

Massachusetts State Lottery Commission Meeting

Executive Director's Report

Delivered by: Michael R. Sweeney

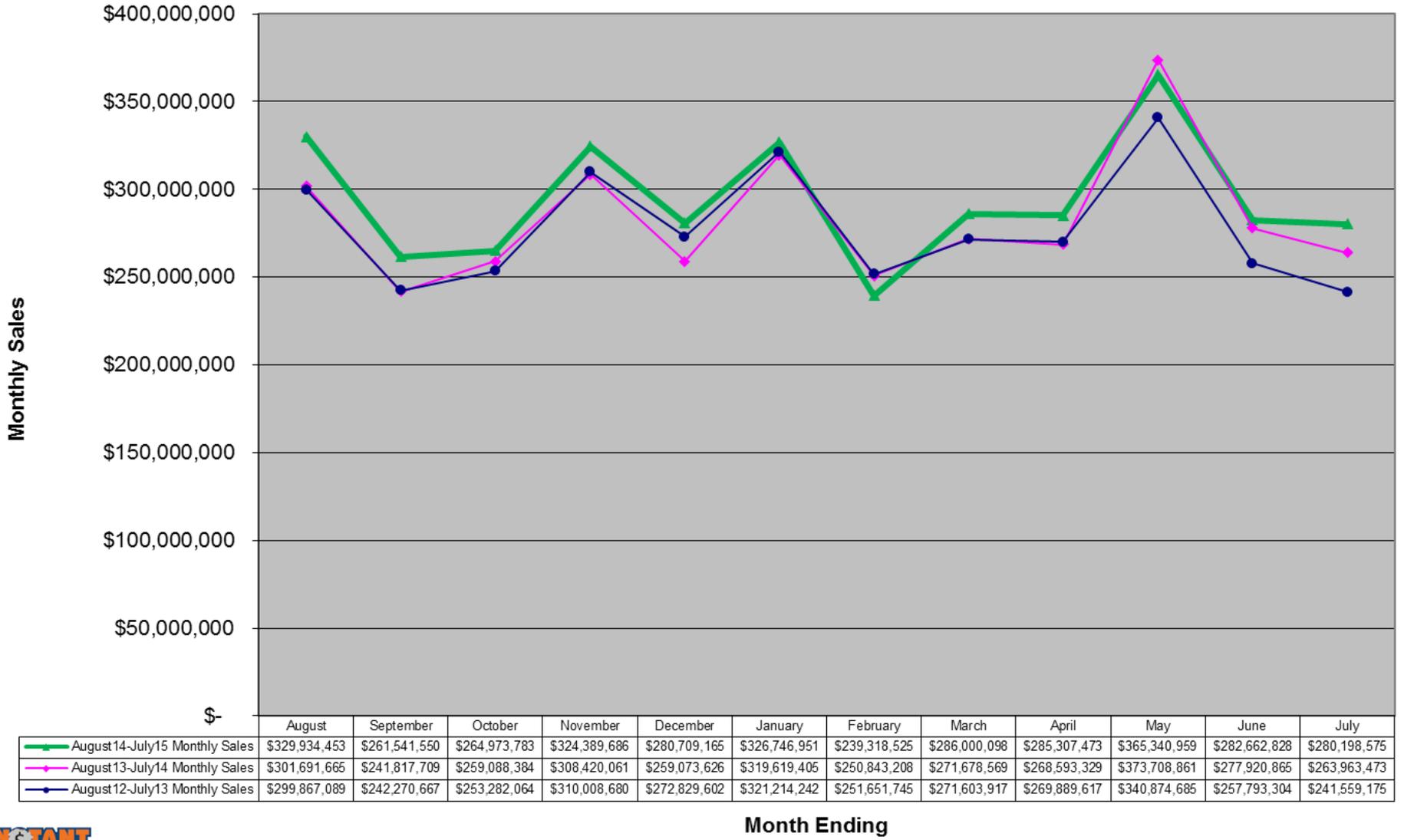
August 31, 2015



Lottery Sales Update

- Sales for July 2015 were up \$23.6 million over last year and our prize payout for the month was 74.10 percent, as compared to 70.99 percent in July 2014. This increase in prize payout resulted in an \$8.4 million decrease in net profit compared to last July. Net profit for the month was \$66.5 million compared to \$74.9 million in July 2014. As explained in previous correspondence, the prize payout percentage fluctuates based on the schedule or rate at which players cash in their prizes. Additionally, instant ticket games at higher price points feature higher payout percentages. As the average price point within our instant ticket portfolio is increasing, our overall payout percentage is increasing along with it.
- The Instant Ticket portfolio saw a \$16.2 million sales increase in July following the release of four new games (\$1, \$2, \$5, \$10) in late June and continued excitement in the marketplace around the \$30 *Supreme Millions* ticket that launched at the end of April. Additionally, KENO sales experienced an increase of \$4.7 million and Mega Millions sales in July 2015 were up \$2.1 million as compared to July of last year month over month.
- Powerball sales were down approximately \$700,000 below July of 2014. Additionally, Jackpot Poker, our second monitor game, experienced a sales decrease in July and was down just under \$50,000 in sales. We are currently exploring a replacement for this game.

Instant Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



August Instant Ticket Sales Update

Money Bags

Price Point: \$1

3 Week Sales: \$1,026,869

Break the Bank

Price Point: \$2

3 Week Sales : \$2,963,620

Jumbo Bucks

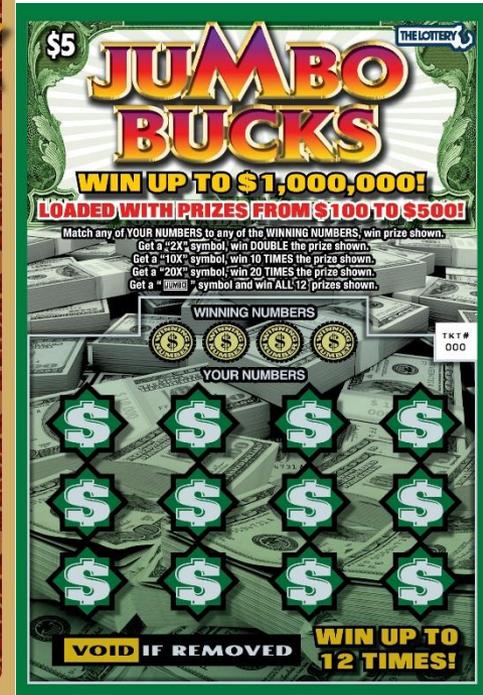
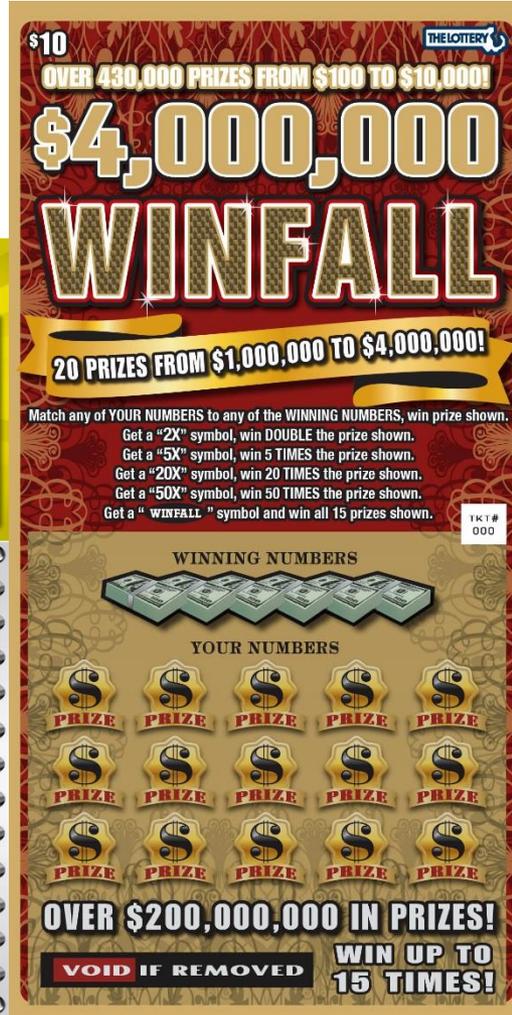
Price Point: \$5

3 Week Sales : \$8,439,165

\$10,000,000 Winfall

Price Point: \$10

3 Week Sales : \$14,542,850



Agent Incentive for 2014 Patriots Instant Ticket

ATTENTION SALES AGENTS:

CARRY THE 2014 PATRIOTS INSTANT TICKET FOR A CHANCE TO WIN \$1,000!



Each day, starting August 31 through September 11, 2015, two Sales Agents with an activated book of 2014 PATRIOTS (\$5, #97) will be randomly chosen to win \$1,000 each. There will be 24 \$1,000 winners in all!

- ☆ You can win more than once.
- ☆ The \$1,000 prize will be credited to the winning Agent's account.
- ☆ SR70 messages will go out with the winning Agents' names.
- ☆ SR70 message for Agents winning on September 4, 5 and 6 will be sent on Monday, September 7.

Order your 2014 PATRIOTS books today!
 Increase your sales by placing the tickets in a visible spot.
 Display the new Patriots poster!
 Suggest purchasing tickets to your regular customers!



You must be 18 years or older to play the Lottery.
 If you have a problem with gambling, help is available. Call 1-800-426-1234.



ATTENTION PLAYERS AND PATRIOTS FANS:

GREAT PRIZES WAITING TO BE WON!

☆ **2014 PATRIOTS INSTANT GAME** ☆



☆ **STILL AVAILABLE** ☆

**TWO TOP PRIZES FOR:
 \$250,000!**

**OVER 100 PRIZES FOR:
 \$4,000!**

**OVER 1,400 PRIZES FOR:
 \$1,000!**

TWO SECOND CHANCE DRAWINGS REMAIN!

PRIZES INCLUDE:

- ☆ **MIAMI AWAY-GAME TRIP FOR TWO FOR 10 YEARS!**
- ☆ **HOME GAME, SUPER SUITE TICKET PACKAGES!**
- ☆ **HOME GAME, FRONT ROW TICKET PACKAGES FOR 4!**



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Notice to Agents

POS

September Instant Ticket Release (Sept. 15)

Wild Doubler

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



\$10,000,000 Big Money

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



Monster Cash (2 scenes)

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



Triple 777

Price Point: \$2
Top Prize: \$100,000



September Instant Ticket POS Advertising



Wobbler



11x17 Poster



September Instant Ticket Social Media Graphics



Facebook.com/MAStateLottery (Cover Photo)



YouTube.com/MassStateLottery (Cover Photo)



MassLottery.com (Homepage Sliding Banner)



Twitter.com/MAStateLottery (Background Skin)



Flickr.com/MAStateLottery (Cover Photo)



September Instant Ticket Paid Advertising (Sept. 15-Oct. 6)

The Lottery is investing \$52,200 (media spend + production) in a digital media advertising campaign supporting the September Instant Ticket launch. The campaign will begin on the launch day and will run through October 6. The paid advertising has a seasonal theme consistent with our POS advertising and focuses on the five new tickets and the total cash prizes of over \$580,000,000 being offered. Some units showcase the new \$20 ticket individually.

Campaign components include high-impact digital units in a variety of sizes and formats that will be running across multiple platforms (desktop, mobile, tablet) for a three-week period on high-traffic/high-visibility sites.



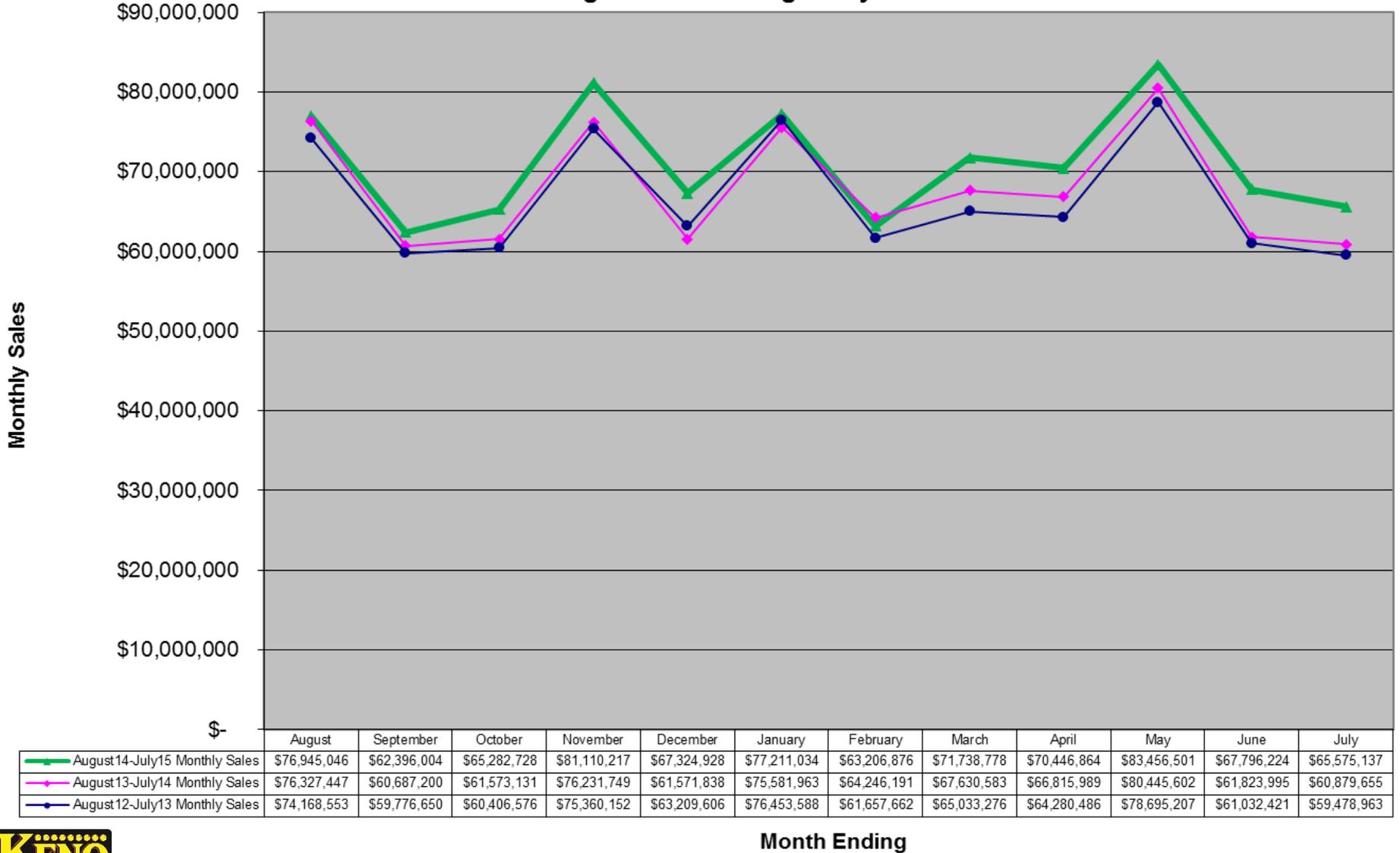
700 x 500 unit



160 x 600 unit



KENO Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



Labor Day KENO Promotion (Sept. 4-7)

The Lottery will be offering a Second Chance promotion to KENO players for the Labor Day holiday.

Every non-winning KENO, KENO Bonus & KENO-to-go ticket sold from September 4-7 will automatically be entered into a second chance drawing for the opportunity to win \$2,015. Twenty (20) serial numbers will be randomly selected from the pool of non-winning tickets sold during the promotional period. The results will be posted on masslottery.com.

Similar promotions are offered during holiday weekends throughout the year. Each have yielded a sales boost for the game during the promotional period.

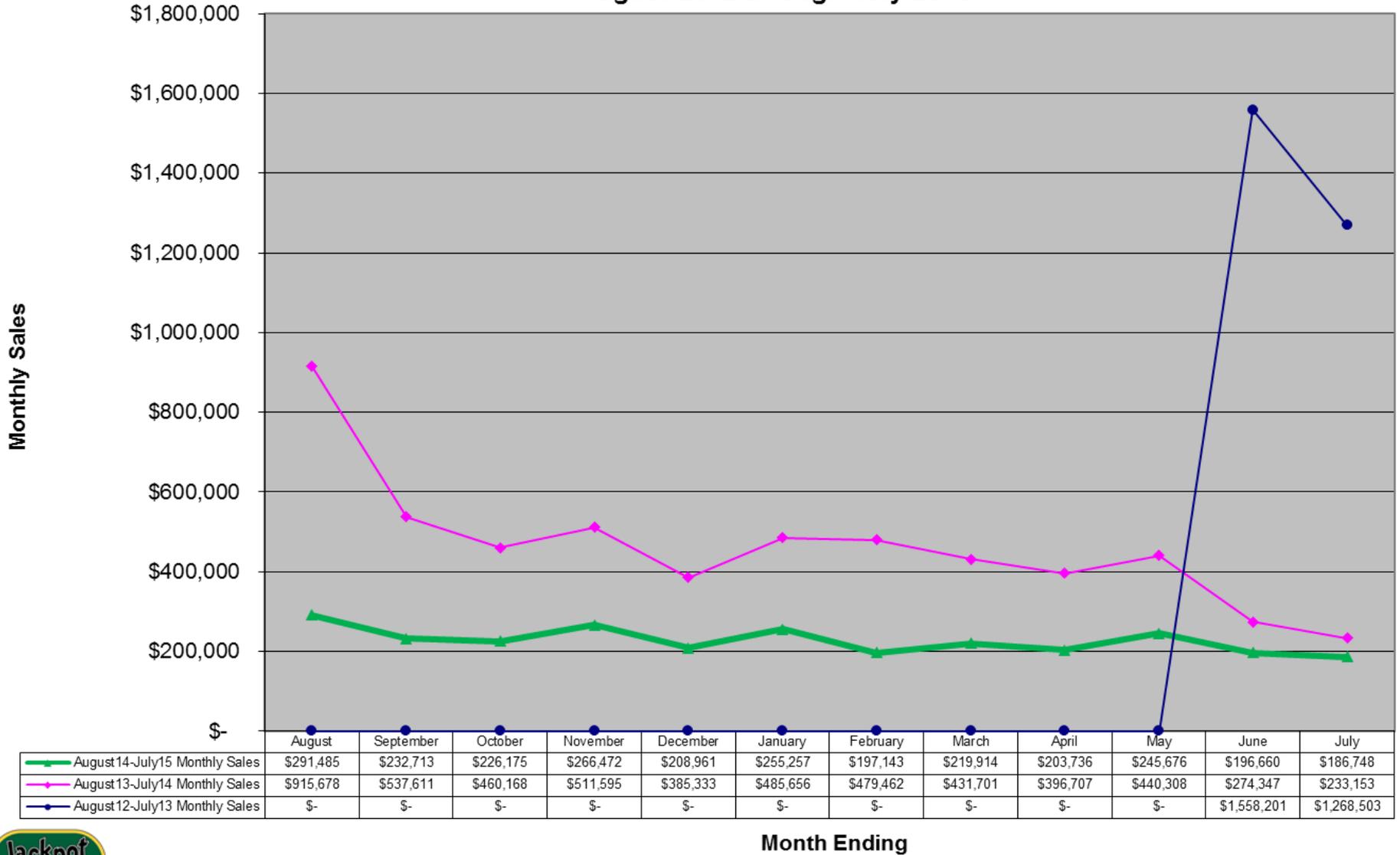


The poster features a blue background with a starburst pattern. At the top, three white stars with red and blue outlines are arranged in a slight arc. Below them, the text "THIS LABOR DAY, WIN \$2,015" is written in large, bold, white letters with a red outline. Underneath this text are three logos: "KENO BONUS" (yellow text on a black background with a red outline), "KENO" (yellow text on a black background with a red outline), and "KENO to-go" (yellow text on a black background with a red outline). A white rectangular box with a red border contains the following text: "Every non-winning KENO, KENO Bonus & KENO to-go ticket sold September 4 - September 7, 2015 will have a second chance to WIN \$2,015! Twenty (20) winning serial numbers will be chosen and posted on masslottery.com on September 8 after 2:00 p.m. YOU CAN WIN MORE THAN ONCE!". At the bottom of the poster, there is a small line of text: "Winning ticket holders in the 'Labor Day 2015' drawing must claim their prizes by October 9, 2015 at a Lottery Regional Office. (Check www.masslottery.com for office locations.) To claim a prize, winning ticket holder must present winning ticket and proper identification. Prize check 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 Lottery. If you have a problem with gambling, help is available. Call 1-800-426-1234." On the right side of the bottom text, there is the "THE LOTTERY" logo with a stylized figure and the website "masslottery.com".

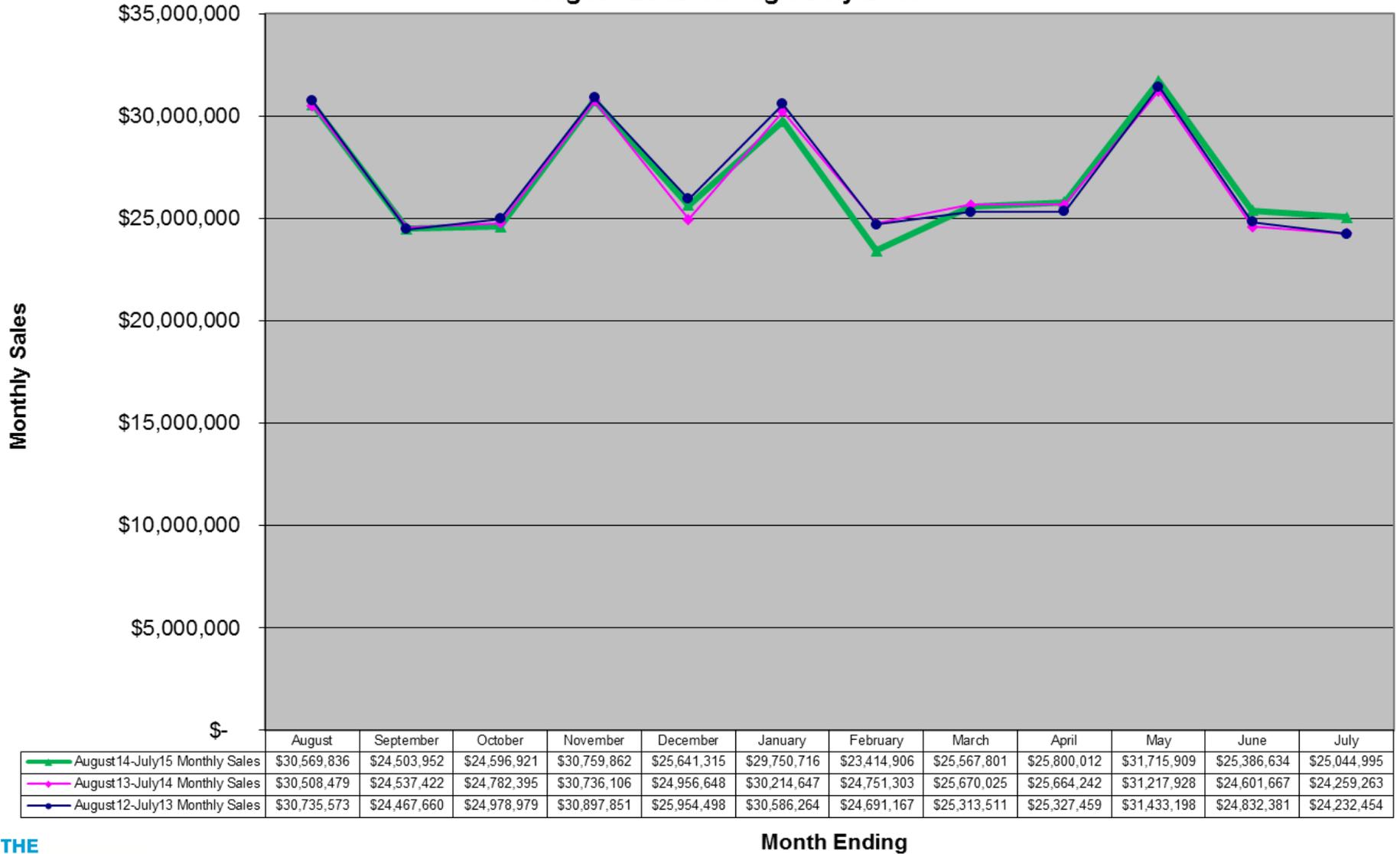
8.5 x 11 Poster



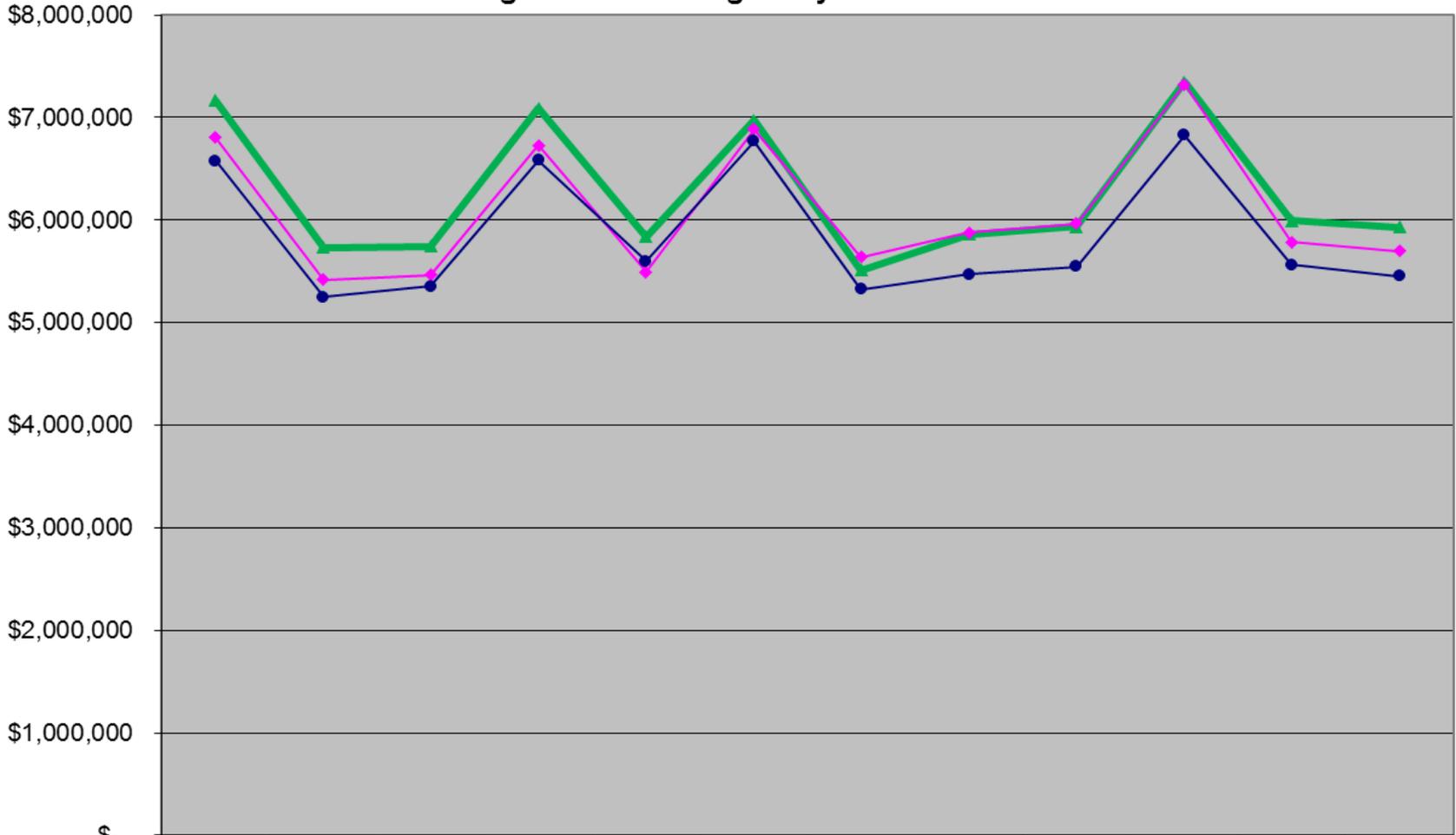
Jackpot Poker Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



Numbers Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



Mass Cash Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015

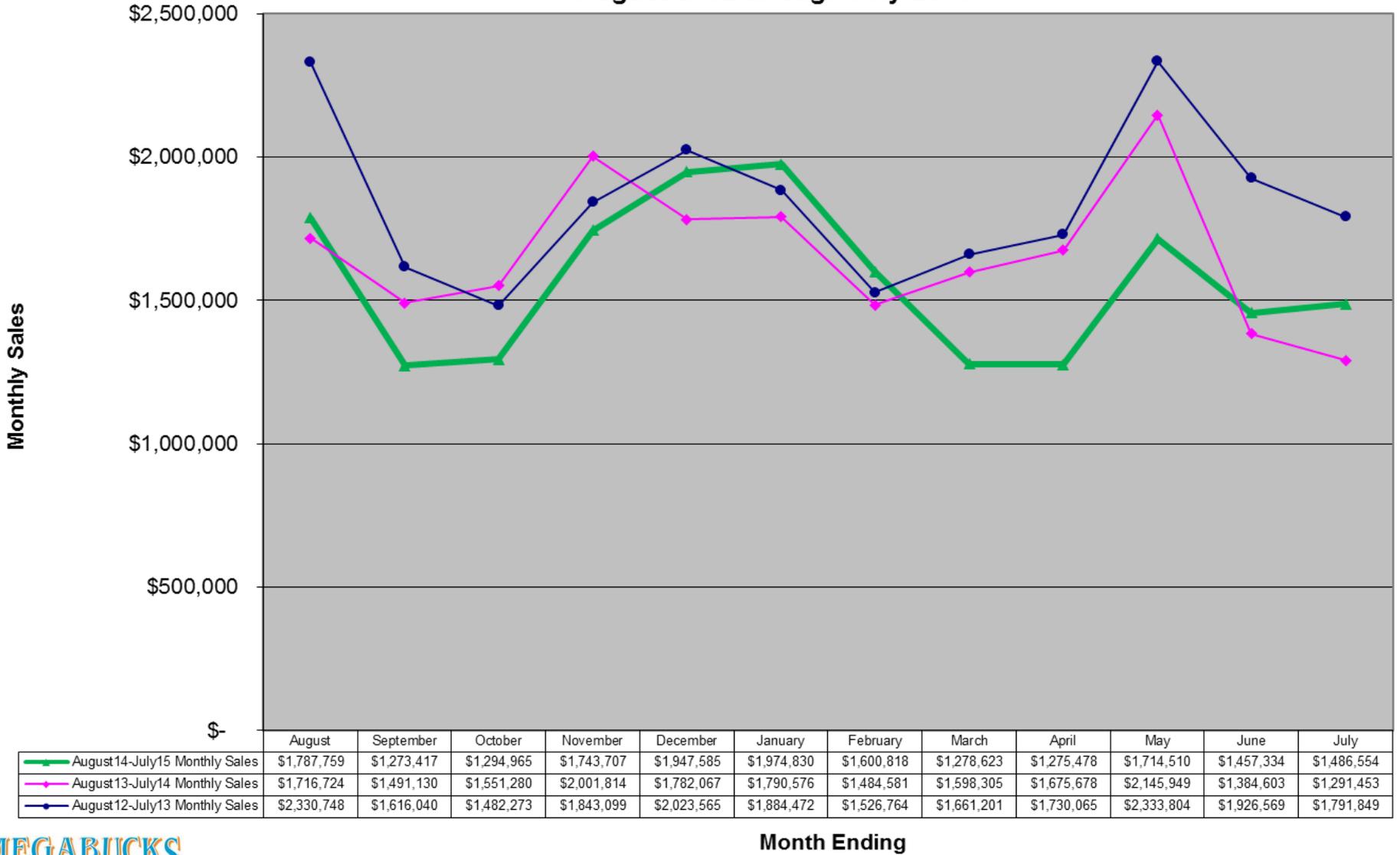


	August	September	October	November	December	January	February	March	April	May	June	July
August 14-July 15 Monthly Sales	\$7,164,838	\$5,733,920	\$5,745,826	\$7,091,786	\$5,834,369	\$6,971,800	\$5,511,057	\$5,858,290	\$5,938,363	\$7,346,821	\$5,992,168	\$5,927,952
August 13-July 14 Monthly Sales	\$6,804,235	\$5,419,261	\$5,464,350	\$6,730,787	\$5,492,858	\$6,884,188	\$5,637,428	\$5,879,562	\$5,968,141	\$7,323,467	\$5,782,628	\$5,698,694
August 12-July 13 Monthly Sales	\$6,578,888	\$5,246,274	\$5,354,883	\$6,585,156	\$5,598,851	\$6,768,918	\$5,326,593	\$5,469,026	\$5,546,389	\$6,830,126	\$5,565,559	\$5,451,722

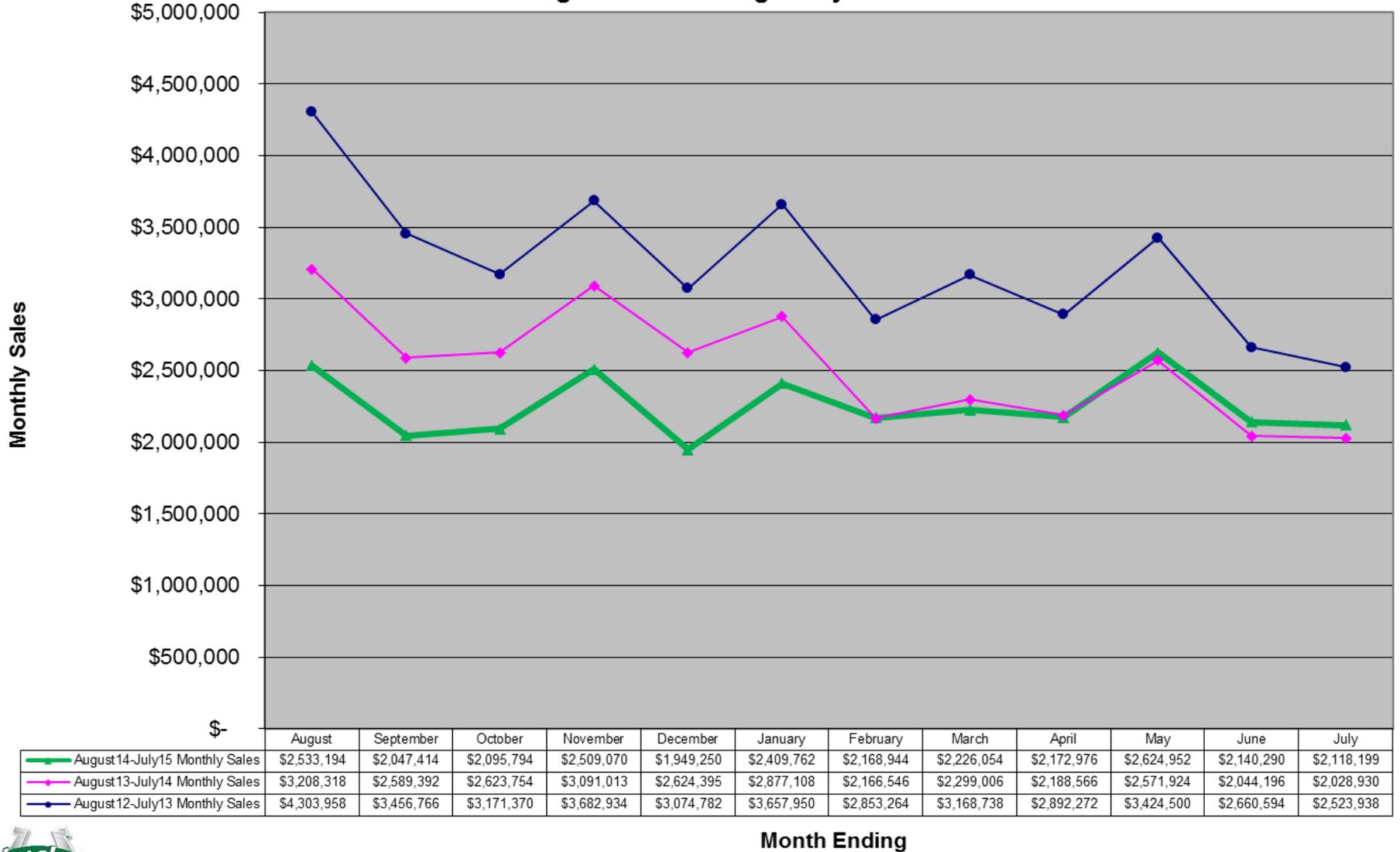
Month Ending



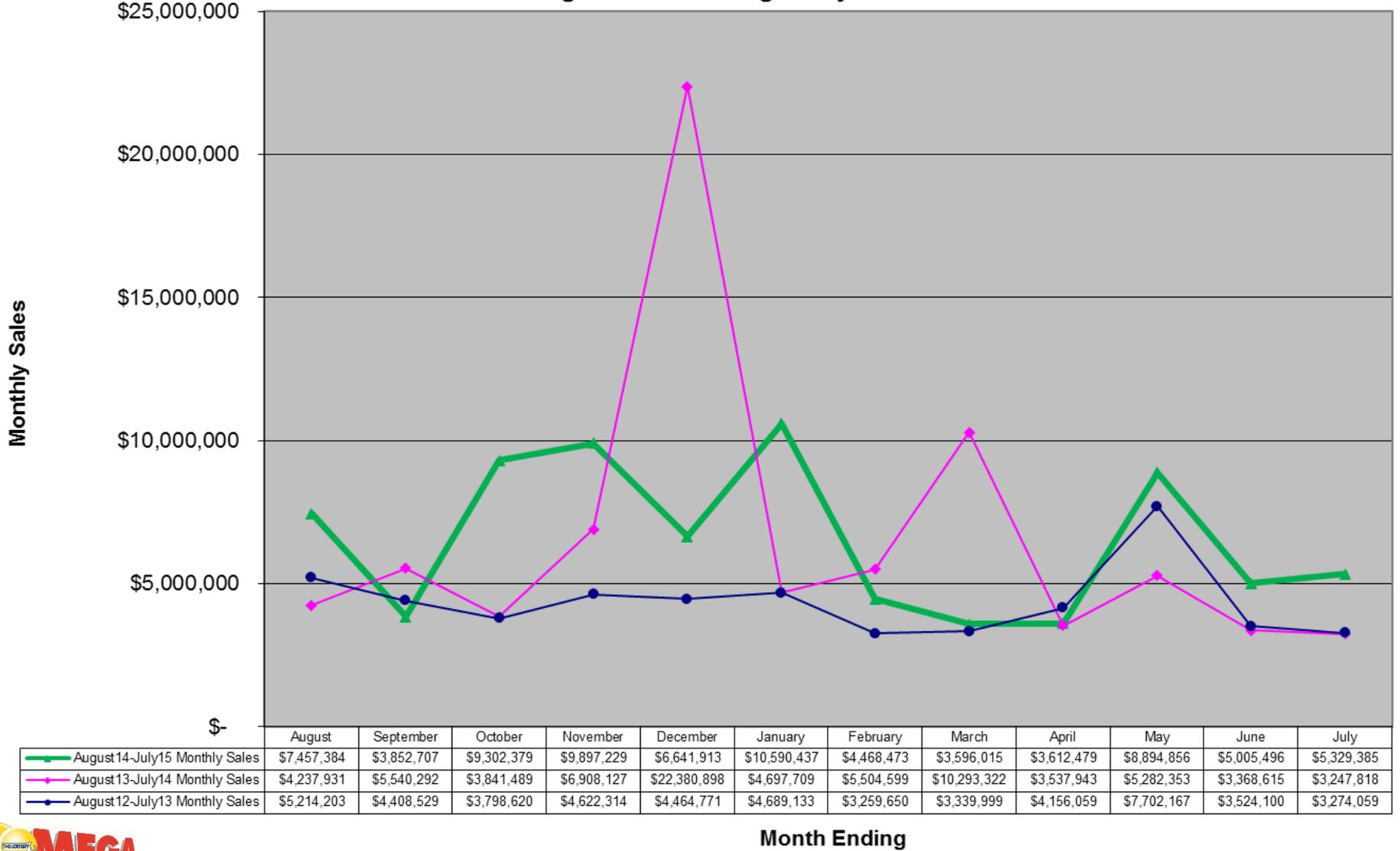
Megabucks Doubler Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



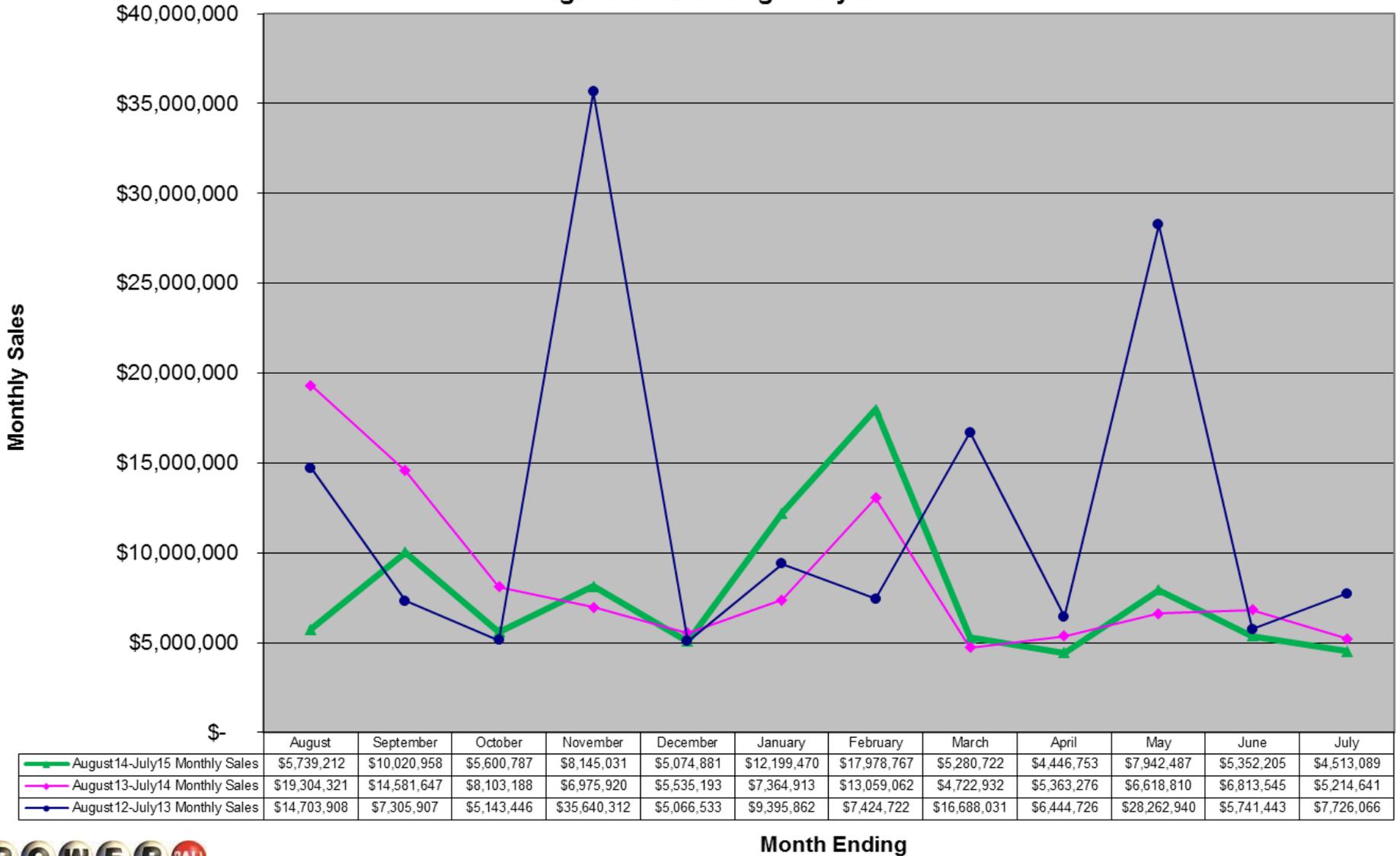
Lucky for Life Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



Mega Millions Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



Powerball Game Monthly Sales Unadjusted Non Fiscal Year August 2012 through July 2015



Powerball Matrix Change

- This October, in an effort to build higher jackpots and generate renewed interest in the game, the Powerball matrix will be undergoing a change:

	<u>Match 5</u>	<u>Powerball</u>
Current	5 out of 59	1 out of 35
New	5 out of 69	1 out of 26

- The game's odds of winning will change as follows:

	<u>Winning the Jackpot</u>	<u>Winning Any Prize</u>
Current	1 in 175,223,510	1 in 31.8
New	1 in 292,201,338	1 in 24.9

- The last drawing using the current matrix will be Saturday, October 3.
- Ticket sales using the new matrix will begin Sunday, October 4.
- The first drawing using the new matrix will be Wednesday, October 7.



Jackpot Awareness “Always On” Digital Advertising

The Lottery has made an investment of \$113,000 for the first quarter of FY16 to have a continuous Jackpot Awareness presence on a variety of high-traffic/high-visibility websites on mobile devices and tablets. These units feature messages that scroll across the bottom of the screen directing traffic to our website.



Mega Millions



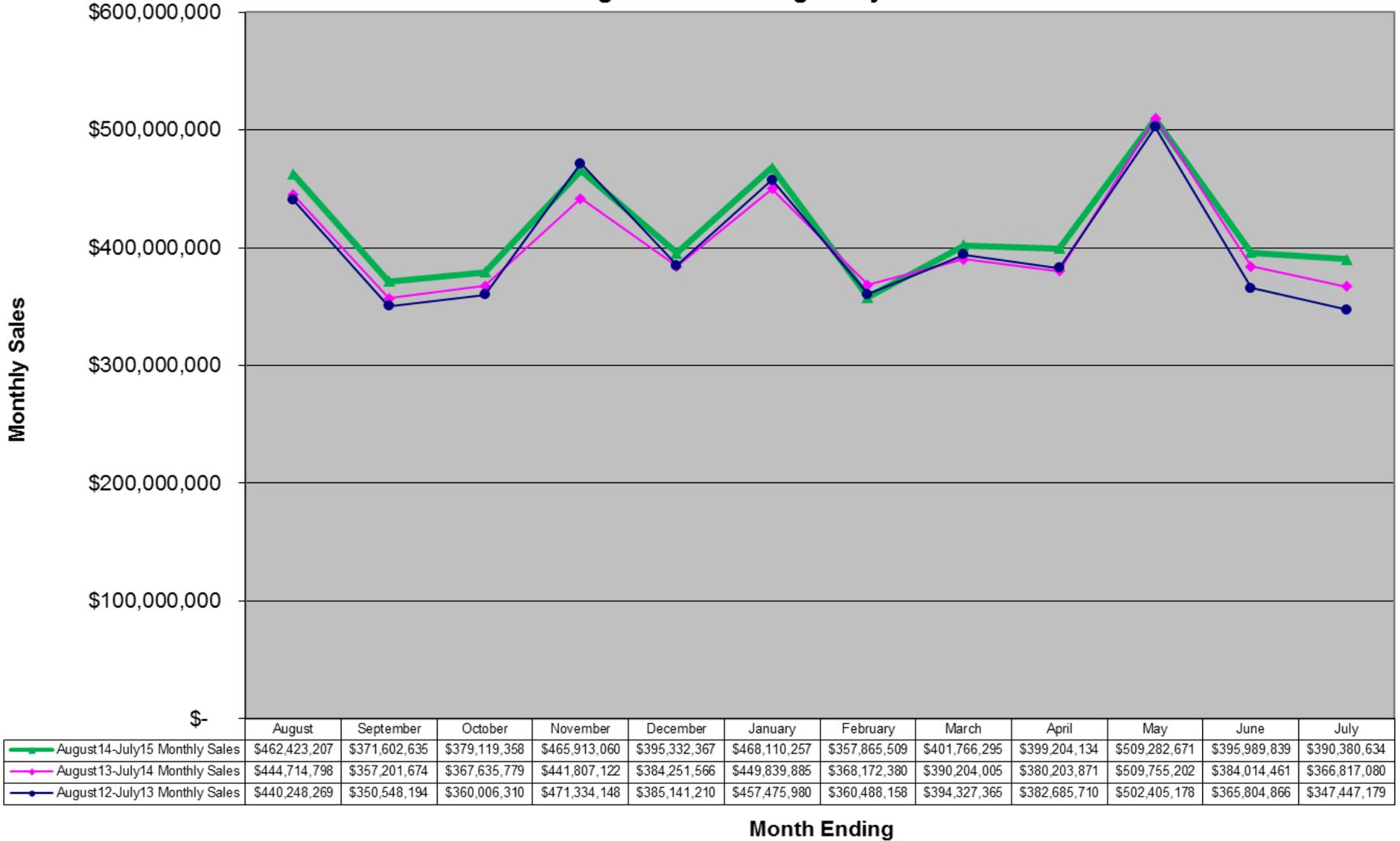
Powerball



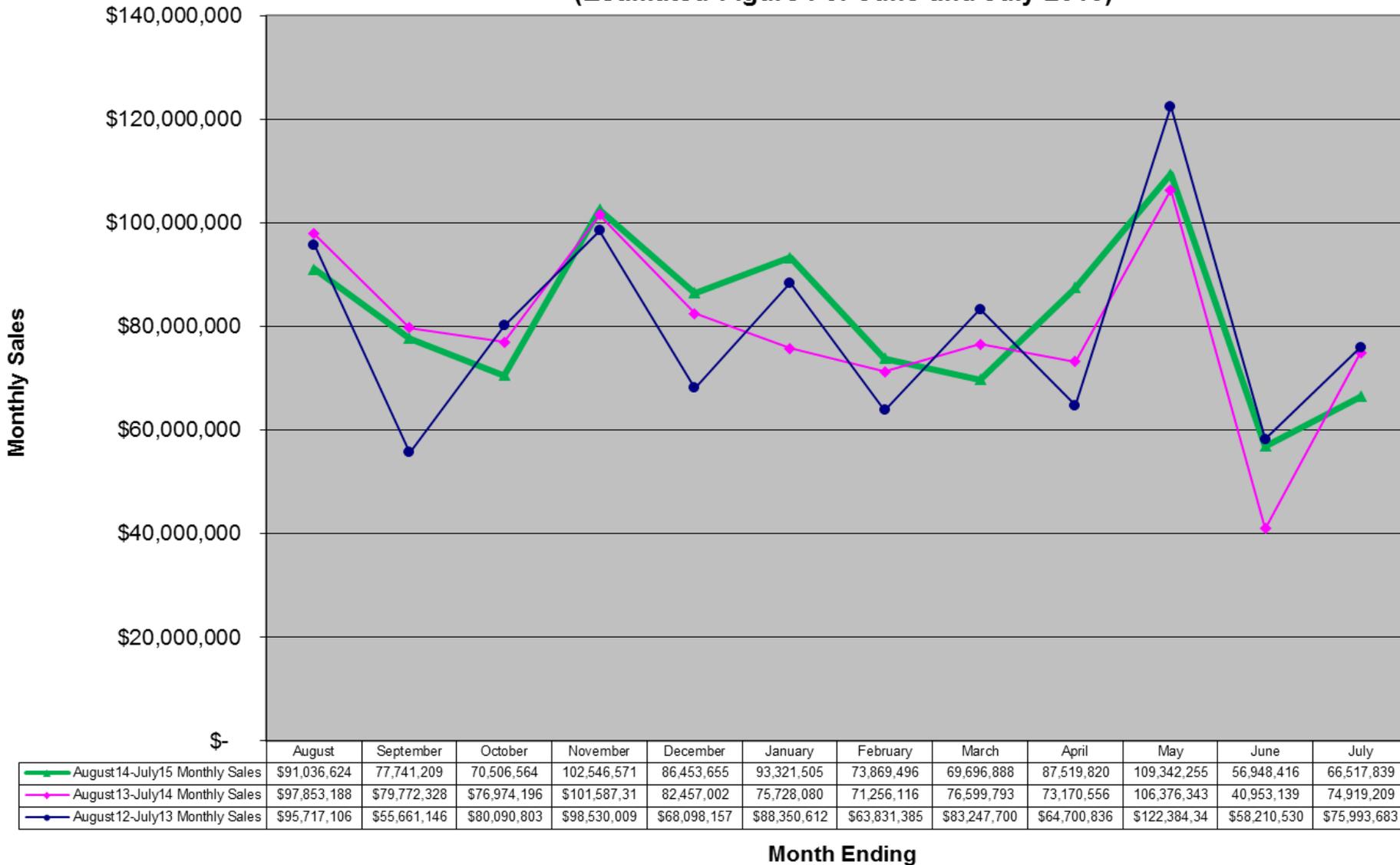
Scrolling messaging



**All Game Monthly Sales
Unadjusted Non Fiscal Year
August 2012 through July 2015**



**Monthly Net Profit
August 2012 through July 2015
(Estimated Figure For June and July 2015)**



Mega Cash \$20 Million Bonus Drawing

The \$20 Mega Cash instant ticket, which launched in 2009, includes an end of game Bonus Drawing for a \$20 million prize.

All winners of \$1,000 - \$50,000 in this game have been automatically entered into the Bonus Drawing (over 15,000 entries). August 28, 2015 was the final day to claim prizes in this game.

The Bonus Drawing will be conducted in September or October.

The winner of the Bonus Drawing has the option of receiving \$1,000,000 a year for 20 years or a one-time cash payment of \$13 million (less applicable withholdings).

The Bonus Drawing prize will be included in our FY16 prize payout and has been factored into our FY16 projections.



MSLC Gross Sales								
July FY16 vs. FY15 Unadjusted Non Fiscal Year								
(\$ millions)								
Through July 25, 2015								
	FY16	% of Total	FY15	% of Total	\$ Change	% Change		
Instant Tickets	\$280.2	71.8%	\$264.0	72.0%	\$16.2	6.2%		
Mega Millions	\$5.3	1.4%	\$3.2	0.9%	\$2.1	64.1%		
Powerball	\$4.5	1.2%	\$5.2	1.4%	-\$0.7	-13.4%		
KENO	\$65.6	16.8%	\$60.9	16.6%	\$4.7	7.7%		
Mass Cash	\$5.9	1.5%	\$5.7	1.6%	\$0.2	4.0%		
Lucky for Life	\$2.1	0.5%	\$2.0	0.6%	\$0.1	4.4%		
Numbers Game	\$25.0	6.4%	\$24.3	6.6%	\$0.8	3.2%		
Megabucks Doubler	\$1.5	0.4%	\$1.3	0.4%	\$0.2	15.1%		
Jackpot Poker	\$0.2	0.0%	\$0.2	0.1%	\$0.0	-20.2%		
Total	\$390.4	100.0%	\$366.8	100.0%	\$23.6	6.4%		
Instant Tickets	\$280.2	71.8%	\$264.0	72.0%	\$16.2	6.2%		
Draw Games + KENO	\$110.2	28.2%	\$102.8	28.0%	\$7.3	7.1%		
Total	\$390.4	100.0%	\$366.8	100.0%	\$23.6	6.4%		
Unadjusted	Month	6/28/15-7/25/15	Month	6/29/14-7/26/14				
		4 weeks		4 weeks				
		28 days		28 days				

MSLC Gross Sales								
Year-to-Date FY16 vs. FY15 Unadjusted Non Fiscal Year								
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Responsible Gaming Education Week (Aug. 3-7)

The Lottery joined the Massachusetts Council on Compulsive Gambling in participating in Responsible Gaming Education Week, August 3-7.

- Facebook and Twitter posts



- Notifications on Mass. Lottery website and KENO monitors
- Inclusion in August employee newsletter
- Senior staff briefing

Responsible Gaming Education Week

The Lottery is joining other members of the Massachusetts Partnership for Responsible Gambling in participating in the Responsible Gaming Education Week, August 3 through August 7. The Lottery has taken an active role in raising greater awareness of responsible gambling and resources that are available by requiring all of our retailers to post the Mass. Council on Compulsive Gambling's hotline number on Lottery terminals, voluntarily printing the hotline number on all Instant Tickets, and posting the hotline number on KENO screens between each game. Our paid and point-of-sale advertising includes the hotline number as well,

while also encouraging players to play responsibly and discouraging underage play through additional messaging. We continue to work with the Mass. Council to train our sales representatives throughout the state on how to recognize problem gambling and to pass this valuable knowledge along to our network of retailers.

GameSense
Play it Smart.

Please visit www.gamesensema.com to learn more about responsible gaming.

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.

