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*STEVEN GROSSMAN  
Treasurer and Receiver General*

*PAUL R. STERNBURG  
Executive Director*

September 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 August 2011.

With strong sales performances in July and August coupled with a prize payout rate that was \$6 million lower than last August, the Lottery's overall net profit for the first two months of FY12 is up \$18.8 million. As I've explained in previous letters, prize payouts vary based upon the timing of player cashing activity, so this figure can fluctuate from month to month.

Overall, sales for the month of August were up \$13 million. This increase can largely be attributed to an \$11 million bump in Instant Ticket sales. Our Instant Tickets have sold very well over the course of the last several months following some tweaks to game appearance and prize offerings that are serving to reinvigorate the portfolio. We expect that Instant sales will continue to be strong in the coming weeks/months as we are soon approaching a September game release and an exciting suite of holiday-themed games in November.

Other games that performed well in August were Powerball, Keno and Mass Cash. Sales for the multi-state Powerball jackpot also saw a \$3 million increase last month because the jackpot was higher than what was offered last year. Mass Cash sales continue to benefit from the expanded draw schedule, which moved from three to seven nights-a-week to help increase Mass Cash sales by \$3 million this month.

While August sales were strong overall, there were three games that had decreases. Mega Millions, the Lottery's other multi-state game, experienced a \$2 million decrease in sales due to the game's smaller jackpot levels. However on a positive note, a Massachusetts player took home the \$32 million jackpot in the August 19<sup>th</sup> drawing. It was the first Mega Millions winner in the state since July 2004.

Other games that were down last month include Cash WinFall and the Numbers Game, which were down \$2 million and \$1 million respectively. Cash WinFall's sales decline is directly connected to the lack of a jackpot "roll down" in August, 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 believe that the dip in Numbers Game sales is due to Mass Cash's move to nightly drawings. Players are shifting to Mass Cash because of the game's higher payouts, essentially cannibalizing Numbers Game sales. While the increase in Mass Cash sales offsets the Numbers Game decrease, we plan to launch a Numbers promotion in early October to help boost figures.

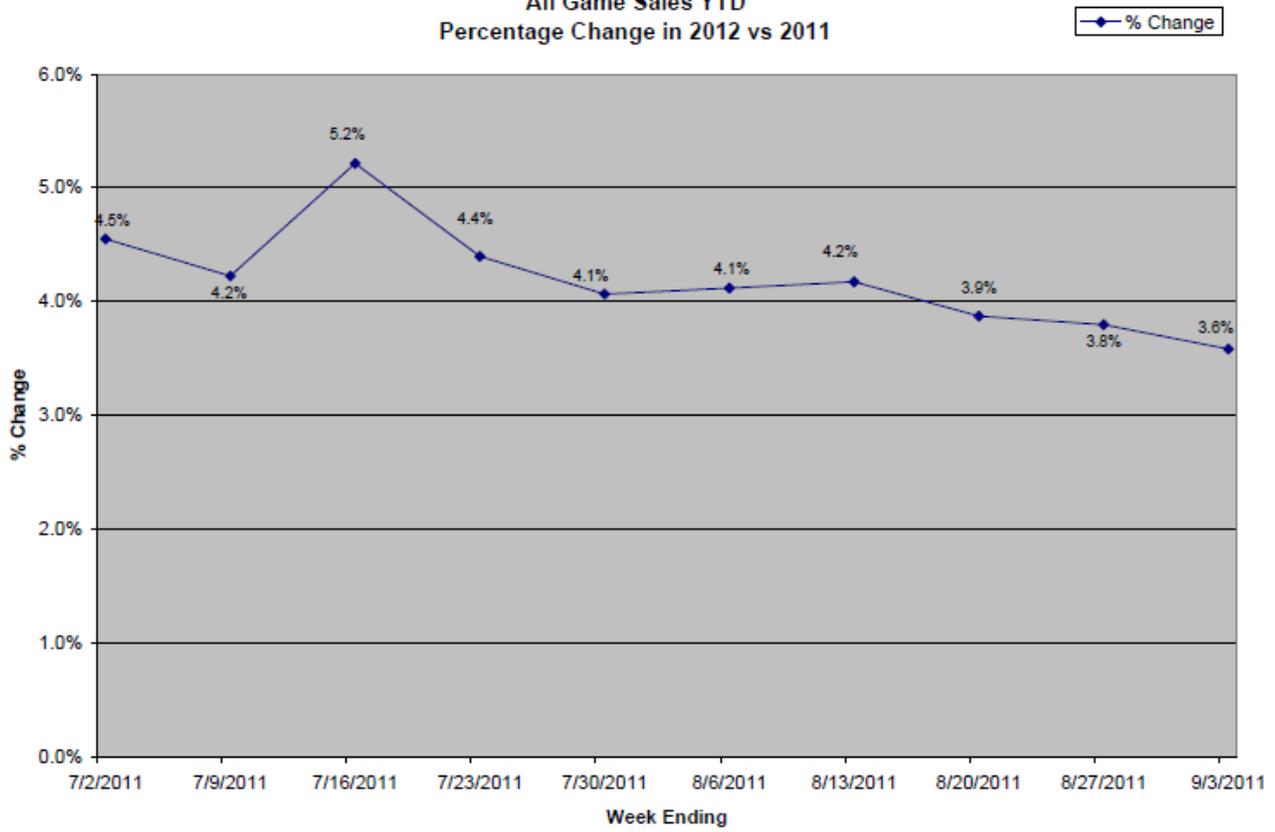
In addition to the fiscal performance charts that are routinely attached to the monthly letter, I've also enclosed a recent interview with an industry publication, *Public Gaming International*, in which I highlight some future plans for the Massachusetts Lottery and other industry issues that I wanted to share with you as well. If you have any questions about the article, or the above mentioned figures, I can be reached directly at 781-849-5500.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Sternburg', with a stylized flourish at the end.

Paul R. Sternburg  
Executive Director

All Game Sales YTD  
Percentage Change in 2012 vs 2011



## MSLC Revenue Results \*

August FY12 vs. August FY11

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
<b>Instant Tickets</b>	69.9% to 80.4%	\$291	68.7%	\$280	68.1%	\$11	3.9%
<b>MegaMillions</b>	50%	6	1.4%	8	2.0%	-2	-27.3%
<b>Powerball</b>	50%	8	1.9%	5	1.2%	3	65.8%
<b>Keno</b>	70%	73	17.2%	72	17.5%	1	1.1%
<b>Mass Cash</b>	55%	7	1.6%	4	1.0%	3	60.1%
<b>Race Game</b>	70%	2	0.5%	2	0.5%	0	9.6%
<b>Cash WinFall</b>	60%	2	0.5%	4	0.9%	-2	-46.0%
<b>Numbers Game</b>	63%	32	7.5%	33	8.0%	-1	-2.9%
<b>Megabucks</b>	55%	3	0.7%	3	0.7%	0	-1.6%
<b>Total</b>		<b>\$423</b>	<b>100.0%</b>	<b>\$411</b>	<b>100.0%</b>	<b>\$13</b>	<b>3.1%</b>
<b>Instant Tickets</b>		\$291	69.1%	\$280	68.9%	\$11	3.9%
<b>Online Games</b>		133	30.9%	131	31.1%	2	1.4%
<b>Total</b>		<b>\$423</b>	<b>100.0%</b>	<b>\$411</b>	<b>100.0%</b>	<b>\$13</b>	<b>3.1%</b>

\* As reported on MSLC Weekly Sales Report dated September 3, 2011.

# MSLC Revenue Results \*

FY12 vs. FY11

Through September 3, 2011

(\$ millions)

	Payout %	FY12	% of Total	FY11	% of Total	\$ Change	% Change
Instant Tickets	69.9% to 80.4	\$580	68.9%	\$557	68.5%	\$23	4.1%
MegaMillions	50%	13	1.5%	14	1.7%	-1	-10.4%
Powerball	50%	14	1.7%	10	1.3%	4	34.8%
Keno	70%	143	16.9%	142	17.5%	0	0.3%
Mass Cash	55%	12	1.4%	8	1.0%	4	42.7%
Race Game	70%	4	0.5%	4	0.5%	0	10.2%
Cash WinFall	60%	7	0.8%	6	0.8%	1	9.3%
Numbers Game	63%	64	7.6%	65	8.0%	-1	-1.7%
Megabucks	55%	6	0.7%	6	0.7%	0	0.9%
<b>Total</b>		<b>\$843</b>	<b>100%</b>	<b>\$813</b>	<b>100%</b>	<b>\$29</b>	<b>3.6%</b>
Instant Tickets		\$580	69%	\$557	69%	\$23	4.1%
Online Games		262	31%	256	31%	6	2.4%
<b>Total</b>		<b>\$843</b>	<b>100%</b>	<b>\$813</b>	<b>100%</b>	<b>\$29</b>	<b>3.6%</b>

\* As reported on MSLC Weekly Sales Report dated September 3, 2011, without adjustments for fiscal years.