

***Massachusetts State Lottery Commission  
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***STEVEN GROSSMAN  
Treasurer and Receiver General***

***PAUL R. STERNBURG  
Executive Director***

July 2011

As part of a continuing effort to uphold State Treasurer Steve Grossman's commitment to providing transparent and open operations at the Lottery, enclosed are fiscal performance documents accounting for results through June 2011 and the unaudited year-end sales/net profit figures for Fiscal Year 2011.

It is a great pleasure to report that overall Lottery sales for Fiscal Year 2011 reached \$4.427 billion, a gain of more than \$3 million from last year's revenues. Based upon our preliminary unaudited year-end figures, the Lottery's net profit for the fiscal year is an estimated \$886.2 million. This projected net profit transfer is up \$1.2 million from the figure provided in last month's correspondence.

When Treasurer Grossman spoke before the Joint Committee on Ways and Means in February, overall Lottery sales were behind more than \$30 million and the year-end general fund transfer was estimated to be \$865 million. Over the last several months, the Lottery team diligently worked to refresh many of the game offerings to help close the sales gap and end the fiscal year in a much stronger position, and we look forward to continuing this momentum into FY'12.

A very strong June helped close the year on a positive note, with overall sales for the month ringing in \$19,045,410 higher than last year. June's strong performance can be largely attributed to a tremendous sales increase in our Instant Ticket portfolio. A mid-month release of four exciting new games helped to boost our Instant Ticket sales by \$15,797,131. Other games that saw sales growth in June were Keno, which increased by \$3,659,563; The Numbers Game, which increased by \$1,249,217; and, the multi-state Mega Millions game, which increased by \$971,366.

While June sales were strong overall, two games in our portfolio – Powerball and Cash WinFall – experienced decreases. The dip in Powerball sales was due to the game's lower jackpot offerings this summer (the multi-state jackpot has not surpassed the \$100 million mark since it was won on June 1<sup>st</sup>). Cash WinFall's sales decline of \$2,382,468 is directly connected to the lack of a jackpot "roll down" in June, which occurs after the jackpot reaches its \$2 million cap without a top prize winner and the game's lower-tier prizes are funded at increased levels. We project that Cash WinFall sales will increase by \$2.4 million in July thanks to a jackpot "roll down" in that is expected to occur in the coming days.

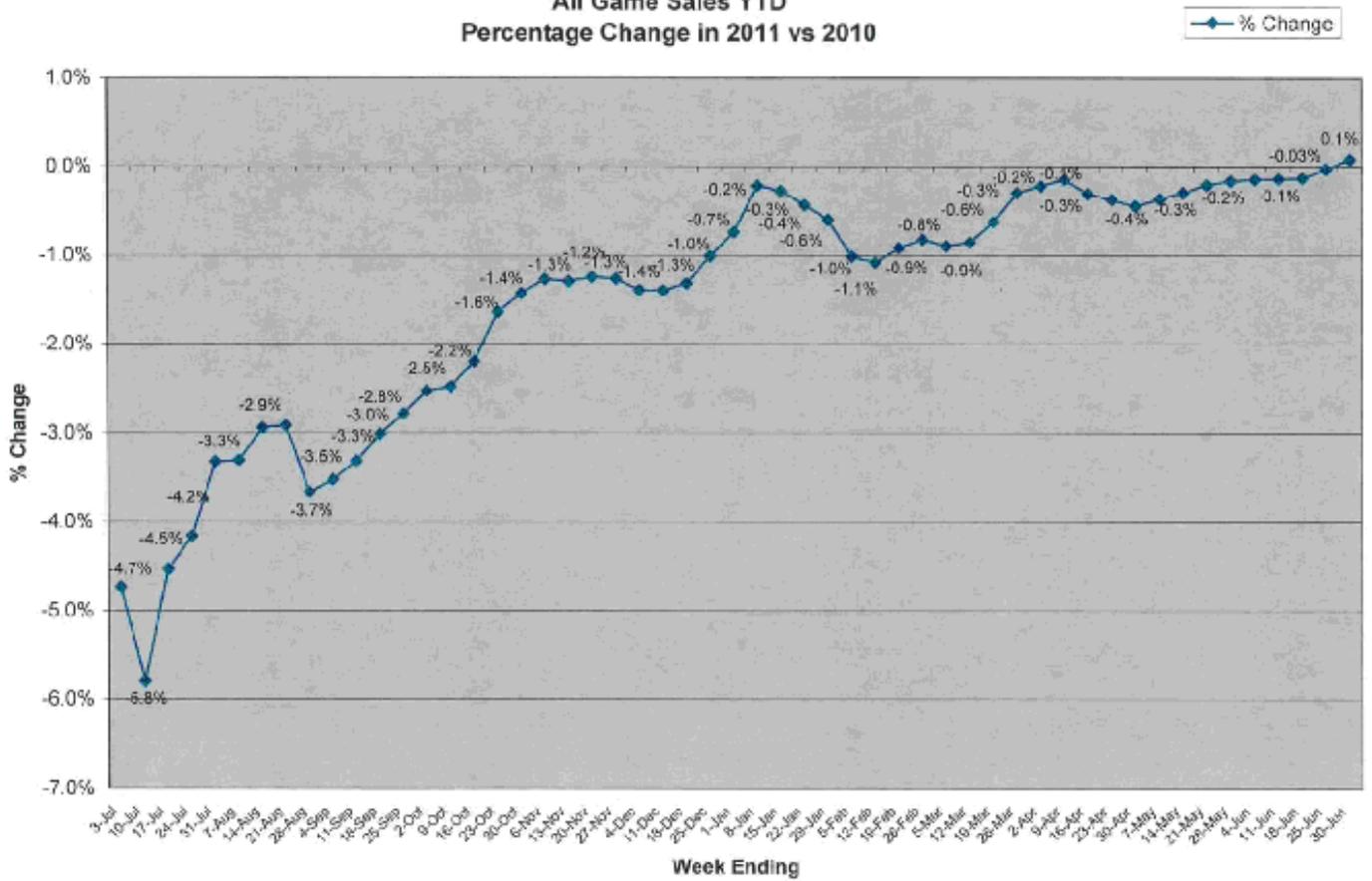
Over the coming weeks, we will be performing audit work on these year-end figures and look forward to sharing our finalized financial statement in early September. In the meantime, I am happy to answer any questions you may have about the estimated net profit figure shared above or concerning the Lottery's overall fiscal performance.

Sincerely,



Paul R. Sternburg  
Executive Director

### All Game Sales YTD Percentage Change in 2011 vs 2010



# MSLC Revenue Results \*\*\*

FY11 vs. FY10

(\$ millions)

Through June 30, 2011

Preliminary

	FY11*	% of Total	FY10**	% of Total	\$ Change	% Change
Instant Tickets	\$3,009	68%	\$3,017	68%	-\$8	-0.3%
MegaMillions	102	2%	118	3%	-17	-14.3%
Powerball (started 2/10)	61	1%	35	1%	26	72.0%
Keno	768	17%	753	17%	14	1.8%
Mass Cash	46	1%	46	1%	0	0.5%
Race Game	21	0%	19	0%	2	8.9%
Cash WinFall	34	1%	43	1%	-8	-19.5%
Numbers Game	345	8%	345	8%	-1	-0.2%
Megabucks	28	1%	32	1%	-5	-14.1%
<b>Total</b>	<b>\$4,412</b>	<b>100%</b>	<b>\$4,408</b>	<b>100%</b>	<b>\$3</b>	<b>0.1%</b>

Instant Tickets	\$3,009	68%	\$3,017	68%	-\$8	-0.3%
Online Games	\$1,403	32%	\$1,392	32%	\$11	0.8%
<b>Total</b>	<b>\$4,412</b>	<b>100%</b>	<b>\$4,408</b>	<b>100%</b>	<b>\$3</b>	<b>0.1%</b>

MM & PR	+ \$8	+ 5.0%
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\* Thursday July 1, 2010 - Thursday, June 30, 2011

\*\* Wednesday July 1, 2009 - Wednesday June 30, 2010

\*\*\* Does not include revenues from: Charity Game Tickets, Beano Taxes, Season Ticket (Lockbox) Renewals, Service Fees, License Fees, Bond Fees and Earned Interest

**MSLC Revenue and Profits**  
**For fiscal year ending June 30, 2011**

**Preliminary Estimate**  
as of 7/13/2011

	FY11	% Change vs FY10
Revenues		
Instant Games	3,008,699	-0.2%
Mega Millions	103,170	-15.3%
Powerball	60,627	70.8%
Numbers Game	344,506	-0.2%
Mass Cash	46,583	-1.8%
Keno	767,530	1.8%
CashWinFall	34,349	-7.7%
Daily Race Game	20,799	9.0%
Megabucks	28,134	-20.6%
Charity Game Tickets	1,964	-4.8%
Beano Tax (2/5)	803	-8.5%
Pull Tabs	884	-3.3%
License Fees	129	-13.3%
Bond Fees and Fines	2,018	7.6%
Service Fees	5,581	0.6%
Miscellaneous Income	32	33.3%
Interest	1,103	0.0%
	<i>Note</i>	
<b>Total Revenues</b>	<b>\$ 4,426,912</b>	0.1%
		100.0%
<b>Total Prize Expenses</b>	<b>\$ 3,198,509</b>	0.7%
		72.3%
<b>Total Agent Expenses</b>		
Commissions	220,506	5.0%
Bonuses	31,465	0.7%
<b>Total</b>	<b>251,970</b>	-2.8%
		5.7%
<b>Net Operating Revenues</b>	<b>\$ 976,433</b>	-1.3%
		22.1%
<b>Administrative Expenses</b>	<b>90,190</b>	4.6%
		2.0%
<b>Net Profit</b>	<b>\$ 886,243</b>	-1.9%
<b>Before Distributions</b>		20.0%

*Note: Revenue projections are based on preliminary game sales results and other estimated non-game revenues through 6/30/11*