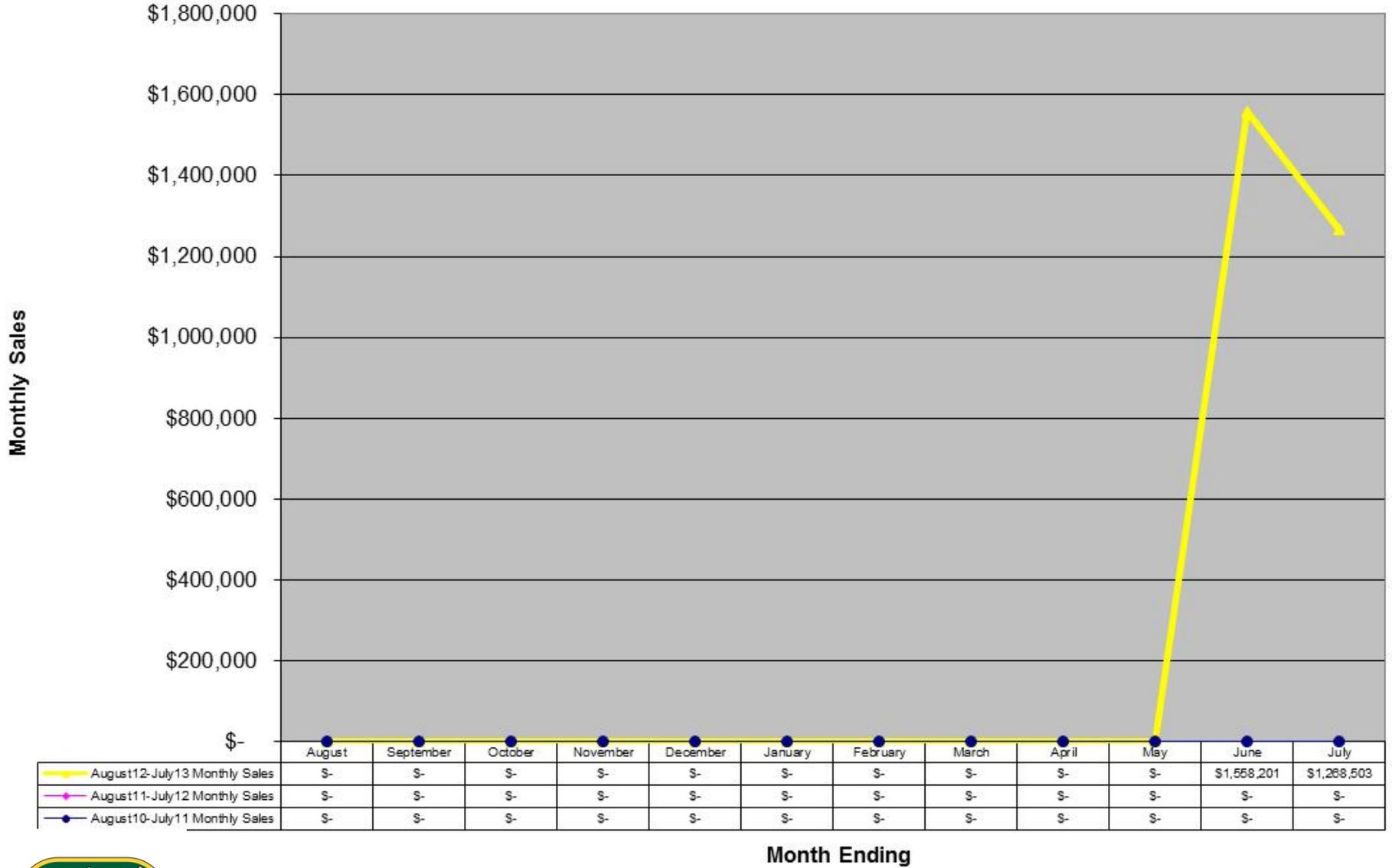


	August	September	October	November	December	January	February	March	April	May	June	July
August12-July13 Monthly Sales	\$74,168,553	\$59,776,650	\$60,406,576	\$75,360,152	\$63,209,606	\$76,453,588	\$61,657,662	\$65,033,276	\$64,280,486	\$78,695,207	\$61,032,421	\$59,478,963
August11-July12 Monthly Sales	\$72,637,541	\$59,167,172	\$59,077,681	\$75,178,823	\$61,681,424	\$74,466,681	\$64,684,172	\$63,579,007	\$62,438,549	\$77,066,745	\$59,496,498	\$58,834,238
August10-July11 Monthly Sales	\$71,819,357	\$56,939,601	\$58,222,815	\$72,659,946	\$57,173,914	\$69,753,994	\$63,723,343	\$63,268,022	\$61,946,220	\$75,374,599	\$58,609,862	\$55,511,595



Month Ending

Poker Game Monthly Sales August 10 thru July 13

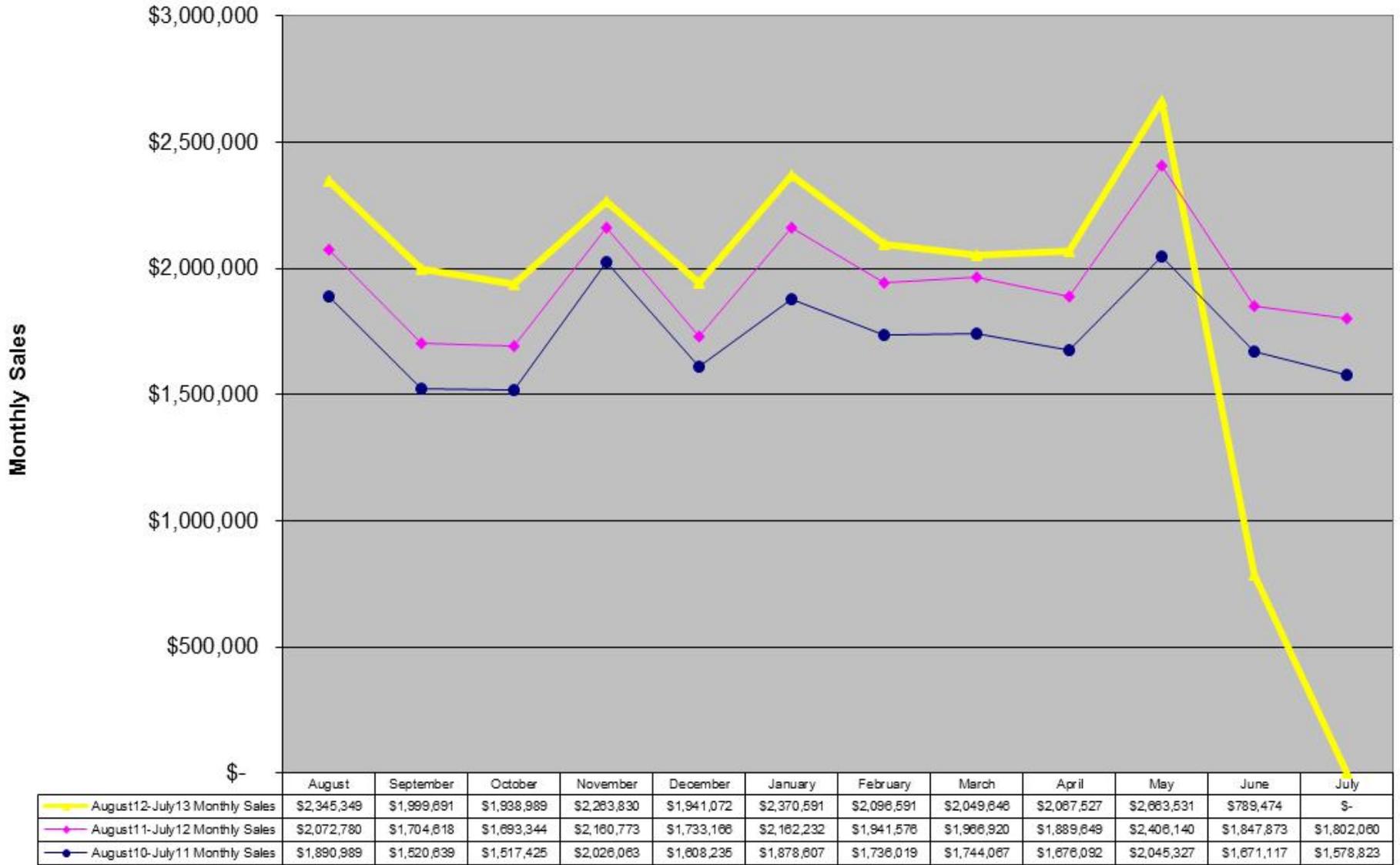


Jackpot Poker Sales Update

- Jackpot Poker sales for the first 10 weeks in the market were \$2.2 Million (or 157 percent) higher than the sales for the first 10 weeks of the Daily Race Game in 2007.
- In 10 weeks, the 1,000 agents selling Jackpot Poker generated a total of \$3.6 million in sales. In the first 10 weeks of the Daily Race Game's availability, the 900 agents selling the game collectively generated \$1.4 million in sales.
- Over a five year period, the number of agents selling the Daily Race Game grew by 30 percent, over the same time period sales for the Daily Race Game grew by 230 percent as retailers and players became more familiar with how the game was played. Based on their feedback, the Lottery made some adjustments to the DRG's initial graphics and prize structure.
- The Lottery plans to add 300 new Jackpot Poker agents in FY14. After receiving some retailer and player feedback, we plan to make some slight adjustments to Jackpot Poker's graphics and prize structure. Some of these adjustments include: adding a new prize level of \$450; removing some of the text instructions on the monitor so that there is less to read; and, pausing the graphics between card reveals to give players more time to see/study their cards.

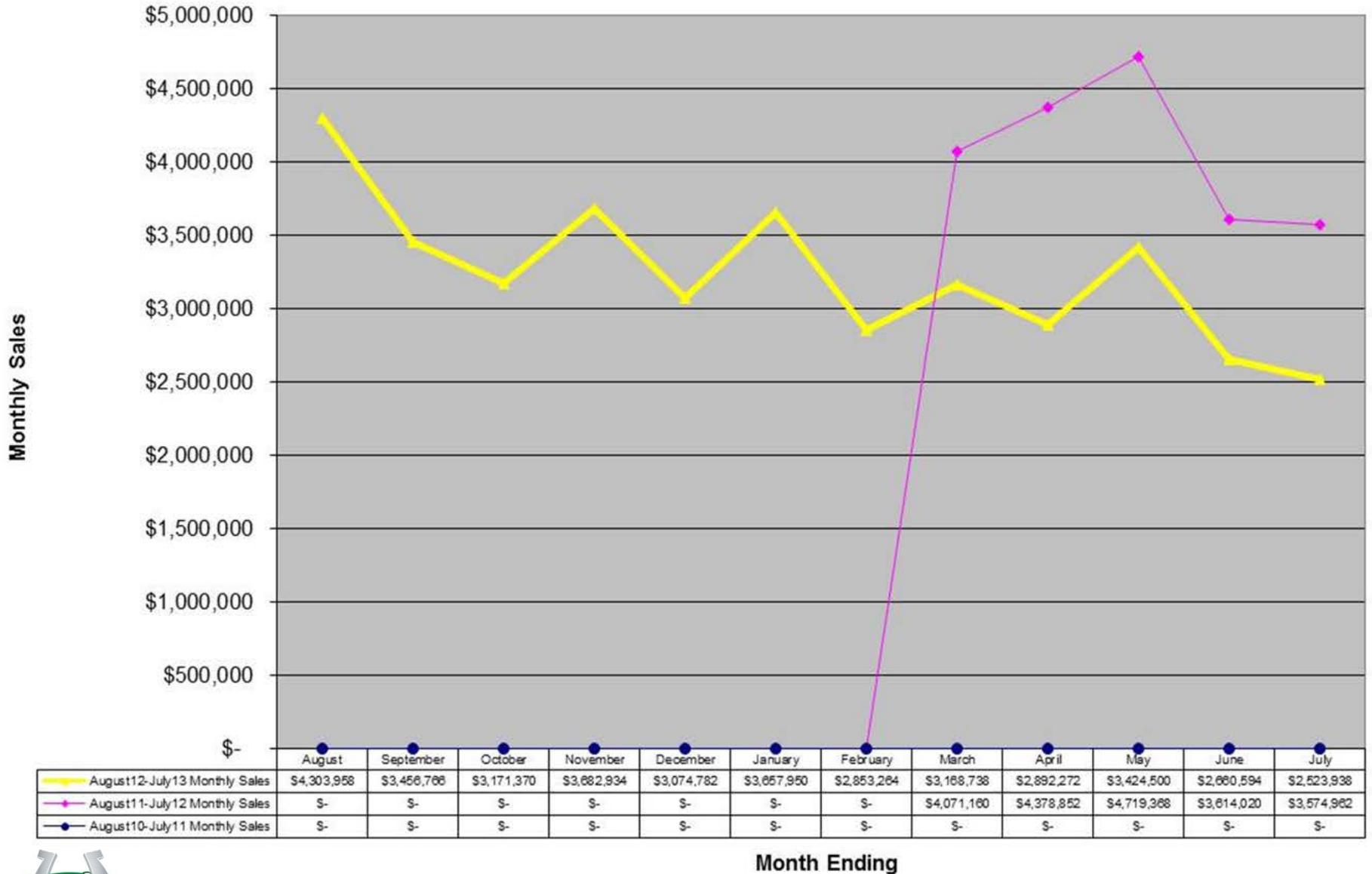


Race Game Monthly Sales August 10 thru July 13



Month Ending

Lucky For Life Game Monthly Sales August 10 thru July 13



September Lucky for Life Game Changes (Sept. 17)

Lucky for Life, the New England state draw game that offers lottery players the opportunity to win up to \$1,000 a day, every day, for their entire life, is going to get a lot more “lively” with the addition of another lifetime prize to its robust prize offerings.

On September 17, 2013, Lucky for Life’s second-tier prize will be elevated to a \$25,000 a year for life payout; making it the only game in the country that offers two lifetime prizes. This new prize will replace the game’s current second prize – a one-time, lump sum payment of \$25,000.

Lucky for Life launched in March 2012 and is the first, and only, lottery game to be played in all six New England states. Since its launch, the game has produced seven top prize winners and several dozen second prize winners.

Lucky for Life will continue to offer players 10 total ways to win. With the addition of this exciting new prize, players will now choose their first five numbers from a field of 43 and one (1) Lucky Ball number out of a field of 43. Those matching all six numbers drawn will still win the game’s \$1,000 a day for life top prize, while those matching the first five numbers drawn will win the new \$25,000 a year for life second prize. Both “for life” prizes will be guaranteed for a minimum of 20 years, but will continue to be paid out for the duration of each winner’s lifetime.

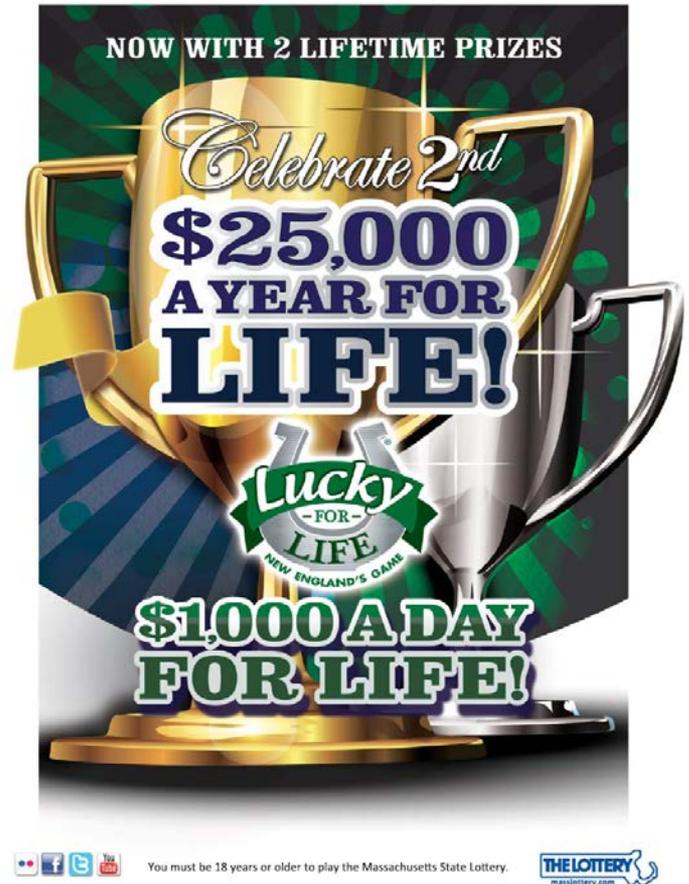
Lucky for Life also features other desirable cash prizes ranging from \$3,000 to \$2. The overall odds of winning a prize in the game are 1 in 8.6. A lump sum option will be offered on the lifetime prizes, all lower-tiered prizes are paid out in one-time, lump sum payments.



September Lucky for Life Game Changes (Sept. 17)

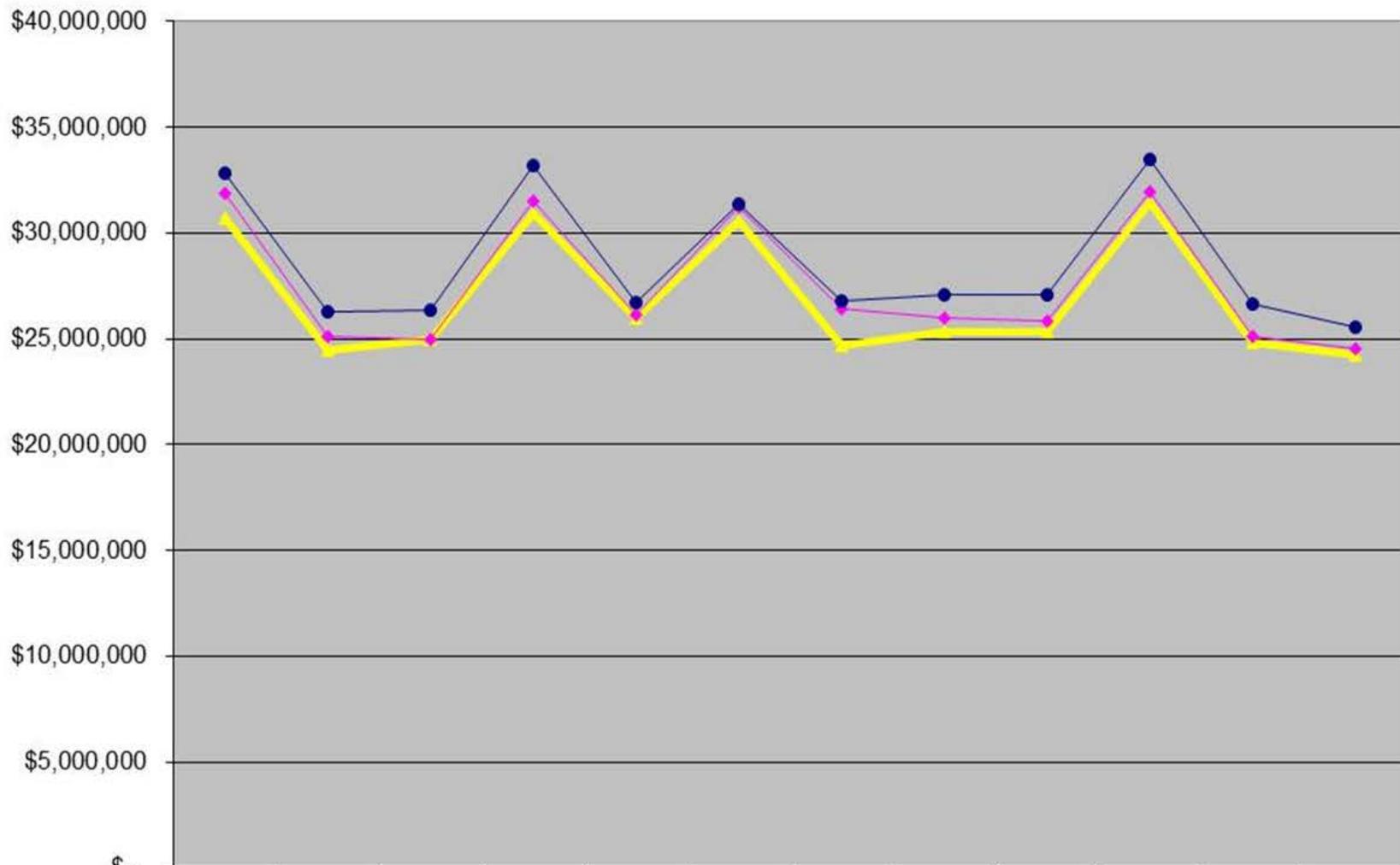


Beginning 9/17, two weeks of paid media will support game changes, including a :30 TV Commercial that will air in Boston media market, :30 radio spot that will run statewide (Boston, Cape Cod, New Bedford, Springfield, Worcester, Greenfield).



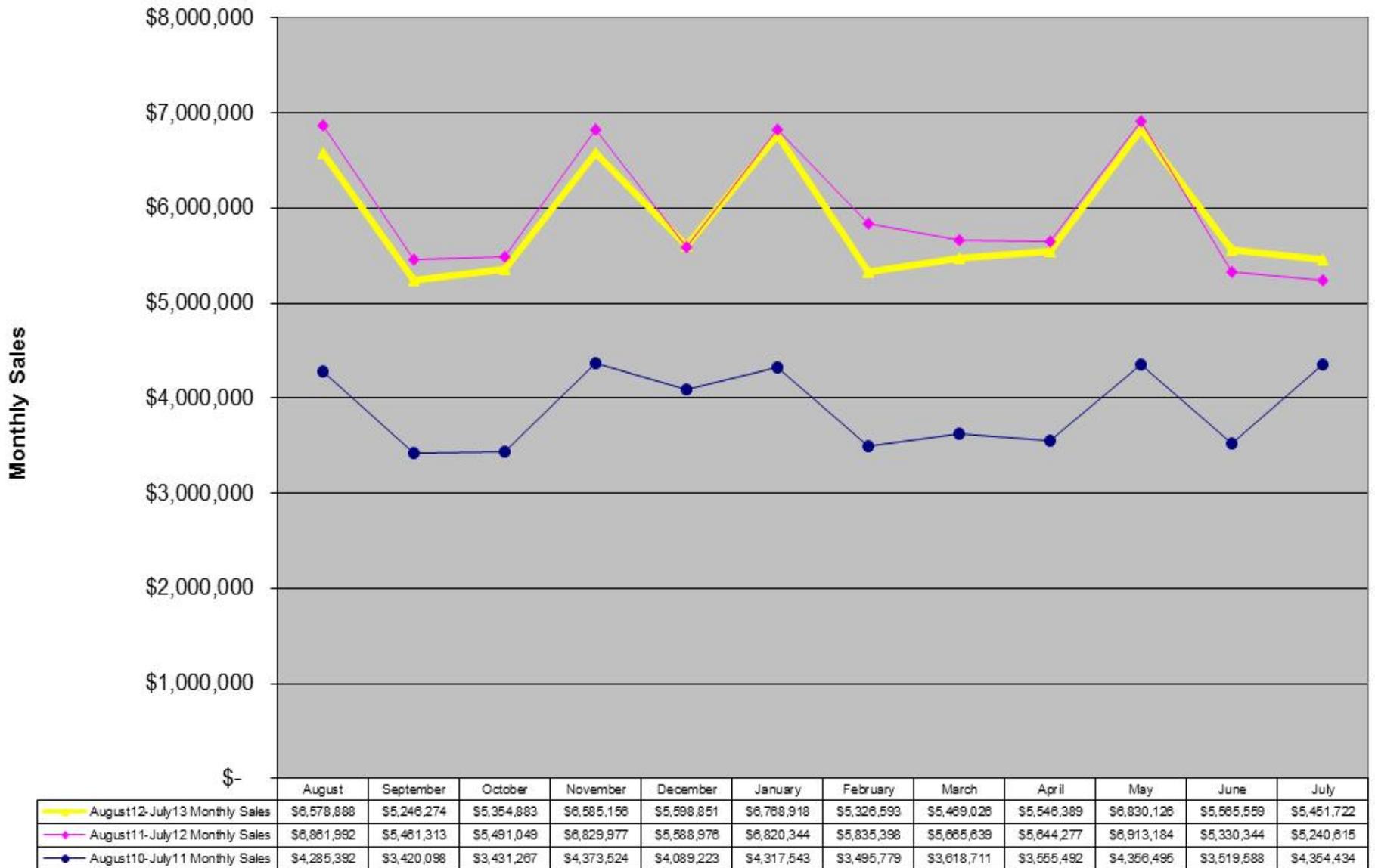
POS: Poster (2 sizes), also will distribute wobblor and decals bearing same images/themes to all retailers.

Numbers Game Monthly Sales August 10 thru July 13

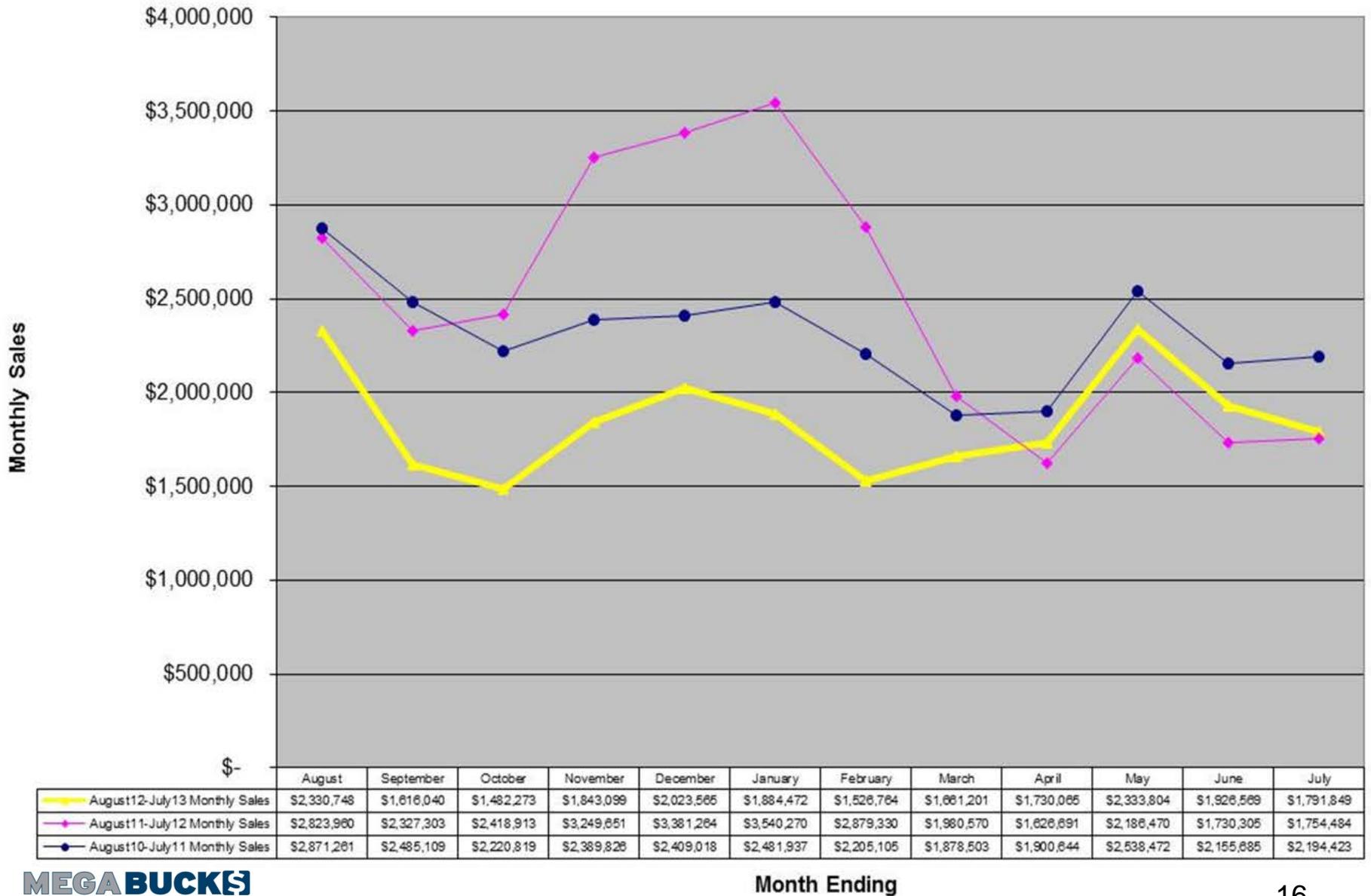


	August	September	October	November	December	January	February	March	April	May	June	July
August12-July13 Monthly Sales	\$30,735,573	\$24,467,660	\$24,978,979	\$30,897,851	\$25,954,498	\$30,586,284	\$24,691,167	\$25,313,511	\$25,327,459	\$31,433,198	\$24,832,381	\$24,232,454
August11-July12 Monthly Sales	\$31,896,967	\$25,134,513	\$24,989,841	\$31,502,648	\$26,103,834	\$31,223,074	\$26,412,960	\$25,986,016	\$25,821,532	\$31,954,317	\$25,122,691	\$24,550,515
August10-July11 Monthly Sales	\$32,843,654	\$26,268,575	\$26,342,732	\$33,189,633	\$26,725,004	\$31,355,851	\$26,812,928	\$27,063,003	\$27,070,774	\$33,498,382	\$26,620,647	\$25,548,623

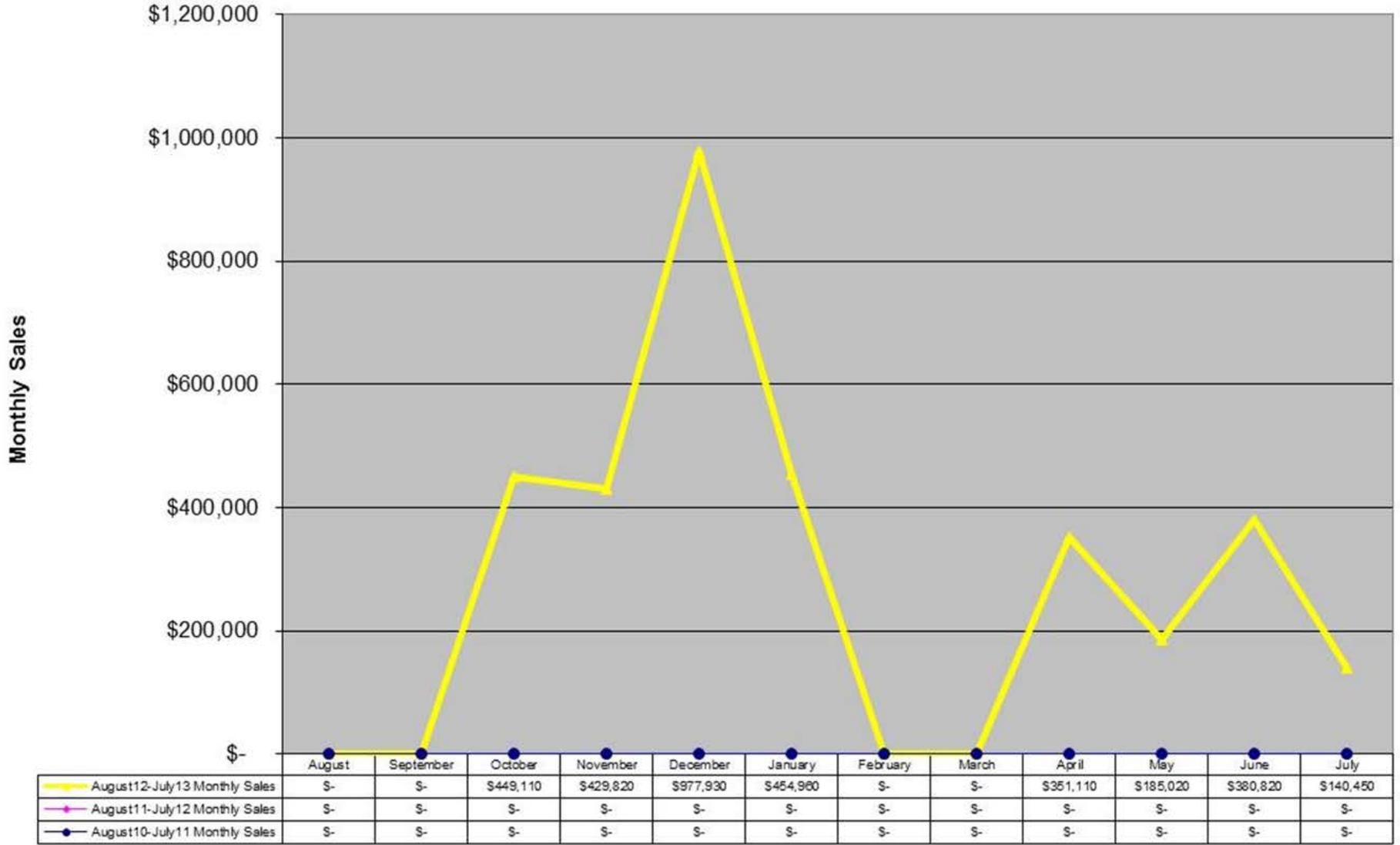
Mass Cash Game Monthly Sales August 10 thru July 13



Megabucks Game Monthly Sales August 10 thru July 13

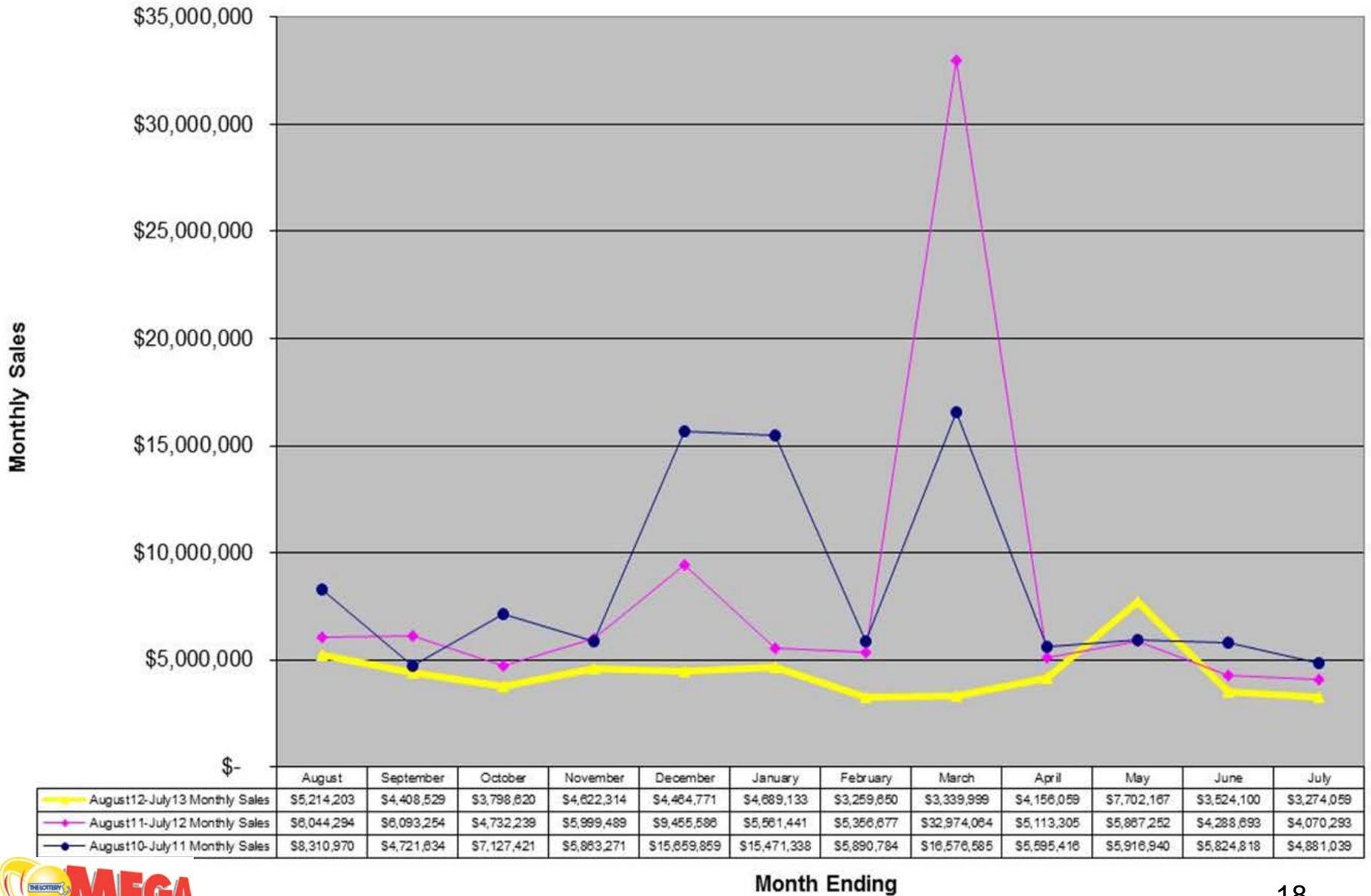


Super 50-50 Raffle Monthly Sales August 10 thru July 13

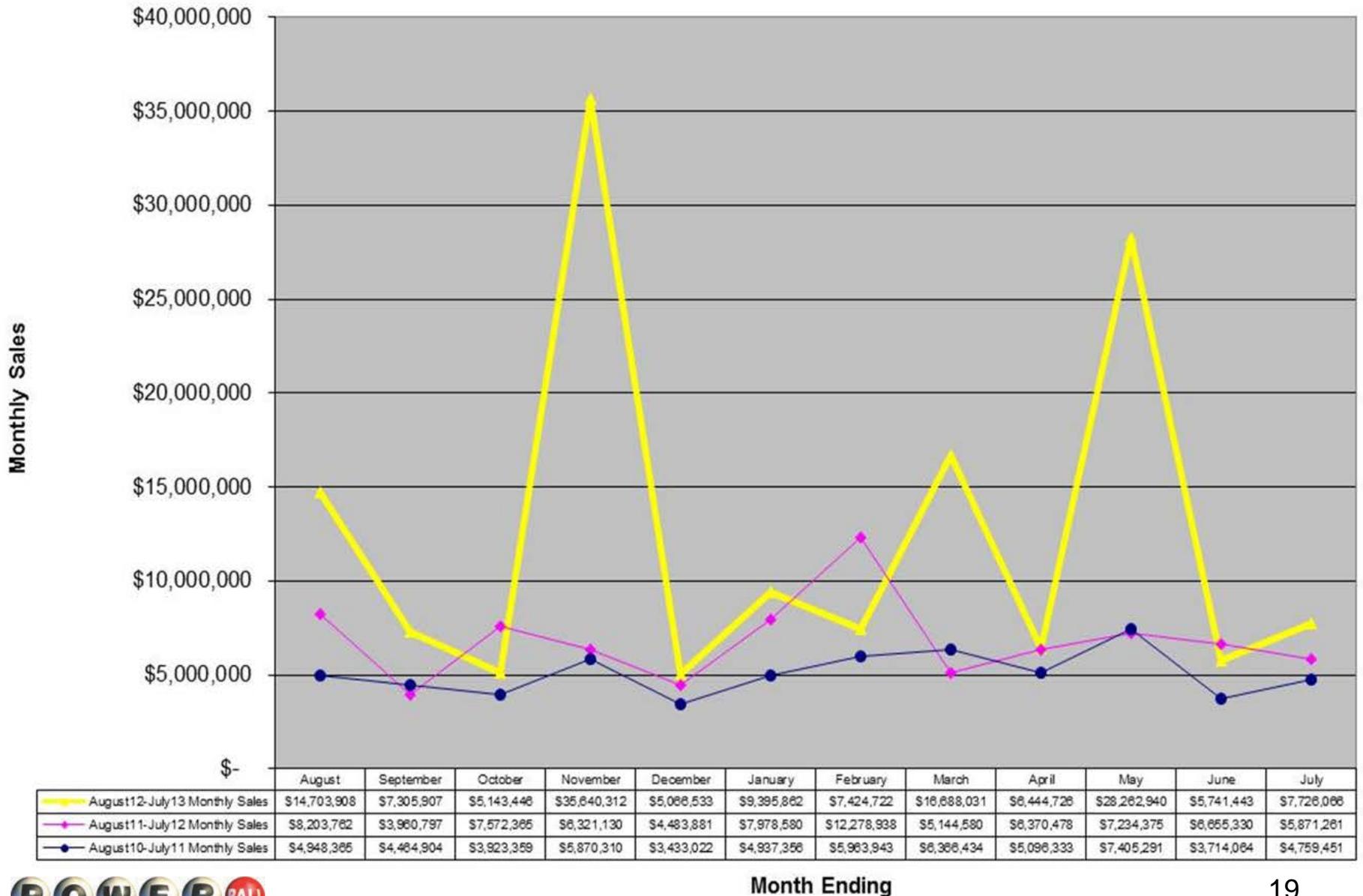


Month Ending

Mega Millions Game Monthly Sales August 10 thru July 13

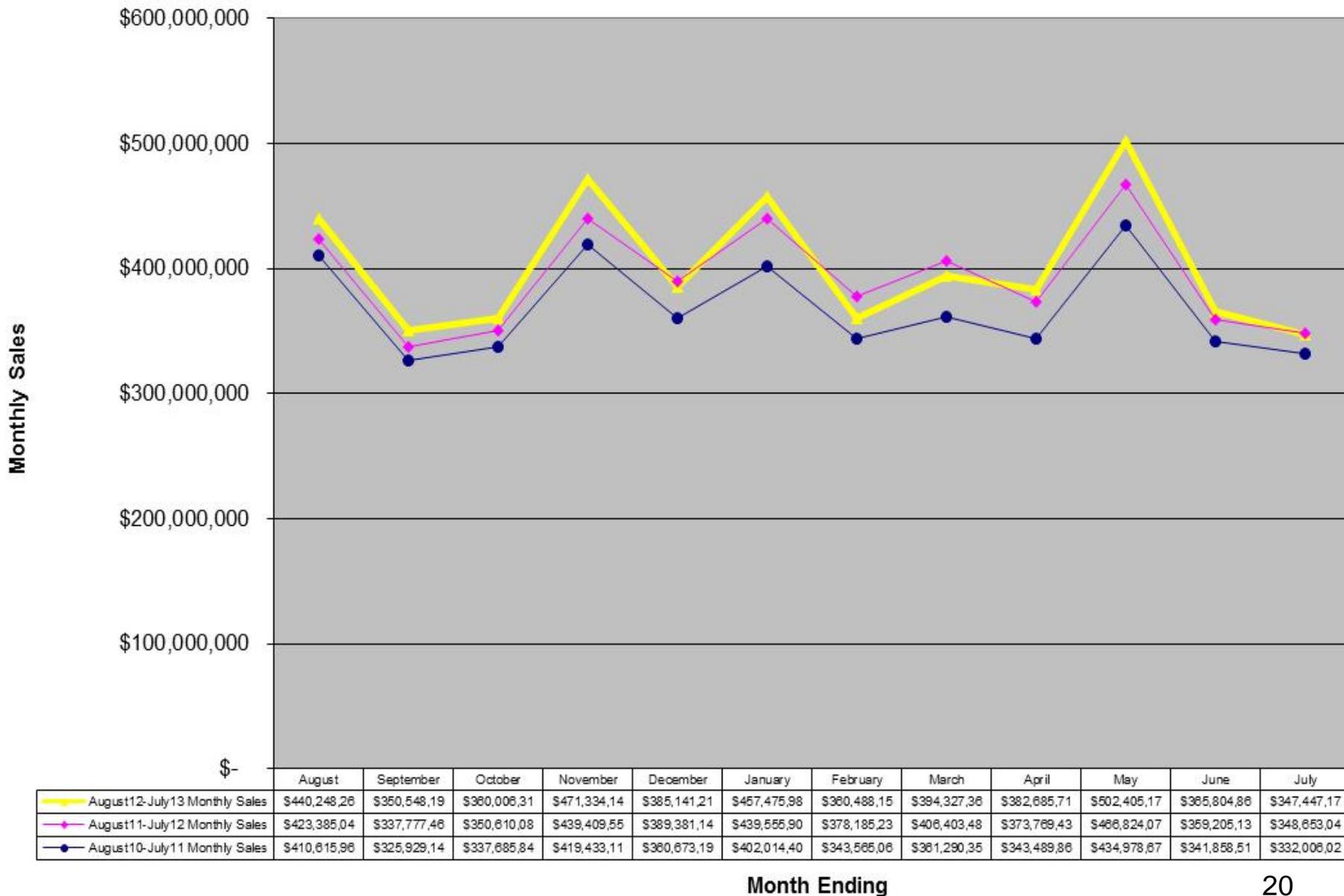


Powerball Game Monthly Sales August 10 thru July 13

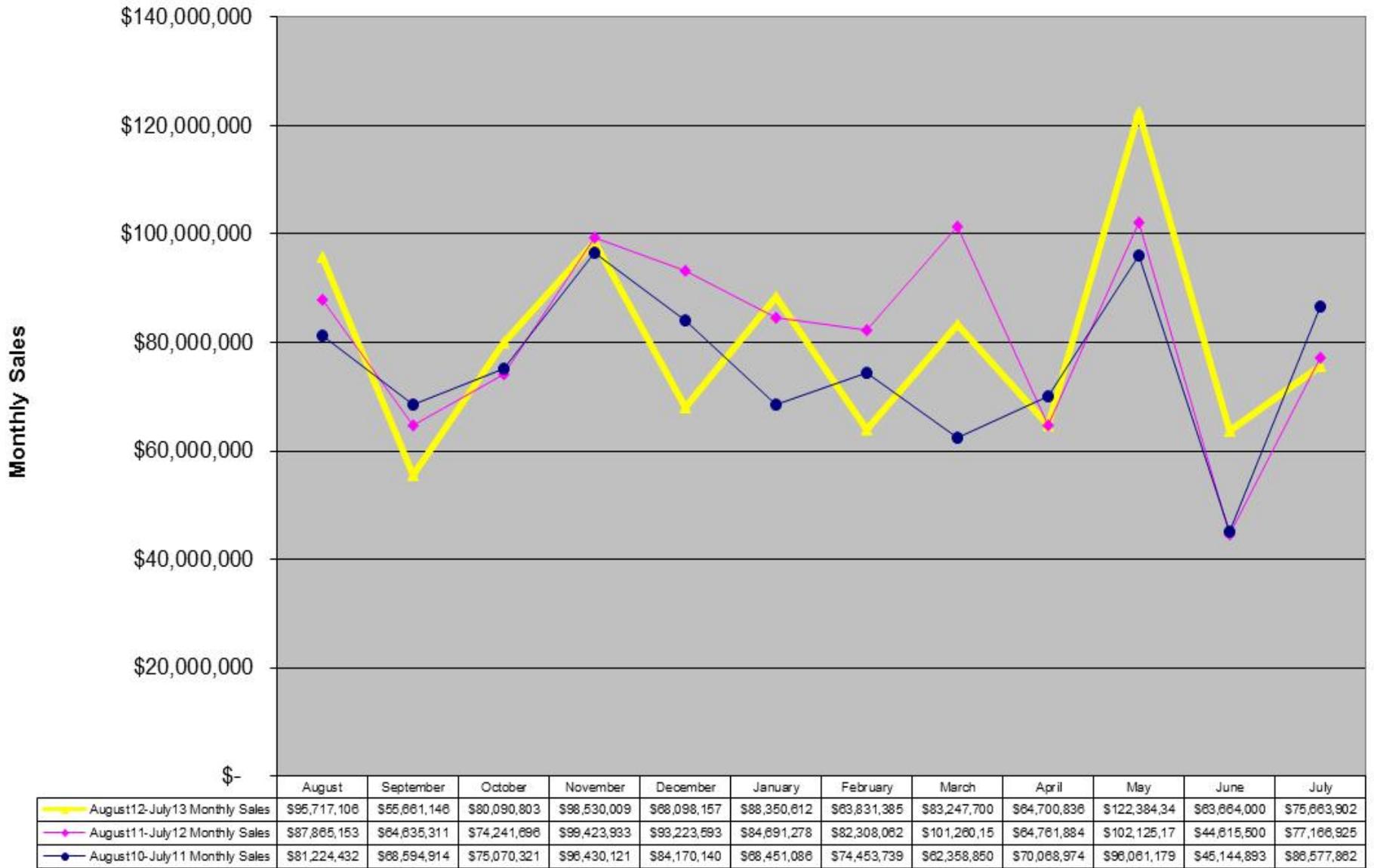


Month Ending

All Game Monthly Sales August 10 thru July 13



Net Profit Monthly Sales August 10 thru July 13



Month Ending

MSLC Revenue Results

Year-to-Date FY14 vs. FY13

(\$ millions)

Through July 27, 2013

	FY14	% of Total	FY13	% of Total	\$ Change	% Change
Instant Tickets	\$242	69.5%	\$243	69.7%	-\$1	-0.6%
MegaMillions	3	0.9%	4	1.2%	-1	-19.7%
Powerball	8	2.2%	6	1.7%	2	31.7%
Keno	59	17.1%	59	16.9%	1	1.1%
Mass Cash	5	1.6%	5	1.5%	0	4.0%
Race Game	0	0.0%	2	0.5%	-2	-100.0%
Lucky For Life	3	0.7%	4	1.0%	-1	100.0%
Numbers Game	24	7.0%	25	7.0%	0	-1.3%
Super 50-50 Raffle	0	0.0%	0	0.0%	0	100.0%
Megabucks	2	0.5%	2	0.5%	0	2.1%
Jackpot Poker	1	0.4%	0	0.0%	1	100.0%
Total	\$347	100.0%	\$349	100.0%	-\$1	-0.3%
Instant Tickets	\$242	69.5%	\$243	69.7%	-\$1	-0.6%
Online Games	106	30.5%	106	30.3%	0	0.2%
Total	\$347	100.0%	\$349	100.0%	-\$1	-0.3%

Lottery Reform Scorecard

Governance

- The Lottery has nearly completed its meetings with each of the Category 1 (casino) and Category 2 (slots) license applicants as requested by the Massachusetts Gaming Commission in connection with its obligation to mitigate the effects of expanded gaming on the Lottery. Each applicant will negotiate and execute a Lottery's Agent Agreement in advance of the license application deadline; the Agreement will become effective upon the MGC's award of a license.
- The Human Resources Department has hired an outside training company to provide Anti-Discrimination and Harassment Training to all employees by November. HR last arranged for such training during the summer of 2011.

Operations

- The Executive Director executed this month Compliance Department Policies and Procedures entitled "Investigating Reported Agent Violations" and "Monitoring and testing MSLC State Vehicle Policy – Driver Logs."

Procurement

- The Lottery has accessed the expertise of both the Comptroller's Office and ITD to inform the structure of the RFR for the hardware components of the anticipated new online system. The Lottery will be issuing a Master Agreement – an approach commonly employed by OSD for statewide contracts that will ensure flexibility and best value for the Lottery as technology evolves over the next several years.

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.

