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On the Cover:
Scientific Games President and COO Michael Chambrello; Dan and Marilyn Bower.

Departments

Industry News	2
Around the World	4
Video News	22
On the internet	23
Racino News	24
People	25
RoundUp	26



Features

- 6 International Lottery Player's Survey: Future Lottery Initiatives**
Kopel Research Group utilizes a web-based survey to see the public's perception of some of the sales concepts that Lotteries are currently and soon-to-be considering.
- 8 Scientific Games President and COO Michael Chambrello: Bringing a Greater Focus on Improved Customer Satisfaction**
PGRI interviews new Scientific Games President and COO Michael Chambrello.
- 12 EXPO/ILAC 2005 – A Great Success**
- 16 PGRI Product of the Year Awards**
Several companies were in the running for PGRI's Product of the Year honors at the EXPO/ILAC Conference in Las Vegas. Read about this years winners.
- 19 Dan Bower Receives Lifetime Achievement Award at EXPO/ILAC**
- 20 Olivetti and the Extra Gaming Transaction**
Italian Lottery terminal company Olivetti puts a great deal of focus in enabling lottery terminals to make money through transactions outside the realm of gaming.
- 21 A. Rifkin – Security through RFID Technology**
New Technology designed to minimize counterfeiting opportunities.

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Industry News



NHL Licensed Game Opportunities Return

MDI announced that U.S. lotteries, after a one-year hiatus, will again have the opportunity to drop an exciting NHL-licensed instant game and promotion into their 2005-06 product plan.

"We believe the tremendous pent-up consumer demand for the return of this venerable, fast-paced sport will carryover to lottery players who have an emotional bond with the NHL brand and its member teams," said MDI President Steve Saferin. Scarborough Research demonstrates the strong correlation between hockey fans and lottery players, with 45% of NHL fans 18+ reporting having purchased lottery tickets in the past 30 days. *"For lotteries looking for a high-profile sports theme with a ready-made audience, this is it. And there is still plenty of time to build one of these world-class games into their Fiscal Year 2006 product plan."*

The NHL formally ratified a new Collective Bargaining Agreement in July paving the way for the start of the 2005 NHL season and clearing a path for U.S. lotteries to once again offer their players instant games featuring NHL league and related member team names, nicknames, slogans, logos, emblems, insignia, colors, uniform designs and other symbols associated with the National Hockey League, including the NHL All-Star Game and the Stanley Cup.

Promotions developed under the NHL license will feature "Winner's Choice" Grand Prize NHL Experiences such as regular season ticket games, trips to see lottery players' favorite teams on the road, NHL All-Star trips and trips to NHL playoff games, as well as exciting merchandise prize packs.

California, South Dakota and Shanghai Choose Scientific Games

Scientific Games has been awarded the contract to provide the California State Lottery with instant lottery tickets and marketing services beginning July 1, 2005. Scientific Games will provide the Lottery with 75% of its instant products for a base term of four years. The contract, valued at \$33 million over the initial four-year term, contains four one-year options to extend.

Scientific Games was also awarded two contracts from the Shanghai Welfare Lottery Issuing Center (SWLIC). The two contracts have a combined valued of \$40 million over ten years. Under the new online lottery agreement, Scientific Games will maintain SWLIC's online lottery software and supply 4,000 new online lottery terminals. Under the first agreement, Scientific Games will supply keno game software and provide 1,000 keno terminals. Of the 4,000 online lottery terminals Scientific Games is providing under the second agreement, 2,100 represent an expansion of the current network while the remaining 1,900 terminals will upgrade older machines. The 1,000 keno terminals will be installed at new retailers who sell only keno games. Both contracts commence July 1, 2005.

The South Dakota Lottery has also awarded Scientific Games a two-year instant ticket and related services contract valued at \$1.0 million. The agreement also contains 3 one-year options to renew.

JCM, Betson Imperial Combine Forces to Create Supplier Powerhouse

JCM American Corporation and Betson Imperial have joined forces

to create a powerhouse network for automated transaction products. Under the agreement, Betson Imperial will sell, distribute and service JCM products, touching all markets the companies do business in, including the

amusement, gaming, lottery and vending industries. Under the agreement, which takes effect immediately, Betson Imperial will sell, distribute and service all JCM vending products.

Intralot Acquires Polish Betting Company, Launches System in Nigeria

Intralot obtained the control of Totolotek, a company that manages and operates Fixed-Odds Sports Betting in Poland. Totolotek has a network of about 400 agencies.

In related news, Intralot provided the technology for the successful launching of the Lagos State Lottery by the official operator, Orion Technologies Nigeria Ltd. The system started operation on July 13th. The whole network covers 600 terminals of mobile technology, with LOTOS central system as a base platform, provided, implemented and supported by INTRALOT. The new system supports the integration of new games and alternative distribution networks, including fixed and mobile telephony, Internet and digital TV.

GTECH Chosen by France, Ohio, Announces Joint Venture with Veikkaus Oy

GTECH has signed a product sale agreement with La Francaise Des Jeux (FDJ), to provide new ITVMs. Additionally, the Company signed a separate agreement with FDJ to provide ITVM repair services over an initial term of six years. Under the product sale agreement, GTECH will provide FDJ with a minimum of 575 Expandable Dispensing System Quad Burster™ (EDS-Q) ITVMs.

GTECH also signed a two-year contract extension with the Ohio Lottery Commission to continue its role as the provider of an online/instant lottery central system and related services. In addition, the Lottery signed a separate two-year extension with GTECH for the lease of ITVMs. Both extensions will commence on July 1, 2005, and can be extended for an additional two years at the option of the Lottery.

Finally, GTECH has entered into a joint venture agreement with Veikkaus Oy to develop and market innovative new games and solutions for the lottery and gaming industries. The primary focus of the joint venture is the development of government-sponsored games and solutions over expanding interactive channels such as Internet, mobile telephony, and interactive television, with a main emphasis on sports betting. GTECH will hold an 81 percent equity stake in the joint venture, with the remaining 19 percent held by Veikkaus. The joint venture will be located in Finland, and initially staffed by Veikkaus personnel.

Danish Lottery Chooses Szrek2Solutions

Szrek2Solutions LLC announced the signing of a license and services agreement with the Danish Lottery, Dansk Tilstjenereste, calling for the implementation of Trusted Play™. Trusted Play™ will be used to generate the bet outcomes for instant lottery games offered by Dansk Tilstjenereste to lottery players in Denmark over its existing internet platform. ♣

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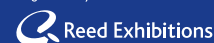
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Australia

Sales of Lotto, Scratch'n'Win tickets, Cash 3 and Soccer Pools totaled \$520.1 million; an increase of \$15.1 million over sales in 2003/04 for Australia's Lotterywest.

During the year Lotterywest distributed a record \$162 million to the Western Australian community; \$10 million more than the previous year.

NSW Lotteries made changes to its \$5 Jackpot Lottery 595 that should increase the average jackpot from \$4.05 million to \$7.12 million; The minimum guaranteed Jackpot will be \$1,000,000 (currently \$750,000); The Jackpot will increase by \$170,000 each draw the Jackpot is not won (currently increases by \$100,000); and The number of tickets in each lottery will increase from 140,000 to 160,000. The odds of winning a prize in a \$5 Jackpot Lottery will be approximately 1 in 13 (currently 1 in 11). The odds of winning the Jackpot with a single ticket will be approximately 1 in 5,963,000 (currently approximately 1 in 4,565,000). The cost of entry will increase to \$5.30 (including 30 cents agent's commission).

China

OFEX-traded online football betting specialist Betex Group has won a contract to co-manage the state sports lottery of the Chinese province of Guizhou. Dr Johnny Hon, the Cambridge psychiatry graduate-turned financier who runs Betex, says the Guizhou deal will enable the company to modernize and multiply the use of the Guizhou lottery.

Dominican Republic

Oberthur Gaming is pleased to announce that the Lotería Nacional de la República Dominicana and its agent CONAFRA have decided to extend until 2013 their exclusive printing contract that was originally signed in 1997 with Oberthur.

Finland

Veikkaus will introduce age limits to all its games by September 1, 2005. The general age limit for buying Veikkaus' games will be 15 years, whereas the age limit for playing via the electronic channels, for example on the Internet, will be 18 years. The reason for introducing two different age limits is that the sales channels are different in nature. The age limit for playing at retail outlets will be 15 years, since the control at the retail outlets is stricter than with the electronic channels. At retail outlets, players always submit their game entries directly to a sales clerk. The age limit for playing through the electronic channels will be 18 years, since it is more difficult for the parents to control their children's playing there, and the social control is not as strict as with the traditional retail outlets. Further, games with high event frequency are played more through the electronic channels than at retail outlets.

Greece

Greece will soon reintroduce the Xysto instant lottery game. It is hoped that state revenue will be boosted by Euro 95 million (US \$113 million) a year through the scratch card game. No starting date was given. The state lottery division will manage the game.

Iceland

Islensk Getspa announced that the largest system conversion in Iceland's history was successfully launched on July 5th, 2005. In six months Scientific Games designed and implemented a new modern and technologically advanced online gaming system that will run over the seven-year life of the

contract. The system in Iceland comprises over 300 new EXTREMA® terminals and an integrated central system with advanced software specifically for Iceland. A future project phase will add over 130 new STAN® terminals that will allow customer self-service play of online games as well as real-time credit card processing from the terminals.

Italy

The Boards of Directors of Lottomatica S.p.A., FinEuroGames S.p.A. and Newgames S.p.A. approved the planned merger by incorporation of Lottomatica S.p.A. and FinEuroGames S.p.A. into Newgames S.p.A.. The three companies mentioned above are all owned by De Agostini S.p.A.. Lottomatica is the group company active in the games and services sector currently owned by FinEuroGames S.p.A.. wholly owned by De Agostini S.p.A.. The latter was contributed into Newgames S.p.A. on July 14 following an appropriate capital increase resolved upon by Newgames itself. The merger plan approved has as the purpose to simplify the control of Lottomatica through the elimination of intermediate levels between the reference shareholder, De Agostini S.p.A., and Lottomatica S.p.A., and, for the De Agostini Group, the creation of a single company collecting all the activities in the games and services sector, which will enable more direct planning and achievement of strategic objectives and development plans. The merger will also allow the strengthening of Lottomatica Group's financial structure. The merger can be summarised as follows: Lottomatica and FinEuroGames will be simultaneously merged by incorporation into Newgames; Newgames shares will be listed on the Italian stock Exchange, managed by Borsa Italiana, with effect from the effective date of the merger.

Jamaica

For the first time since its inception in 1975, the Jamaican Betting, Gaming & Lotteries Commission has contracted with a private testing laboratory to help the Commission oversee the country's estimated 1,300 slot gaming machines and to prepare for the introduction of gross profits taxation on gaming in the island. The Commission selected Gaming Laboratories International to complete a full software and hardware audit of Jamaica's current game inventory and to train Commission staff and machine inspectors.

New Zealand

New Zealand Lotteries Keno players had the chance to win one of 20 Warriors supporter packs in the first ever non-cash prize promotion for Keno. Each pack consisted of a Sony 32" FD Trinitron widescreen WEGA TV, a one year Sky Digital subscription and a signed Warriors jersey. To enter players had to buy a Keno ticket between Sunday, June 19 and Saturday, July 9.

Nigeria

Lagos Lotto began selling tickets from about 600 outlets spread across all the local government areas of the State on Wednesday, July 13, after State Governor Bola Tinubu officially launched the lottery on Saturday July 9. The official launch was followed by mini-launches in Lagos Island, Satellite Town and Ikeja where huge crowds witnessed the various launches. Lagos lotto will use a 6 from 36 matrix. There are five prize divisions, the jackpot and Divisions 1, 2, 3, 4, and 5. Division 5, where the majority of the winners will emerge, will take over 50% of the prize money while the jackpot will take around 20 percent.

Pakistan

EssNet has supplied an ELOS system to Comset Services International, for the online sale and administration of the 'Hero Card', a pick 6 out of 49 collector's scheme in Pakistan. The Hero Card, a project of the Pakistan Sports Trust is a new concept. A draw is performed once a week live on TV and those who have picked 3 to 6 of the drawn

numbers win prizes. Initially, the system will include a network of 2,000 terminals, connected online to the ELOS system. If the Hero Card proves successful, the number of terminals may grow to 20,000 in the next few years.

The Philippines

The Philippine Charity Sweepstakes Office (PCSO) announced plans to implement a pilot program called 'Loterya ng Bayan' to "provide legitimate employment to jueteng cobradores and cabos" (operators and collectors) displaced by the nationwide crackdown on the popular illegal numbers game. Arnel Casas, assistant department manager of the online lottery division of the PCSO, said that the Loterya ng Bayan would be similar to jueteng. He could not explain, however, how Lazatin's proposal differed from the Loterya ng Bayan.

Singapore

Singapore Pools introduced PoolzConnect, a phone service for football betting. The current criteria for Singapore citizens and permanent citizens interested to use PoolzConnect service are that they must be at least 21 years of age and be able to set aside a sum of S\$5,000 in a designated bank account. PoolzConnect customers are required to place a minimum bet amount of \$50 per call.

Spain

Organización Nacional de Ciegos Españoles (ONCE) is to launch Spain's first ever scratchcard lottery game. Under the terms of the agreement, ONCE will be able to generate sales of up to 600 million euros from its scratchcard game. The agreement will also lead to the government providing the association with subsidies, and has resulted in ONCE committing to creating 16,000 jobs and carrying out 32,000 training activities for people with disabilities by 2011.

Swaziland

Auction Alliance will reportedly auction the Swaziland National Lottery license currently held by Afrilotto. The license, which is valid for 15 years, is for a fully operational electronic online lottery system consisting of 75 terminals, installed at operational retailers, a sophisticated data centre and digital communications network as well as a narrow-band frequency license. The license is tax free, although the company that wins the auction will have to contribute 10% to charity work carried out by the government. There is also the option of selling tickets via the Internet. The buyer will take over a fully operational lottery system, data centre, network and terminals. Trained management and staff are in place.

Sweden

The Svenska Spel group reports higher sales but less revenue for the first half year of 2005. Sales were up by approx 1% from 9,805 to 9,888 MSEK. The prizes for the winners, however, increased by 155 MSEK due to the players' preference for games with high payout e.g. Oddset and VLTs. This meant that revenue was down by approx.2% from 2,356 MSEK to 2,304 MSEK. Sales at traditional outlets were down but this was compensated by an increase from 357 to 481 MSEK ((51 M) over the Internet and mobile phones (up 35%).

Thailand

Thailand's Government Lottery Office says it wants an online-lottery system to be in place by March 16, 2006. The Lottery is in the process of finalizing a deal with Loxley GTECH that would have the company installing 12,000 online terminals across the country in exchange for no greater than 2.4 percent of annual sales.

UK

With London and the UK emerging triumphant in the thrilling race to host the 2012 Olympic Games and Paralympic Games, National Lottery operator Camelot Group plc has revealed the first stage of its plans to help fund the events. For stage one, the Lottery launched a new scratchcard, Go For Gold, on Wednesday July 27. The National Lottery will contribute up to £1.5 billion to the cost of staging the London 2012 Games. Subject to approval by the National Lottery Commission and the International Olympic Committee, the portfolio of lottery games is likely to include a new draw-based game which Camelot aims to launch in 2006, one-off event games based around special occasions connected to Team GB, a series of scratchcards and interactive instant win games. Camelot is also exploring opportunities for London 2012-themed television game shows linked to scratchcards or draw based games. ♦

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International Lottery Player's Survey

Future Lottery Initiatives

By Phil Kopel, President Kopel Research Group, Inc.



Typically, Lottery players purchase Lottery tickets as an impulse buy or as a planned Lottery game purchase prior to a drawing. The primary method of purchase is when a consumer visits their local Lottery retailer.

As Lotteries look to grow their revenue base, they are considering selling Lottery games using new methods and are looking at new types of sales locations.

This survey looks to our International Web-based Survey Panel for their perception about some of the sales concepts that Lotteries are currently and soon-to-be considering.

Subscription via Website

There are currently some subscription programs available via mail. However, Lotteries are not yet offering subscription programs via a credit card on their websites.

Respondents were asked how much interest they would have in subscribing to their favorite "drawing" game for 6 months or 1 year in advance with their credit card on the Internet. Overall 38% of respondents expressed at least some interest in subscribing to drawing games in advance on the Internet.

- Chart 1 shows that the level of those that have at least some interest increases from about 27% of light players (spend \$1-\$4 per month) to 45% of heavy players (spend \$20 or more per month).

Package Pricing

Lottery research indicates that Lottery players have a propensity to play certain combinations of games together. Although packaging them together might create an up-sell opportunity, few lotteries have created such programs.

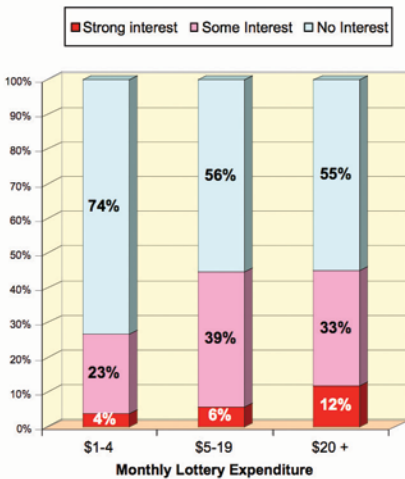


Chart 1: If Lottery sold 6 month and 1 year "Drawing Subscription" via Lottery Website

Respondents were asked how much interest they would have in buying several different games at one time if the Lottery offered a package price.

Overall more than 50% of respondents say they have at least some interest in taking advantage of a package price if it was offered by their Lottery. The level of success for such a program, of course, would be affected by the Lottery packaging the appropriate games together.

- Chart 2 shows that the level of interest increases significantly from 43% of light players to 68% of heavy players.

Lotto Card

Respondents were presented with the concept of a "Lotto Card" for a large jackpot game that has "quick pick" numbers already printed on it. The Lottery player would be able to buy it at stores that currently do not sell the Lottery, like any other product. They can activate it by telephone when they want to use it. For example, they may buy it in advance but wait to activate it for when the jackpot is large to avoid long lines.

Overall almost 2/3 of respondents say they have an interest in buying such a product for themselves or as a gift if it was offered by their Lottery.

Overall almost 2/3 of respondents say they have an interest in buying such a product for themselves or as a gift if it was offered by their Lottery.

- Chart 3 shows that those having at least some interest in this product increases from 52% of light players to 69% of heavy players.

Interactive Casino Game

There are several Lottery vendors developing Interactive Internet games that can be played as part of a Lottery game offering.

Overall almost 50% of respondents say they have an interest in playing interactive casino type games on a Lottery's website.

- Chart 4 shows that those having at least some interest in this type of product increases from 35% of light players to 56% of heavy players.

Sell Lottery Games from Website

Perhaps the most controversial decision for the Lotteries in the next couple of years is whether they can and should sell Lottery games directly from their websites.

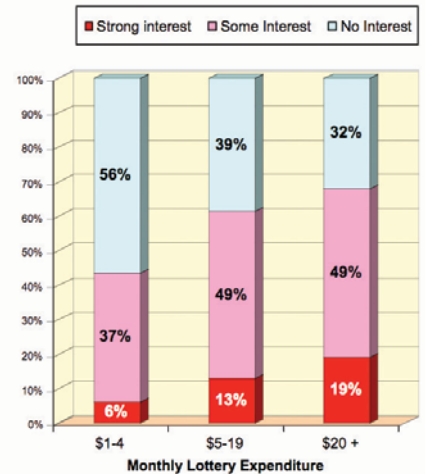


Chart 2: If Lottery offered "package pricing" for buying several games together.

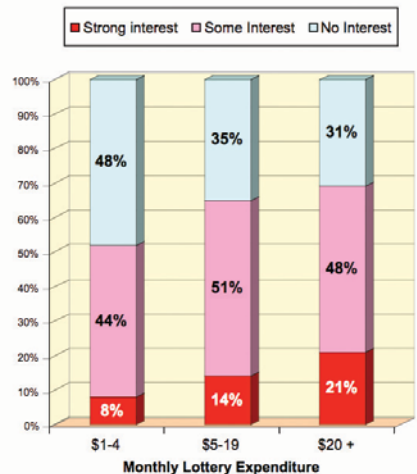


Chart 3: If Lottery offered pre-paid "Lotto Card"

- Chart 5 shows how respondents feel about it.
 - As many as 38% of light players, 48% of moderate players and 52% of heavy players are in favor of Lotteries selling Lottery games from their websites.
 - However there is also a large group that has not made up their mind. As many as 45% of light players, 39% of moderate players and 34% of heavy players are not sure if they are in favor of Lotteries selling Lottery games from their websites.
 - Conversely, only 17% of light players, 13% of moderate players and 14% of heavy players do not favor lotteries selling Lottery games from their websites.

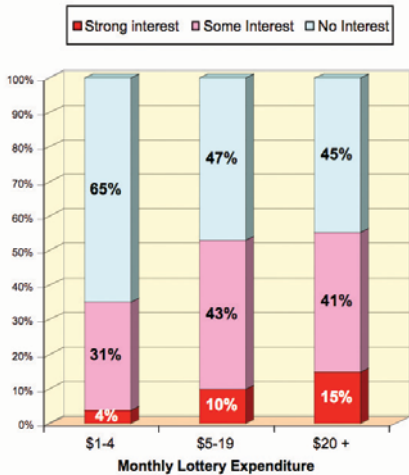


Chart 4: Level of interest in playing casino game on Lottery website.

Summary

As Lotteries look for ways to incrementally increase their revenues, many of these concepts will create opportunities to maximize game interest among existing players. In addition, these concepts could provide innovative approaches to improve reach to tangential players. ♦

The Author: Philip Kopel, President, founded Kopel Research Group, Inc. www.kopel.com in 1989. Phil has managed a diverse variety of research projects for many lotteries throughout the United States and Internationally. The company provides comprehensive lottery market research solutions including; benchmark studies, research panel management, game design concept analysis, player segmentation analysis, game mix optimization, sales forecasting and retail agent feedback and satisfaction analysis.

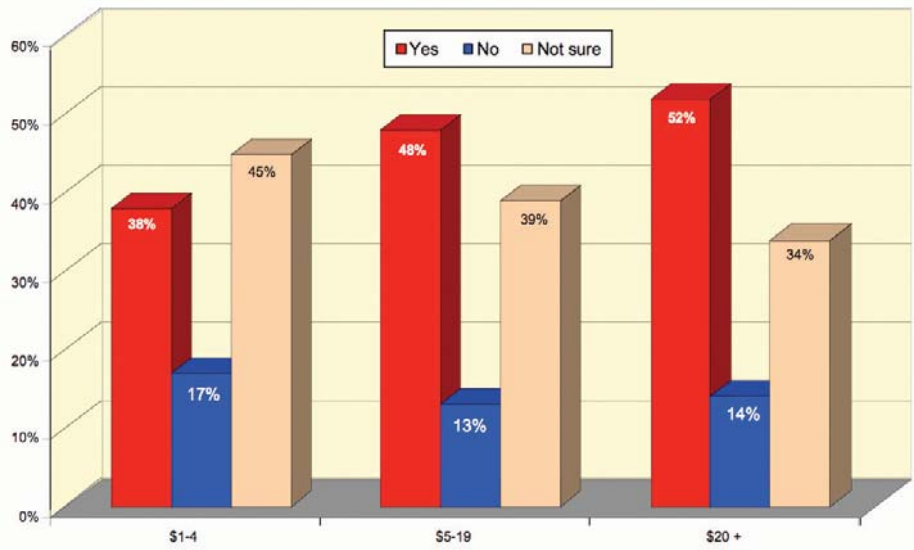


Chart 5: Should Lotteries be able to sell Lottery games directly from their websites?

For information about the demographic and lottery play distribution of the International Lottery Research Panel please see the April edition of Public Gaming



Are You Still On The Button*?

Several Lotteries have introduced WPT games to date, with many more in development. Get in the action!

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* Burton: A white, disc shaped object that moves clockwise around the table & indicates where the action begins.





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• OUR TWENTIETH YEAR •

 A SCIENTIFIC GAMES COMPANY

Scientific Games President and COO Michael Chambrello: Bringing a Greater Focus on Improved Customer Satisfaction

In late June 2005, Scientific Games announced that Michael Chambrello would be named president and chief operating officer of the Company. The move, which was intended to broaden the Company's management team, would bring in the former president of GTECH's Lottery Group to work side by side with Scientific Games' Chairman and CEO Lorne Weil and run the day-to-day operations of the Company. Public Gaming International magazine's publisher, Duane Burke and editor, Todd Koeppen, recently had the opportunity to talk with Mr. Chambrello about his new position and the changes he would like to bring to Scientific Games.

Public Gaming International (PGI): *Where will you be headquartered?*

Michael Chambrello (MC): I will be spending some of my time in New York at our corporate headquarters, the vast majority of my time in Alpharetta at our primary base of operations, and I will spend a significant amount of time on the road visiting with customers, prospective customers and certainly Scientific Games employees around North America and the world.

PGI: *I know that your customers are going to appreciate the face-to-face time.*

MC: I've had the opportunity to visit with a number of customers in my short time with the Company and I have a very full six weeks of customer visits leading up to NASPL. I'm really excited about that. To me

the business is in the field with our customers and with Scientific Games people who work with our customers, their retailers and ultimately the public.

PGI: *What are your customers saying? What kind of feedback are you getting?*

MC: I've met with three or four at this point. Generally the feedback has been very positive, both to Scientific Games and the work and growth the Company has achieved over the last four or five years. I was also pleased to see a general acceptance of my return to the industry and a recognition that I care about customer needs and will work very hard to ensure that Scientific Games continues to be well positioned to address them. I won't say that I've got my arms around everything yet,



Michael R. Chambrello

Michael R. Chambrello is an experienced senior executive with a highly successful track record across a broad range of business including operations management, sales, customer service, government affairs and business unit management. His real world approach to solving complex business issues have proved particularly successful.

Prior to joining Scientific Games, Chambrello was President and CEO of Environmental Systems Products Holdings, Inc., the industry leader in providing convenient vehicle emissions testing system and service solutions to government agencies. Chambrello is also the former CEO of Transmedia Asia Pacific, Inc. and Transmedia Europe, Inc. – companies that provide customized membership and co-branded affinity programs to businesses worldwide. He has also held the positions as President of GTECH Corporation and Executive Vice President of GTECH Holdings Corporation. In his almost 20-year career at GTECH, revenue grew from \$1 million to nearly \$1 billion.

Mr. Chambrello is on the Board of Directors of Environmental Systems Products and has served as a board member of various public and private high-technology companies and not-for-profit organizations.

He earned a BS in Economics from Southern Connecticut State University and attended Graduate School at the American University's Kogod College of Business. He resides in Plantsville, Connecticut with his wife and four children. ♣

but I'm well on the road to feeling comfortable with where the Company is and where I can be of help in creating an even more dynamic Scientific Games.

PGI: *What are your initial challenges?*

MC: Like any new position, my initial challenge was just getting my arms around the breadth and scope of the product and service offerings over such a wide range of businesses within the Company. I also came aboard in the middle of three, or four, or five major procurement opportunities – thrown right into the fire with proposal activity, pricing activity, understanding current market conditions and things of that nature. Fortunately, given my background in the lottery business and the support of Lorne and other members of the senior management team, the transition over the last thirty days has been pretty smooth

PGI: *What are your initial goals for both yourself and for the company?*

MC: I'm fortunate to be coming into a great situation. The Company has a strong foundation for growth, and seemingly every day a new market opportunity appears. But as I mentioned before, one of my goals is to provide even greater focus on improved customer service and satisfaction. The company has grown dramatically over the last few years and I think one of my strengths is in driving improvement in operating efficiencies and implementing consistent application of best practices across all of our programs. With that I think Scientific Games will be even better positioned to continue expansion and growth in our target markets while ensuring an even higher level of customer satisfaction.

PGI: *Do you see areas where Scientific Games can better serve its customers?*

MC: There are always ways to improve and we need to continue to raise the bar. I think one of the things we can do is to do a better job of listening to our customers. We need to better understand what they really need in the form of products and services. We need to better understand their unique environments, not only in North America but around the world where the markets and requirements are very often different. I think it comes to recognizing the individual needs of each customer and then having a consistent application of high quality service for all customers, across all our programs and product lines.

PGI: *Scientific Games has been buying other companies. Will this continue and if so what are the objectives?*

MC: It's certainly possible because we're always going to consider companies that offer value to our customers and to our shareholders. It's one of the ways that Lorne and the management team have helped grow and position the Company. If a company comes to our attention and it can supplement our existing base or can provide a vehicle to expand or improve our existing businesses, we'll certainly consider it.

PGI: *What business philosophies do you bring to your new position?*

MC: Pretty simply put, all of our business activities need to be formed and carried out with the highest level of integrity. It's key in any endeavor and certainly critical in an environment like ours, which is highly regulated and very visible. Trust is really the key.

On more of a day-to-day operating basis, I encourage open and honest communication at all levels of the company, with our customers, employees and other stakeholders. The more open we are, the more we will listen, the more we will hear, and ultimately the better we will perform – internally as well as externally. I also believe that different points of view and points of contention are healthy if we are truly challenging ourselves to improve and move to the next level. As long as that sort of challenge and debate is handled with a high degree of professionalism and mutual respect, I think that's a real driver to improvement.

PGI: *What are the major growth areas for the company?*

MC: One of the things that interested me the most in my initial discussions with Lorne,



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and certainly prior to joining Scientific Games, is that there were a tremendous number of growth opportunities. Working with our lottery customers here in North America, there certainly will continue to be great organic growth in the instant ticket business as well as with Cooperative Services, which provides great value to our customers. We also will increasingly see growth in online gaming, domestically and internationally. If you combine instant ticket production, Cooperative Services and online opportunities in North America, Asia, Europe, Latin America, South America and other emerging markets, there is a tremendous amount of opportunity out there and I'm very excited by it.

PGI: *How do you see new products as being important growth elements? Do you see any realignment over time of the importance of scratch-off tickets in the bigger picture?*

MC: Scratch-off tickets have had a great growth story over the years. One of the things that I think is going to be critical to the industry is our continued ability to develop new products that will increase our distribution channels and increase the user-friendliness of the products that we have.

PGI: *With regard to a specific product, the Electronic Game Card that you have started in Iowa looks very promising and I wonder if the company has done a global assessment of its prospect yet?*

MC: We are in the process of assessing that product in Iowa and we're very pleased with initial results. We're also in discussions with a couple other jurisdictions as well, but I can't comment specifically. Generally, it has been well received. It is definitely a promising product – to a large degree because of its ease of distribution and use, and because it's a product that's different, more interactive, and more entertaining to play over a little longer period of time. I think we're off to a great start in Iowa, but it doesn't mean we stop there. We will continue to develop this product and next generation products along that line.

PGI: *How will responsibilities be split between you and Lorne Weil?*

MC: Very clearly, Lorne has done a great job of putting together and growing the Company, and he will remain the key strategist and driver of corporate development. He has tremendous vision and has been the driving force behind the success of Scientific Games. As the Company has grown over the last few years, Lorne has recognized a need for additional support and infrastructure. He has brought me in with the primary responsibility of running the day-to-day operations. The last thirty days or so have demonstrated that he and I will work closely together in all areas of the company to drive toward improved customer satisfaction, growth, new product development and expansion.

PGI: *I can anticipate that Lorne is going to benefit, and the company is going to benefit, from all this added customer contact that you're going to bring to the table so that when you're doing your long range planning you'll have some added foundation for it.*

MC: I agree with that 100 percent. The company has grown to a size where we do need to be a little more process oriented, a little more disciplined in our communication and our approach to new product development. This combined with Lorne's vision and his continuing help to drive the company is a win-win situation.

PGI: *Sometimes companies find that over time it makes sense for them to spin some portions of their company's subsidiaries off into separate public companies. Is there anything you can talk about in that respect?*

MC: There isn't at this point in time.

PGI: *Do you plan to reorganize the company?*

MC: I'm a firm believer that any organization is a living, breathing entity. If you're not changing and evolving on a regular basis then you're becoming stagnant. I also believe in the old adage "if it's not broke, don't fix it." However, I will be taking a good, hard look at how we're organized and structured, not only to address and convert new business opportunities but to ensure that we do have the infrastructure in place to support those opportunities and most importantly our existing customer base. I think we'll certainly add some support in those areas.

PGI: *There seems to be a lot of untapped potential in terms of adding more products in developing countries.*

MC: I agree, not only from an online perspective but certainly from an instant ticket perspective. If you look at the sales per capita and the penetration, or rather the lack of penetration, in so many of the emerging markets, I was a bit surprised and very much encouraged about the opportunities particularly on the instant ticket front. Scientific Games has such great creativity and an ongoing focus on games and new game development that this is a fantastic avenue for us to pursue.

PGI: *Where would you like to see the company five years from now in terms of revenues, stock price, market shares, markets, products?*

MC: Certainly we want to and will continue to be a growth company and develop new products, open untapped markets, etc., but to get into the specifics at this time would be premature on my part.

PGI: *What is working especially well at Scientific Games and what do you see as needing to be changed?*

MC: Clearly there are an awful lot of things that are working very well at Scientific Games. We've experienced tremendous growth. The creative drive and energy I see here is extremely impressive, and the spirit and enthusiasm of the people of Scientific Games is an absolute strength. The instant ticket manufacturing process, our flexibility and ability to meet customers' requirements in the very short term is something that is just going very well. I also think the Cooperative Services business is a value-added service that benefits everyone, and that is going especially well. Our continued expansion and growth in the online business is encouraging. That's one of the areas that I have a lot of hands-on experience in and will be able to provide solid guidance to propel growth.

What do we need to do better? We need to continue to increase the flexibility of our technology, architecture and platform. We need continued focus on improved operating execution, consistent application of best practices, and continued attention to detail in all of our activities. And finally, you can never have too much focus on your customers and their needs. ♣

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EXPO/ILAC 2005 – A Great Success

Public Gaming Research Institute is pleased to announce that EXPO/ILAC 2005, held July 11-14 at the Bellagio Hotel and Casino in Las Vegas was a big success. Over 200 representatives from 30 countries representing over 80 organizations took part in the conference.

Conference highlights included Dan Bower receiving the Major Peter J. O'Connell Lottery Lifetime Achievement Award (see page 19), 2005 inductees to the Lottery Hall of Fame (see sidebar), the Product of the Year Awards (see pages 16-18), and the Top Ten Lottery Television Ads Awards (see sidebar).

PGRI would like to thank the following EXPO/ILAC 2005 speakers (in order of appearance):

Dr. Ed Stanek, CEO & President, Iowa Lottery Authority; Dan Bower, Chairman, Telecom Game Factory; Michael Frick, VP Marketing, Lottery Dynamics; Arch Gleason, President & CEO, Kentucky Lottery Corporation; Jim Homes, Executive VP, Cadillac Jack; Kevin Johnson, Director of Marketing & Communications, DC Lottery; Chuck Kline, VP Marketing, MDI; Rebecca Paul, CEO, Tennessee Education Lottery Corporation; Steve Saferin, President, Scientific Games Ventures and MDI; Budd Libby, President, Telecom Game Factory; Patrick Watson, CEO, Splashdot; Andrew Chiesa, Trade Communication Manager, Olivetti; Tim Shafer, Product Manager, Online Games, Michigan Lottery; Michael Ilczynski, Tabcorp; Pam Lee, Regional Director, Scientific Games; Robert Vazquez, Director of Business Development & Operations, GTECH; Enrique Aparicio, General Secretary, Sistemas Tecnicos de Loterias, Espana; William Baez, Manager, Loteria Nacional, Nicaragua; Mauricio Chavarria, President, Loteria Nacional, El Salvador; Omar Chen, General Manager, Loteria Nacional de Panama; Carolina Coronado, General Coordinator, Loteria de Caracas, Venezuela; Fernando Desentis, Director, Loteria de Occidente, Mexico; Dra. Gloria Giraldo, President, ETESA, Colombia; Carlos Lacayo, President, Loteria Nacional, Nicaragua; Plinio Machado, Director Comercial, Trust Impresores de Seguranca Ltda., Brasil; Dra. Luz Marina Restrepo, Manager, Loteria de Cundinamarca, Colombia; Carlos Page, President, Inst. Provincial Regional de Apuestas, Tierra del Fuego IPRA, Argentina; Dr. Armando Pueyo, Manager, Caja Social de San Luis Argentina; Dr. Fabio Villa, Manager, Loteria de Bogota, Colombia; Deborah Grant, Taxpayer Advocate, IRS; Betty McNeal, UNLV International Gaming Institute; John Samony, VP Business Development, A. Rifkin; Tom Hofts, Senior Account Manager, Creative Games; Michelle Rhodes, Regional Marketing Director, GTECH; Maurizio Bertolotti, Marketing Manager, Olivetti; Burbank Herndon, VP Retail Solutions, Scientific Games; Don Tigner, Vice President, Take-A-Ticket. ♣

Lottery Industry Hall of Fame Inductees

Ralph Batch

Daniel Bower

Doris & Duane Burke*

Gordon Graves

John Koza

Jean-Marc Lafaille

Lothar Lammers

Victor Markowicz

Tim Nyman

Rebecca Paul

Ed Powers

Steve Saferin

Guy Simonis

Guy Snowden

Edward Stanek

Cal Tigner

Lorne Weil

*Chosen by other inductees ♣

Top Ten Lottery TV Ads

Loteria de Caracas
(Venezuela)

Loteria Nacional de
Beneficencia de El Salvador

Loteria Santa Lucia
(Guatemala)

Mifal Hapayis (Israel)

Michigan Lottery (U.S.)

Minas de Gerais (

Loteria Nacional de
Beneficencia (Panama)

Loteria do Estado do Rio de
Janeiro (Brazil)

Tennessee Education Lottery
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EXPO/ILAC 2005 – A Great Success

Photo Captions:

1. Iowa Lottery CEO Ed Stanek receives his Lottery Industry Hall of Fame Award.
2. Many lotteries from many countries sent representatives to EXPO/ILAC.
3. The group from I.P.R.A. (Argentina) spends a night on the town
4. PGRI CEO Duane Burke
5. A full house
6. Olivetti's Maurizio Bertolotti, Splashdot's Patrick Watson, Szrek2Solutions Irena Szrek, and Olivetti's Gerardo Anglada
7. Telecom Game Factory President Budd Libby
8. JCM's Mark Hutchinson, Creative Game's Tom Hofts, and MDI's Steve Saferin.
9. Dr. John Koza, Doris Burke, Marilyn and Dan Bower and Duane Burke.
10. (L to R) D.C. Lottery's Kevin Johnson, Lottery Dynamic's Michael Frick, and Olivetti's Andrew Chieza.
11. PGRI's Phyllis Jason, Paul Jason and Raquel Orbezo.
12. MDI's Linda Saferin presents PGRI's Doris Burke with an award.
13. Splashdot's Patrick Watson (right) gave away an iPod Shuffle in a drawing at the end of the conference. The winner was Dr. Armando Pueyo, General Manager of the Loteria de San Luis, Argentina.
14. Creative Games' booth in action.
15. Dra. Gloria Giraldo, Presidente, ETESA (Colombia).
16. Mifal Hapayis' (Israel) Rony Cohen, Shimon Katznelson and Saul Sotnik.
17. Plinio Machado, Director Comercial, Trust Impresores de Seguranca Ltda., Brasil
18. Representatives from Caja Soc. de San Luis, and I.P.R.A. (Argentina).
19. Graves Management/Aces Wired CEO Gordon Graves accepts his Lottery Industry Hall of Fame Award.
20. The Olivetti booth in action. ♣



1



2



6



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PGRI Product of the Year Awards

At EXPO/ILAC 2005, Public Gaming Research Institute (PGRI) launched the first of what it expects to be many Product of the Year Award ceremonies.

To qualify for a Lottery Product of the Year, a product must be new but in operation in at least one jurisdiction and the operating data must be positive. In addition, the product must be explained, and if possible, demonstrated to judges appointed by PGRI. The product must then be perceived by judges as likely to significantly help lotteries that implement it. This year's judging panel included: Iowa Lottery Authority CEO Dr. Ed Stanek, Kentucky Lottery Corporation CEO Arch Gleason, and Tennessee Education Lottery Corporation CEO Rebecca Paul.

The winners of the PGRI's Lottery Product of the Year 2005 include:



Extended Play Key Number Match Game – Creative Games

Creative Games won Product of the Year honors for an extended play key number match game instant ticket that it developed for the New Hampshire Lottery.

As is the case with many lotteries, as higher price point games have gained popularity in New Hampshire, the New Hampshire Lottery has seen sales of lower price point games suffer. Creative Games, along with the New Hampshire Lottery were faced with the challenge of how to bolster and maintain sales of the important smaller denomination price point.

Focusing on the \$3 price point, a category that provides an extra 2 percent profit margin over the higher price point games, Creative Games developed a key number match game that utilized an extended play action requiring players to match two or more key numbers in a specific game to win a prize.

At the same time, Creative Games wanted the game to tie into areas of popular culture. Drawing ideas from the popularity of the hit movie National Treasure and from the the immensely popular Dan Brown book, The Davinci Code, Creative Games created a ticket called Treasure Code.

By matching all three Treasure Game numbers in a single game to any of the Code Numbers players win the prize below the matching treasure game numbers. If a winning game contains a red number, players win double the prize.

Creative Games also added the doubler feature to the New Hampshire Lottery's \$3 Pinball Wizard Game, a two-number match game, and launched the games simultaneously. The New Hampshire Lottery, over a six-week period, saw a 33 percent increase in their \$3 product without experiencing cannibalization of other product.

At the present, the games are behaving like core games. The Lottery has not seen the normal decay in sales with these games at the eight to ten week point. Instead, sales have gone up and are

continuing to increase on both Treasure Code and Pinball Wizard.

G3 Games – GTECH

An innovative new line-up of games is proving to be a big winner. G3 was designed and developed by the Minnesota State Lottery in partnership with GTECH to attract a new group of lottery players. This third generation of games – G3 for short – follows scratch games and online games with jackpots and drawings. Tickets are printed from a lottery terminal and can be played and won instantly, satisfying the demand for both suspense and instant results.

Information about the games was submitted to PGRI, and G3 was announced as a finalist the week of July 4. The games were presented at the EXPO/ILAC conference on July 13 by Michelle Rhodes, GTECH's Director of Marketing. Her 10-minute presentation included a description of the features and benefits of this innovative game and how it has helped to generate incremental sales and revenue for the Lottery.

The first G3 games were introduced in February 2004. Today, there are a variety of games available, including Bingo, Crossword, Dominoes, Cash Word, and Pharaohs Gold, which appeal to a wide range of players. G3 games cost \$1, \$3, or \$5 to play, and offer prizes of up to \$25,000. You can watch as your G3 "cards" are randomly printed by the Lottery, and tickets can be played and checked for a winning combination immediately. A winning ticket can be redeemed instantly (except the top prize) at the retailer.

The latest sales for Minnesota's G3 games indicate a loyal player base. In May, the G3 games averaged weekly sales of \$188,205, up 30 percent from the previous 13-week period. Since its inception, G3 has generated over \$13 million in sales, with no cannibalization of other games. The Lottery continues to introduce new themes, play styles, and price points within the product line.

GTECH plans to roll out the G3 concept to other customers around the world. Washington's State Lottery recently introduced a similar concept with their "ZIP Bingo" game.

Electronic Game Card – Scientific Games

A product recog-



GTECH Regional Marketing Director Michelle Rhodes conducts a presentation on GTECH's G3 games.



ic game card is a pocket-sized digital lottery ticket. Each card, about the size of a driver's license, is battery powered and loaded with dozens of random plays. Pushing a "play" button on the front of each card activates one of the plays on the card, essentially replacing the traditional scratch play of a paper ticket with an electronic play.

Scientific Games markets and promotes the electronic game card under a joint venture arrangement with Electronic Game Card, Inc. The project is managed by Scientific Games Ventures — the division of Scientific Games that manages emerging products and services.

The electronic game card is currently on sale in Iowa. Named "Quarter Play" by the Iowa Lottery, it is a \$20 game with 80 individual plays, hence costing a quarter a play. Iowa's statewide introduction of the electronic game card followed extensive focus group testing and a successful pilot in which the game card proved to deliver on more than one level.

"In addition to expanding the player base, increasing the entertainment value of lottery games and generating incremental revenue, one of the major reasons we think the game has performed so well in Iowa is that it is specifically designed to be sold in existing retail channels, as well as distributed, activated and accounted for in the same manner as paper instant tickets", said Steve Saferin, President of SG Ventures.

After six weeks of game sales, the pilot game out-sold the Lottery's traditional higher price point game, Pinball Wizard, in similar retail locations by a 3 to 1 margin. After six weeks of state-wide game sales, the results are equally impressive. In the retail locations selling the product, Quarter Play is among the top

selling instant games across all price points.

Three new electronic game card concepts are under development. The first is a game featuring symbols instead of numerals. The second is a Five Card Stud Poker game where players win based on the poker hand's value. The third is a Blackjack game.

Scientific Games' electronic game card portfolio is tailored for lotteries that want to leverage available technology, with the broader objective of appealing to the emerging, next-generation player. Look for more electronic game cards in the market soon.

Convenience Central – Scientific Games

ConvenienceCentral™ is a retail solution developed by Scientific Games® to modernize the sale of instant lottery tickets. It is a revolutionary dispensing system that automatically dispenses instant games as they are "rung up" on the retailer's existing cash register system. For the first time in history, ticket dispensing is integrated with the cash register by way of a simple cable connection, requiring no modifications to the retailer's hardware or software. The result is an integrated dispensing system that provides detailed reporting by game, sales data integrated into the existing POS accounting system, improved speed of service and increased security of instant lottery products.

Historically, instant games have been sold from plastic dispensers at the POS counter or from ticket vending machines, with no possibility of integration with the store's accounting system and little integration with the Lottery's central system. This method has served the industry adequately in the past, but demands from retailers for improved instant game security and accounting have been mounting for years. Retailer demands for a solution have increased



Scientific Games' Convenience Central in action.



Convenience Central.

mounting for years. Retailer demands for a solution have increased significantly with the introduction of high-price-point games.

ConvenienceCentral™ is simple, secure and accountable. Instant lottery tickets are loaded into secure dispensers after ticket packs are activated by a bar code read. Tickets are then dispensed automatically when triggered by the transaction system as a sale.

The retailer enables the sale by key entry of the appropriate PLU (Price Look-Up) code or by scanning a “token” with the appropriate UPC (Universal Product Code) for the games being purchased. This is exactly how every other product in a store is sold! Most importantly, no tickets are dispensed until the “cash tendered key” has been struck, signifying that all of the customer’s items have been “rung-up” and the clerk has been paid.

Detailed accounting records are maintained as tickets are auto-dispensed, and reporting is available game by game, dispenser by dispenser. The tickets are locked down, secured and totally accounted for.

Another component of ConvenienceCentral™ is the bright, ticket display sign that allows customers to clearly view the games available for sale. The full-color ticket transparencies are visually attractive, enhance the product appearance and create additional “impulse impact” at the point of sale.

ConvenienceCentral™ has recently been installed in several retail outlets in Connecticut and in the United Kingdom. Some initial reports indicate a reduction in administrative accounting time by almost 2 hours per day, a 3% reduction in shrinkage, an increase in sales, and an increase in the speed of service by the retailers.



nCentive Suite 2005 Lottery Edition™ – Splashdot
 SplashDot’s nCentive Suite 2005 Lottery Edition™ enables lot-

teries to create relevant and profitable relationships with consumers. As the only loyalty system designed specifically for the lottery industry, nCentive allows lottery corporations to operate highly effective internet-based loyalty and VIP clubs, including contests and promotions. The system comprises modules such as advanced membership management, permission e-mail marketing, contests and sophisticated content administration. Due to the lottery industry’s very specific security and reliability requirements, nCentive also encompasses a security infrastructure that ensures that contests and games are operated on par with other lottery initiatives.

nCentive was born out of a demand for mission critical levels of reliability and sophistication for the operation of web-based contests and loyalty programs. By exceeding consumer expectations and encouraging them to build risk-free interactions, organizations are able to increase sales, loyalty and recurring revenue using the internet, arguably the most interactive medium ever invented.

nCentive offers a true lottery caliber experience by allowing lottery organizations to efficiently launch and manage leading-edge promotional campaigns. Deployment speed, security, ease of management and service level are all often quoted as the distinct advantages that nCentive offers over other systems. In fact, the Atlantic Lottery Corporation (ALC) has utilized nCentive to manage eClub Rewards, one of the most interactive lottery loyalty clubs in North America. ALC has operated over 60 bilingual contests in the last two years. Second chance draws, interactive games, trivia and educational activities have all comprised part of ALC’s strategy in building strong customer relationships and have all been facilitated by nCentive’s ease of use and reliability.

With customer conversion as high as 97% and average session times that often exceed 13 minutes, campaigns operated with nCentive are engaging, memorable and focused. As lotteries vie for consumer interest, providing consumers with what they want is more important than ever.

nCentive is the result of SplashDot’s in-depth experience within internet-based loyalty and promotions for the lottery industry. Coupled with the strategic services provided by SplashDot, leading lotteries such as the British Columbia, Atlantic and Western Canada Lottery corporations have all enjoyed the success generated by this 2005 Public Gaming Research Institute’s Product of the Year.

In-Counter Merchandiser – Take a Ticket

Collaborative effort paid off recently for the Missouri Lottery and Take-A-Ticket Inc. (TAT) with the development of a new in-counter instant ticket dispenser. With the installation of these new in-counter dispensers, the Missouri Lottery saw a jump of 21 percent in sales at the locations using the new dispensers, and TAT walked away with the PGRI Lottery Product of the Year award.

The In-Counter Merchandiser (ICM) is leading to higher sales and profits for many Missouri Lottery retailers. Installation of the new 20-game and 25-game dispensers began April 2004, and sales ...continued on page 28.

Dan Bower Receives Lifetime Achievement Award at EXPO/ILAC

Public Gaming International Magazine is pleased to announce the selection of Dan Bower as recipient of the Major Peter J. O'Connell Lottery Lifetime Achievement Award.

Dan Bower co-founded Scientific Games in 1973 and played an instrumental role in the development of instant lottery games in North America throughout the 1970s and 1980s. At Scientific Games, he provided consultancy services and marketing assistance to more than two dozen lotteries in the United States and Canada, before joining British American Banknote (BABN) as marketing consultant in 1988.

From 1991 until 1994, he served as Chairman of Automated Wagering International before becoming Co-Chairman of TeleCom Productions. State and international lotteries have benefited from TeleCom's creativity and winning brands since 1986, when "Let's Go To The Races®" made its debut in Barbados. TeleCom licenses various board game trademarks for the lottery industry and has done business in over 40 lottery jurisdictions. The company also supports its own line of original games.

Dan, 70, lives in Atlanta, Georgia. He is married and has four children and eight grandchildren. He graduated from Ohio State University in 1954 and served in the United States Air Force as a radar controller for three years before embarking upon a career in marketing and advertising. Prior to joining the lottery industry, he held management positions at The Kroger Company, Fisher Foods and J & H International Corporation.

A Warm Reception

Several people spoke at Dan's Lifetime Achievement award ceremony: Duane Burke, president and CEO, Public Gaming Research Institute; Arch Gleason, CEO Kentucky Lottery Corporation; Budd Libby, president and CEO, Telecom Game Factory; and Dr. Ed Stanek, president and CEO, Iowa Lottery Authority. In addition to these speakers, Pennsylvania Lottery Executive Director Ed Mahlman and California Lottery Acting Director Chon Guterrez, each of whom had originally intended to attend the ceremony, sent in letters to be read during the ceremony. What do you say about a man that helped invent an industry?

"I, like most of the people in this room, owe much of my success in the Lottery industry to Dan Bower...I learned something about Dan and how he became successful in the Lottery industry, I came to recognize that Dan is the consummate salesman. That really was the key to his success..."

It's been my great pleasure to have known Dan over a long number of years, to recognize and see the tremendous contribution he made to this

industry, and most importantly to say that I can count Dan among my closest friends. He's somebody that treats everybody he encounters with the same degree of respect, courtesy and friendship." – Arch Gleason, president and CEO, Kentucky Lottery Corporation

"I first worked with Dan over seven years ago when he joined us as a consultant – that was just after he flunked retirement for the second time. Dan is an amazing individual, and we are all extremely proud of his lifetime achievement. But the achievement he should be most proud of, and the one that should be his legacy are his people skills. Dan has a genuine interest in people and has positively affected many lives and careers in the lottery industry. Dan's impact is immeasurable. His continual nurturing of the talent in the industry has helped us all." Budd Libby, president and CEO, Telecom Game Factory

"Being in this business as long as Dan has requires that you be a people person, but you have to be tough at the same time. You can't see it when you look at him, and you can't tell it when you talk to him, but Dan is a tough individual and a tough businessman. That's why he's been in business this long." – Dr. Ed Stanek, president and CEO, Iowa Lottery Authority

"[Dan Bower] is known in the Lottery Industry as someone who fulfills every commitment required by contract, who is results oriented, and who understands that lotteries seek creative solutions, and then he goes about finding those solutions and developing ideas. He is also recognized as a wise and caring business person. Professionals who have known Dan for thirty years or thirty minutes see this in him." – Ed Mahlman, executive director, Pennsylvania Lottery

"Scientific Games was started on a card table in our bedroom in Chicago, Illinois. As John and Dan raised her, I raised our four children. So Scientific Games is, to me, basically my fifth child. I've always looked at her that way." – Marilyn Bower

"The reason that Scientific Games is successful, and that the lottery industry is successful and will continue to be successful, is that people make the difference. You win with people. That's why I think the lottery industry is in good hands. Good luck, and charge forward." – Dan Bower, Chairman, Telecom Game Factory. ♣



Dan and Marilyn Bower.

Olivetti and the Extra Gaming Transaction



While lotteries are always looking for new games that will boost revenues, legislation often stands in the way of implementing what could become the “next big thing.” Instead of dancing with legislators, why not strive to add revenue without adding gaming?

Consider the penetration of the lottery terminal network in your jurisdiction. Does any other selling network exceed lottery terminal penetration? The pure potential of cell phones and Internet is greater, but it's not always easy for sellers to make surfers aware of a product. The fact is, there's huge potential for the use of lottery terminals as a sales vehicle for “extra gaming” transactions.

Italian online terminal manufacturer Olivetti places a strong emphasis on “extra gaming” transactions. Olivetti has over 120,000 active lottery terminals operating all over the world (Italy, China, India, Uzbekistan, Tanzania, and Argentina) and their terminals conduct an array of extra gaming activities: car registrations, parking ticket and other fine payments, tickets to sporting activities, official documents (certificates of residence, vaccinations and other secure documents, including some that require holograms), utility payments, value stamps, telephone card top-ups and more. In the realm of extra gaming transactions, just about anything is possible.

“Lotteries will ask us if [a certain extra gaming transaction] is possible. The answer is almost invariably yes,” said Andrew Chiesa, Trade

Olivetti's Inkjet Online Terminal

Olivetti's willingness to accommodate its customers doesn't just stop with extra gaming transactions. The company recently developed what they believe to be the only inkjet lottery terminal on the market today in order to satisfy a need of one of its customers, Lottomatica.

When Lottomatica changed terminals one of their conditions was that they wouldn't change their receipt – an intricate design that couldn't be reproduced with thermal printing. The catch was that they wanted a very fast printer, which eliminated the option of dot matrix.

Olivetti was able to come up with a solution because the company develops, manufactures and maintains inkjet technology. The company not only produced a low maintenance inkjet printer that has a very large inkjet tank, they were able to manufacture it in a way that keeps the total cost of ownership comparable to that of dot matrix. ♣

Communication Manager for Olivetti. “What you're doing is riding piggy-back on something that already exists.”

The most high-profile example of Olivetti's extra gaming ventures occur with Lottomatica, arguably the largest lottery in the world. With more than 45,000 terminals operating in over 30,000 points of sale, Lottomatica is clearly poised to sell a variety of products to Italy's 58 million residents.

Lottomatica profits from the extra gaming transactions in two ways. The most obvious is the convenience fee (usually a small percentage of the cost of the item the customer is paying for) charged for each transaction. Secondly, customers who use a terminal to pay a parking fine or a car registration will be present, and thus more likely to purchase a lotto ticket.

In 2003, Lottomatica's extra gaming sales made up about 6.2 percent of its terminal revenue. *“That 6.2% is all incremental,”* said Chiesa. *“It doesn't cannibalize because the fact that I'm going to pay my car registration does not mean that I'm not going to play Lotto. Maybe the other way around.”*

What's more, because an extra gaming transaction is utilizing a system that is already there, most transactions are relatively inexpensive to implement.

“The only thing you have to factor out is the development of the gateway,” said Chiesa. *“These are all online transactions. Your central system has to be able to identify that this is an extra gaming transaction, decide where to send it, keep track of the number of extra gaming transactions you've done, make sure that the accounting...nothing is absolutely free. There are some development costs in the gateway system, there are some development costs in the software for the terminal, there are some costs related to training the retailers to use the new transaction, but they are all relatively low.”*

There is one additional benefit associated with extra gaming transactions. Customers appreciate that, for a small fee, life can be made a little easier. *“Am I willing to pay a convenience fee? I pay it,”* said Chiesa. *“For example, my wife travels around Rome with a Vespa motorcycle which has a yearly registration fee payable in January. When you go to pay at the post office or the DMV the lines in January are huge. So the 3-4 Euro I have to pay extra at my local gaming agency for the registration in order to not wait in line...I pay them. I do it at 10 o'clock at night: if there's a line it's two people.”* ♣



Olivetti Marketing Manager Maurizio Bertolotti (left) and Trade Communication Manager Andrew Chiesa (right).



A. Rifkin – Security through RFID Technology

Looking at this ticket, are you sure it's authentic?

The problem with counterfeiting is world wide. Fortune 500 companies spend an average of two to four million dollars a year to combat counterfeiting. The need to protect your brand, product or documents can add significant cost to operations and impact profits. Approximately five to seven percent of the world's products are counterfeit. The Lotto and Casino industry probably has the highest level of external and internal security within the commercial market. However, it is possible that counterfeit payout ticket and lotto tickets are there, just not reaching losses that require new technology to protect against counterfeiting.

Everyday millions of lotto tickets and casino payout tickets are cashed in casinos, lottery retailers, and racinos. With the advent of the quality of desktop printers is it really hard to duplicate these tickets and cash them. Counterfeiting has been around for decades. In the gangster days of the 1930's we saw movies and learned about money being counterfeited.

Today, this is probably less a problem for law enforcement since authentication techniques of printed matter is difficult. From pharmaceutical labels, over-the-counter drug and yes, lotto and slot payout tickets counterfeiting, fraud and theft will not escape the lotto and casino industry.

One issue is the reporting of this crime to the FBI. Since there is not major crime classification for the specific crime, these are classified as robbery or theft under the Uniform Crime Reporting statistics by the FBI. Just as identity theft is a growing problem for law enforcement and security directors, counterfeiting will creep deeper into the Lottery and Casino industry.

To learn more about this one only needs to go to the internet and enter keywords such as "lottery fraud", "counterfeit lottery tickets" and casino theft. It is amazing the number of hits you will get. Now maybe, this crime is considered minor to this industry, but it obviously has to impact your bottom line. Perhaps you can absorb it, yet a major counterfeit ring could create significant losses, loss of consumer confidence (remember the problems McDonalds had with a game). When the general public sees or may suspect lottery games are not properly monitored sales could decline.

What to do? I am sure there are many points of security on the lottery ticket as well as back office internal protections, but when there is



high volume cash the opportunity to commit a crime has potential. There are new technologies that can add more depth to the levels of security to enhance authentication protection. Two new technologies are called "color core paper" and "RF paper."

The use of color core paper offers a very simple method to ensure the tickets are authenticated. This is multi-ply paper with a colored center core with printable "skins." The stock has red, blue or green centers. When the paper or tag stock is torn, a color appears which authenticates the stock and cannot be photocopied. Outer surfaces can be coated as required. Used in event tickets, security or gate checkers need to just tear a corner of the ticket to reveal an embedded color proving authentication. Lottery tickets and payout tickets are a natural application for color core, since the retailer can simply tear the ticket to prove it is real before payout is made. Even though the levels of security on the ticket and system offers protection, it makes sense to have your security managers consider this technology.

Moving up in the technology using RF papers truly offers the highest level of security features. On high value lottery tickets or payout tickets, the embedded RF technology is like assigning a fingerprint to the ticket. At payout a scanner or even a hand held reader with a "yes" or "no" read may be all that is needed at the cashier's cage or retailer.

RF paper is a new technology that has a series of random taggants embedded into the lotto or payout ticket paper. This is done at the paper manufacturing plant and cannot be duplicated because this is a patented technology that is manufactured under strict controls and security practices. Each paper roll or sheet has its own identity with a random pattern that is read or scanned by the end user. RF paper is like having a fingerprint of the paper.

OK, so yes, there is a cost associated with this technology. But, security is a cost that is there to help protect the asset. Banks realize they may never be victim to a robbery, but they know the potential is there so they take the security practices necessary to prevent or protect against it. You could be a target for counterfeit tickets without knowing it. Why not be proactive and investigate security features and technologies that could help detect and apprehend the individual or group seeking to steal from your enterprise.

To learn more about these technologies could enhance your security program, contact the author for a demonstration and discussion. ♣

Video

News

Oregon Slot-Styled Games Driving Sales Increase

Oregon Lottery Director Dale Penn reportedly said that lottery revenue from video games from June 5 to July 9 was up by 20% from the same period a year ago. The increase is due to the addition of 'slot-type' games to video gambling machines in age controlled venues over the last two months.

Penn is also reported as saying by the media that, the lottery's goal is to achieve an increase in revenue of 17% for the two-year budget period that began on July 1. Video poker terminals provide more than 80% of the lottery's total income. Penn said he's also pleased that 82% of the 2,000 establishments with video poker have chosen to add slot games to their machines. Analysts estimate lottery games all told will net \$933 million for the state in the 2005-07 budget, after prizes and retailer commissions are paid, a 19% increase over the previous budget.

So far, more than 1,680 businesses are carrying the slot-styled games. Advertisements for the new games can be seen on restaurants and bars all over the state. The Lottery has supplied retailers with bright banners that show two cherries and a lucky 7 above the slogan "It's Playtime."

Essnet, Boss Media to Develop Own VLT Offerings

Boss Media is withdrawing from EssNet Interactive, a joint venture established in 2003 between Essnet, Boss Media and Tattersall's. The results have been extremely good, in part in the form of significant orders from the Norwegian state-owned gaming operator Norsk Tipping, as well as two additional projects, one in the Czech Republic (Synot Lotto) and one in Åland, Finland (PAF).

Still, the convergence currently taking place in different parts of the gaming market makes it increasingly difficult for the parties not to have full control themselves over such an important part of the product offering. As a result, EssNet is purchasing Boss Media's 35-percent share in EssNet Interactive AB for an initial sum of SEK 25 million plus an additional purchase price linked to the financial outcome of the Norsk Tipping order. Additionally, Boss Media is purchasing the version of the VLT system that is being delivered to Synot Lotto and other customers for a cash payment of SEK 40 million. Boss Media will pursue the customer relationship with Synot Lotto as its own business. Boss Media and EssNet are entering a strategic partnership agreement regarding delivery of games and hardware to each company's customers.

WMS and Cyberview Sign Agreements

WMS Gaming entered into wide ranging technology transfer agreements with Cyberview Technology. Under the terms of the

agreements, WMS has purchased the latest versions of Cyberview's server-based and downloadable gaming systems and related technologies. The non-exclusive agreements also give WMS the right to create derivative versions of these systems and to use, sell, lease, export or distribute the Cyberview technologies in all gaming markets, subject to certain restrictions including time and product restrictions on entry into certain markets.

In addition, Cyberview has granted WMS a non-exclusive, perpetual, irrevocable, worldwide license to its technology patent portfolio related to server-based gaming. Cyberview will provide WMS' system technology team with initial technical and functional support to enable WMS to operate, maintain and further develop these technologies. WMS has also entered into a five-year agreement to license certain of its game content to Cyberview on a royalty-based, recurring revenue basis for use in lottery markets and certain other non-casino markets outside of North America. Cyberview will be paid total cash consideration of \$15 million over 2 years for these agreements and WMS has been granted certain rights of first refusal relating to common shares of Cyberscan Technology held by Jean-Marie Gatto and Sylvie Linard.

Aristocrat Introduces George Lopez Penny Slot

Aristocrat Technologies announced the launch of its new The George Lopez Game, a 25-line video slot based on the unique and hilarious comedy of the well-known actor and comedian. The game, an addition to Aristocrat's double standalone progressive product line, is already approved in Nevada and most Native American and riverboat jurisdictions in the United States and will start to appear in casinos this summer.

GLI Approves Agassi Slots for Native American and Riverboat Jurisdictions

Aristocrat Technologies announced that Gaming Laboratories International, Inc. (GLI) approved its new Agassi penny slot machine for introduction into most Native American and riverboat gaming jurisdictions. The game is already starting to appear in Nevada casinos after its launch last month at the MGM Grand Hotel and Casino in Las Vegas.

Paltronics Inc. Signs With Trump Casino Hotel

Paltronics Inc. recently announced its agreement with Trump Casino Hotel to exclusively provide the property with its One Link Slot Systems and associated gaming equipment. This is Paltronics' first product installation in the state of Indiana, which is expected to facilitate further growth in the Midwest region and increase sales in surrounding territories. ♣

on the internet

Svenska Spel to Launch Bingo Via Mobile Phone

"The latest addition to games offered on mobile phones by Svenska Spel will be Bingo," said Mathias Hedlund, VP for Division Direct.

Svenska Spel has had Bingo on its website for almost two years and it has proved to be a hit. The Internet players have especially liked the idea of knowing whom they are playing against through the Lottery's special chatting service.

From now on they can share the same thrill and involvement with fellow players on their mobile phones.

Already Swedes can play two of Svenska Spel's Oddset sports betting games and the two scratch tickets 'Triss' and 'Tia' on cellular phones.

"Bingo is another step in our mobile phone investment," Mr Hedlund says. "Our customers change their behavior. If we want to stay on top in the very competitive Swedish gaming market we have to adjust our products and offers as well as our distribution. We think that it is great that we now can offer them this new option. I am sure that we will attract especially younger players in this way"

Future Svenska Spel mobile gaming launches will include sports betting.

Irish Rehab Lotteries to Launch on Parlay Bingo through NMLS

Parlay Entertainment has completed a software license agreement with New Media Lottery Services, Inc. (NMLS) who will launch an online bingo game as an expansion of the Irish Rehab Lotteries' existing online lottery site.

John McGuire, Managing Director for Irish Rehab Lotteries has said of the launch, "It is undoubtedly the most serious attempt yet in this country to use the Internet to generate fundraising income for good causes.

"Internet usage is showing rapid growth in Ireland with 40 percent of all Irish homes now having web access and of all Irish adults, some 38 percent are now purchasing from home on the Internet," said Dr. McGuire.

BCLC's Lotto 6/49 and Lotto Super 7 lead lottery games online

British Columbia Lottery Corporation's (BCLC's) most popular lottery products are now available for purchase online through PlayNow on bcl.com with the introduction of Lotto 6/49, Lotto Super 7, BC/49 and Extra.

PlayNow, a secure section within BCLC's web site, was launched in October 2004 with select Sports Action games.

Golden Casket Online

Queensland's Golden Casket Lottery Corporation customers will soon be able to purchase lottery tickets online. Golden Casket expects to have the online system running by October.

Players will have to register at existing lottery retail outlets before being allowed to purchase tickets for Gold Lotto, Oz Lotto and Powerball. Lottery retailers will receive a 5% commission from online players registered at their store, compared with around 9% from traditional ticket sales.

Playwin Launches SMS Lottery in Bombay

Online lottery company Playwin Infravest has launched a 'Mobile Lotto' game in Mumbai (Bombay). Currently the service is only available to

Orange and BPL Mobile subscribers. Players can play the Sikkim Super Lotto by choosing six numbers from 1 to 49 and texting them to the Mobile Lotto number. Players receive a return SMS confirming their entry. Players also receive an SMS if they win. The cost is Rs 10 per game, the same as charged through Playwin terminals, plus Re 1.50 for government levies. Players are also charged for the SMS message by the Mobile Operator.

Ohio to Offer Internet Second Chance Through MDI

The Ohio Lottery has become the latest to offer players the convenience of entering second chance bonus games online via MDI's Second Chance Bonus Zone®. The Ohio Lottery introduced online entry with the website for their new \$5 Mustang Money instant game. Players have the option of mailing in their non-winning tickets, or they can "save a stamp" by using the free Internet entry method.

The new service is already proving a hit with Ohio lottery players, with registrations on pace to exceed 1,000 in the first week. In addition to providing an Internet-based method of entry into the second chance game, the site provides details about the game itself, with pages detailing rules, drawing dates, and prize information. The site also serves to increase traffic to the lottery's existing website.

Michigan's Player City Announces Two Contests

Michigan Lottery players will want to be sure and join Player City so they can take advantage of two exclusive contests that include Detroit Tiger baseball and jazz concert tickets among the prizes.

Player City is the Lottery's new Internet-based VIP club. Membership is free and by joining, players can take advantage of exclusive member benefits plus enter the two event ticket giveaways.

MDI Entertainment Makeover

MDI Entertainment has a new look on the Internet thanks to its revamped website. After an extensive review process, MDI opted to begin fresh with an entirely new site design – with technical and design improvements – rather than making changes to its existing site.

The new website will launch in two phases, the first of which was completed in July. In the first phase is a new look and new navigation system, which was designed to be more user-friendly. The site was also updated to include the most recent information on MDI's new and existing brands. Other features added to the site include a full staff directory, an interactive poll, a "facts and stats" area highlighting statistical information about MDI's licensed properties, and a search function that allows users to view MDI's broad portfolio of properties either alphabetically or by category, to simplify the process of identifying properties that may be of interest to the lottery.

The second phase, the Extranet, which will be active soon, features the introduction of an account management area. The account management system will give MDI's lottery clients password access to libraries of creative elements and guidelines, as well as past game designs and information to facilitate ticket designs, advertising materials, and marketing campaigns. The system will also allow MDI clients to submit artwork for approval online and will give them up-to-date status on all phases of the approval process. ♦

RACINO NEWS

Rhode Island Approves Lincoln Sale to BLB

The State of Rhode Island has signed a contract with BLB Investors allowing the group to run the Lincoln Park greyhound race track and video lottery parlor. The contract sets the state and park's shares of revenues from the video lottery terminals at the track. BLB is purchasing the park from a British company, Wembley PLC.

New York Lottery to Oversee Aqueduct VLTs

New York Governor George Pataki announced a deal with lawmakers that would place the New York Racing Association's \$170-million VLT facility project at Aqueduct under the oversight of state Division of Lottery, rather than the state Racing Wagering and Board. The board had determined that NYRA improperly reached a deal with MGM Mirage to manage the casino.

Yonkers, Yonkers Raceway Reach Agreement

In an agreement settling a lawsuit filed by the City of Yonkers over an environmental review for the state approved Yonkers Raceway racino operation, Yonkers Raceway will send as much as \$42 million into the city's treasury over a five year period. Yonkers Raceway will make an annual base payment of \$2.5 million for five years, plus an additional \$1 to \$4 million per year depending on the amount of revenue generated by VLTs. These funds will be in addition to the approximately \$1 million the track pays annually in property taxes. Yonkers Raceway will also pay \$9.5 million the first year to cover the cost of city police and fire services, as well as required traffic improvements.

Portland Meadows May Increase VLTs

In a move that supporters say will help save horse racing in the state, the Oregon House approved a bill that would expand the number of Lottery controlled slot and video-poker machines at Portland Meadows. Under the terms of the bill the track could have 30 machines, triple the current number. The bill now goes to the Senate. Portland Meadows is owned by Magna Entertainment Corp.

Mighty M Brings in Progressives

Mighty M Gaming, located just 90 minutes from New York City, announced the installation of its first video gaming progressive jackpot machines. The arrival of progressive jackpot machines make this popular Catskill gaming destination the third New York based gaming facility

Autotote Enterprises & Tote Investments Racing Service Complete Five-Year Simulcast Deal.

Scientific Games Worldwide Sports Limited and Autotote Enterprises Inc., divisions of Scientific Games Corporation, and Tote Investments Racing Service announced the completion of a five-year deal for Scientific Games Worldwide Sports Limited and Autotote to supply simulcast services at Tote Investments Racing Service simulcast centers on the island of Barbados. The estimated contract value is \$5 million over the five-year term of the agreement. Tote Investments has operated simulcast facilities on Barbados for the past 30 years. Services are expected to commence in early August to offer these exciting games.

No New Iowa Casino Bids

The Iowa Racing and Gaming Commission informally agreed not to issue new gambling licenses for at least 18 to 24 months. The Commission wants to give its four most recent licensees a chance to get operations up and running. The new licensees are all riverboat operations to be operated in Waterloo, Emmetsburg, Riverside and rural Worth County. All are expected to start operations sometime in 2006 or 2007.

Iowa's 16 casinos took in a record \$1.1 billion in FY 2005, generating an estimated \$263 million in state, county and city taxes.

TRAXCO and Horsepower Reach Agreement

TRAXCO, Inc. a subsidiary of the Treasure Bay V.I. Corp, has signed a Letter of Intent in order to be considered as an Authorized Racetrack Affiliate and for a five year exclusive license agreement for the parimutuel product Horsepower® World Pool at their U.S. Virgin Island facilities on the island of St. Croix.

CDI to Sell Hollywood Park to BMLC

Churchill Downs Incorporated ("CDI") and Bay Meadows Land Company LLC have signed a definitive agreement in which CDI will sell Hollywood Park racetrack and surrounding acreage at the Inglewood, Calif., site to BMLC for \$260 million. The transaction is subject to customary closing conditions and is expected to be completed in the third quarter of 2005.

Under the terms of the deal, BMLC will purchase the land and facilities of the Hollywood Park race site and assume management of racing operations. Pinnacle Entertainment Inc. will continue to operate the Hollywood Park Casino facility under a long-term lease.

Over the next three years, CDI will distribute the Hollywood Park simulcast signal through its Churchill Downs Simulcast Network ("CDSN"). CDSN will also distribute the simulcast signal for Bay Meadows Racetrack, which is owned and operated by BMLC, for a period of time. CDI will have an option to reinvest in Hollywood Park should significant alternative gaming or gaming subsidies occur.

Hollywood Park 2005 Spring/Summer Meet on Par with 2004

Hollywood Park closed its 64-day Spring/Summer Meet with total common pool wagering of \$667,016,796, down less than one-half percent from the figure of \$679,693,206 during a 65-day meet a year ago. The daily average wagered was \$10.42 million, compared to \$10.45 million in 2004. A record American Oaks Day handle of \$22 million and a 15-percent increase in wagering on Hollywood Gold Cup Day to a handle of \$19.5 million helped the track pull virtually even with 2004 after entering the final three weeks down nearly three percent.

The American Oaks program, which featured five graded stakes, generated more handle than the Kentucky Derby Day program (\$21.8 million), which had annually been Hollywood Park's single biggest day since the inception of simulcast wagering in 1984. The fourth running of the Oaks belonged to the sensational filly Cesario, who dominated 11 rivals in becoming the first Japanese-bred to win a Grade I race in North America. ♦

People



Rhode Island Governor Carcieri named Director of Administration **Beverly Najarian** as the state's interim lottery director. Lawmakers voted earlier this month to dissolve the Lottery Commission, reassigning the day-to-day supervision of gambling to the Department of Administration. The legislation calls for the appointment of a lottery director for the new division, who, once confirmed by the Senate, would hold office for a five-year term. Naming Najarian as an interim director preserves the governor's right to consider the Lottery's longtime executive director, **Gerald S. Aubin**, for the permanent appointment. Aubin, for now, will serve as acting chief operating official of the lottery division, reporting to Najarian.

The European Lotteries Association's (EL) General Assembly appointed **Dr. Winfried Wortmann**, General Director of the Westdeutsche Lottery of Münster/Germany as its new President. Dr. Wortmann, succeeds **Mr. Hans-Jürgen Reißiger**, of Deutsche Klassenlotterie, Berlin, who after 4 years did not run again for election. Dr. Wortmann is 58 years old, and has been working with the Westdeutsche Lotterie since 1994. Ten Executive Committee Members were also elected during this assembly: **Mr. Christophe Blanchard-Dignac**, President-General Director de la Française des Jeux/France, was appointed 1st Vice-President and **Mr. Sotiris Koulossoussas**, Member of the Board and President of 'Sports Business Partnership,' Greek Organization of Football Prognostics OPAP/Greece, was appointed 2nd Vice-President. **Mr. Hans-Jürgen Reißiger** was nominated "Honorary President" by the General Assembly named in acknowledgement of his successful work for enhancing awareness in the domain of State Lotteries in Europe.

Reagan Greer resigned his position as head of the Texas Lottery. Greer, the fourth appointed executive director in the Lottery's 12-year history, was appointed in 2003. The Texas Lottery Commission will enlist legislators and the public in seeking Greer's replacement. In the meantime, **Gary Grief** will take over as acting director.

Pierre La France has recently joined the Atlantic Lottery Corporation (ALC) as Vice President, Social Gaming. In this role, he is responsible for ALC's video lottery program, as well as other gaming opportunities in the social gaming setting. Prior to joining ALC, Pierre was a senior account executive with gaming industry supplier Spielo/GTECH where he led several client service teams and was a member of the Video Gaming Management Team.

The New Jersey Lottery announced that its Public Information Officer, **MaryAnn Rivell** of Delran, has been appointed to the Board of Directors of the Council on Compulsive Gambling of New Jersey, Inc. Rivell presently oversees the Lottery's Responsible Play initiatives which includes: printing 1-800-GAMBLER on all lottery tickets, game brochures and advertising materials; linking the Council on Compulsive Gambling's website from the lottery's website; developing and distributing a free brochure for the lottery's 6,000 retailers on tips for setting guide-

lines for playing responsibly; and designing and distributing the "Not 18, No Bet" sticker for lottery retailers.

Barbara H. Pickering was elected chairman of the Missouri Lottery Commission during the commission's quarterly meeting on June 23. Pickering replaces **Kenneth Hensley** who served as the chairman since June 2004. Pickering has served on the commission since May 2000. Pickering and her husband, Connie, and son, David, own and operate Pickering Funeral Home Inc. in Mexico.

Otunba Solomon Oladunmi, has been appointed chairman of the newly constituted Lagos (Nigeria) State Lotteries Board. Other members of the board are the Lagos State Commissioner for Finance, **Dr. Bayo Adewusi**, a chartered accountant and former commissioner, **Mrs. Olateju Philips**, a lawyer and administrator, **Mr. Dapo Durosimi-Etti** as well as messrs **Ayo Subair** and **Asue Ighodalo**. Under the Lagos State Lotteries Act 2004, the board has the statutory responsibility to monitor and regulate the activities of Orion Technologies, the state's licensed lottery operator, as well as manage and disburse the funds generated for good causes by the lottery.

INTRALOT's CEO **Mr. Constantinos Antonopoulos**, received the "Manager of the Year" award, at a ceremony held on June 29th at the Covent Garden, London, during the Euromoney Conference: "INVEST IN GREECE 2005". The award was presented to Mr. C. Antonopoulos by the Chairman of the Athens Stock Exchange, **Mr. S. Kapralos**. Commenting on the award, Mr C. Antonopoulos said: "This award reflects the company's success in evolving into a metanational company, from the traditional model of multinational, supported by decentralized processes of decision making, in parallel with best corporate governance practices."

Andreas Kohlmann has assumed the leadership of the Lottery Solutions division at Wincor Nixdorf as of July 1, 2005. **Rainer Schilbach**, who has led the division since 1997, will continue to be available to the company in a consulting capacity. With Andreas Kohlmann, Lottery Solutions in Constance acquires a manager with broad experience in the lottery business. Kohlmann has been head of Sales and Business Development since 2004. Before that, he was responsible for eight years for the software development group, whose expansion, first-class performance and expertise has contributed significantly to the success of Lottery Solutions.

Win Win Gaming, Inc. named **Mark Galvin**, formerly Director of Development for Electronic Arts Inc., to the position of Chief Operating Officer. Galvin brings more than 20 years of domestic and international experience in the areas of content development, technical support, production, finance, operations, and administration for companies engaged in game production, creative media, visual effects, animation, and TV/film production.

Yobet.com announced that **Jeff True** has been named a Vice President of the company. True will continue as Western Region General Manager for the company. With the appointment, True also will head promotion and promotion partner development programs. ♣

Atlantic

The Atlantic Lottery's in-house team of 40 call centre employees were honored with a Community Involvement award at the ContactNB Awards of Excellence gala. The team, called Lottery Support Services (LSS), picked up the award that recognizes outstanding voluntary contributions made by a contact centre to the citizens of N.B. Recipients are selected for "demonstrating tremendous spirit and enriching both their workplace and their community."

The Atlantic Lottery Corporation released its 2004-05 annual report, highlighting a return of \$426 million in profit to the four Atlantic provinces, record-setting jackpot prizes, innovation in how products are delivered, and progressive responsible gaming initiatives. ALC's annual report for 2004-05 is available at: www.alc.ca/English/AboutALC/AnnualReport

Colorado

The Colorado Lottery headquarters in Pueblo is moving to a new location. Effective June 27, the Pueblo Lottery offices will be located at 212 W. 3rd Street (the corner of 3rd and Main), Suite 210, Pueblo, CO, 81003-3227. Visitors to the new location will enter the Lottery offices via the side entrance of the building along 3rd Street.

Georgia

Georgia Lottery sales for fiscal year 2005 were the highest in the lottery's 12-year history. Lottery sales for FY05 totaled \$2,922,332,167 – \$211 million ahead of the previous sales record of \$2.71 billion in fiscal year 2004. As a result, the Georgia Lottery's FY05 profits transferred to the State Treasury's Lottery for Education Account will amount to over \$802,083,000. This is the largest educational transfer in GLC history, surpassing last year's record transfer by more than \$19 million. Online and instant games performed well during FY05 with a strong boost from instant games, which were driven by the extremely popular game \$100 Million Cash Spectacular and its corresponding promotion, Million-Dollar Hoopla.

Illinois

The Illinois Lottery recently ended FY05 by setting records in both sales and education contributions. Gross revenue for the year grew by eight percent (\$134 million) to \$1.84 billion and education contributions grew by eight percent (\$44 million) to \$614 million. Lottery sales and education contributions have significantly increased for the past two years. Sales alone have increased by more than a quarter-of-a-billion dollars and education contributions have increased by \$74 million. Instant ticket sales played a major role in this having increased by \$127 million to \$907 million in 2005.

Illinois Governor Blagojevich signed the new Ticket for a "Cure" lottery game into law on as part of a series of women's health bills he made law at media events in Chicago and Peoria. Officials anticipate the new game will generate approximately \$6 million for breast cancer research.

Iowa

The Iowa Lottery is reporting record sales of \$210.7 million last year, boosted by the strength of its instant scratch tickets and the Hot Lotto game. Unaudited figures show total sales in FY05 were up about 1 percent from the previous year. Instant tickets led the way with an 8 percent rise to \$103.3 million. The Lottery's \$51.2 million return to the state was short of FY04's \$55.8 million, but the profits drop is due in

large part to a one time cost for equipping 350 Casey's General Stores for Lottery sales.

Kentucky

Kentucky Lottery Corp. ticket sales totaled \$707.3 million in FY05 – the second-highest ever, behind the previous fiscal year's record sales of \$725.3 million. Scratch-off sales reached \$385.1 million, breaking the previous record, set a year ago, by \$28.1 million.

Louisiana

The Louisiana Lottery recorded \$307 million in sales during FY05. It was the fourth consecutive year that state lottery sales topped \$300 million. The lottery took in \$110.4 million for the state treasury. Drawing-based games sold \$202.9 million in tickets, while scratch-off tickets sales totaled \$104.1 million.

During the month of July, the Louisiana Lottery Corporation offered players the opportunity to purchase a \$5 Lotto ticket for just \$4. From July 1-31, when players purchased five Lotto plays for a single drawing on one ticket, they automatically received the one-dollar discount. The promotion did not apply to tickets purchased for multiple drawings.

Minnesota

The Minnesota State Lottery launched the largest, most visible marketing effort in the agency's history in order to remind people that winning a few million dollars is nothing to breezily disregard. Titled, "Don't Belittle Powerball®... It's Always Big," the new campaign targets Minnesotans who only play the Powerball when the jackpot hits record dollar amounts, instead of playing when payouts are more modest at \$10 million or \$20 million. The campaign includes mobile marketing elements that will appear at events across the state, creative television and radio advertising spots, strategic Web announcements, and soon-to-be-completed revamped Powerball billboards.

Missouri

The Missouri Lottery made its final monthly transfer of FY05, sending \$19.5 million to the Lottery Proceeds Fund for public education. The transfer brings the total proceeds to education for FY05 to \$218,285,010. The fiscal year total is \$3.2 million or 1.5 percent more than the Lottery's estimated goal of \$215 million.

On the first day of summer, a group of 21 Missouri Lottery-made millionaires and their families were found "greenin' up the Ozarks" during a litter pick-up event on the South Creek Greenway in Springfield. The event was part of the Lottery's 19th annual millionaires' reunion. The Lottery organizes the reunion and the millionaires pay their own way.

New Jersey

The New Jersey State Lottery's outstanding reputation as one of the most efficient and cost effective state lotteries in the United States has earned a visit from the representatives of China's Sports Lottery. The contingent of 10 met with Executive Director Michellene Davis and several members of her senior staff. Among the topics discussed were security, licensing and sales.

New York

The New York Lottery unveiled the first ever electronic phone kiosks, which will immediately display Mega Millions jackpot amounts to New York City metro area pedestrians. This electronic type of advertising is the first of its kind in the country! The phone kiosks will

employ Wireless Satellite Technology messaging to deliver the Mega Millions jackpot amounts. Messages will be wirelessly programmed using a satellite and pager network, a signal will be sent out, verified upon receipt and then automatically updated in minutes on all 100 phone kiosks utilizing a secure satellite.

Ohio

Ohio Lottery FY05 transfers to education reached \$645.1 million. This year's transfers are \$7.2 million more than committed to the Office of Budget and Management. While final figures will be tabulated over the next few months, the Ohio Lottery estimates total sales to reach \$2.158 billion.

Oklahoma

The Oklahoma Lottery Commission approved JP Morgan Chase as the lender for a \$10 million line of credit it needs to start the state's lottery. It also approved a \$12.8 million budget for fiscal year 2006, which ends June 30. The budget includes \$5.6 million for personnel and \$7.2 million for other costs. The lottery is expected to generate \$65 million in profits the first fiscal year, and \$150 million each year for education after it becomes fully operation. The Commission also voted to hire the Andrews Davis law firm of Oklahoma City as its outside legal counsel. The commission also approved a \$26,000 expenditure for the office of Attorney General Drew Edmondson for routine legal work.

Oregon

Oregon House Bill 3466, proposing to kill the Oregon Lottery's sports betting games in order to bring the NCAA tournament back to the Beaver State, is stuck in the Senate Budget Committee after flying through the House with a 51-0 vote.

Pennsylvania

Pennsylvania Gov. Edward G. Rendell announced that Pennsylvania Lottery sales for the 2004-05 Fiscal Year exceeded \$2.6 billion - a 12.45 percent increase over the previous year. The Lottery has grown by more than 10 percent in each of the last three years. The Lottery has increased its sales by listening to players and offering games that respond to their requests, by developing creative marketing tools like Gus, the Second Most Famous Groundhog in Pennsylvania and by reversing a decades-long decline in the Lottery's retailer base.

The Pennsylvania Lottery introduced its largest instant game ever in June. "\$275 Million Cash Extravaganza" features 20 top prizes of \$1 million each, 12,000 prizes between \$1,000 and \$20,000 and more than 490,000 prizes from \$100 to \$500.

Quebec

With consolidated revenues of \$3.937 billion and net income of \$1.583 billion, Loto-Québec remitted a total of \$1.511 billion in dividends to the Québec Government during the fiscal year ended March 31, 2005. As such, the Corporation's revenues, net income and dividends showed a 4.7%, 8% and 1.2% increase respectively as compared to the previous year. The Corporation remitted a total of \$1.669 billion in dividends, taxes and other sums directly to Government Ministries during fiscal 2004-2005. All three of Loto-Québec's principal activity sectors contributed to the increase in the Corporation's total revenues, with Lotteries, Casinos and Video Lotteries recording increases in earnings of 2.5%, 3.3% and 9.6% respectively. With respect to net income,

Lottery revenues grew by 6.9% and Video Lotteries by 11.8%, while Casinos showed a slight decline of 0.6%.

Rhode Island

Rhode Island legislators and Governor Carcieri have agreed to dissolve the Rhode Island Lottery Commission. The Governor signed legislation assigning Lottery functions to a lottery director under the Department of Administration. It reserves for the General Assembly the ability to authorize additional slot machines at the state's two gambling facilities, and the ability to determine the state's take of the games.

Tennessee

The Tennessee Lottery saw \$844.3 million in ticket sales during its first full fiscal year of sales. Last year, state officials predicted sales of \$740.4 million in the 12 months that ended June 30, increasing to about \$768 million in fiscal 2006. The Tennessee Lottery has raised nearly \$360 million for education since it began selling tickets in 2004.

Texas

Starting July 20, Texas Lottery players can purchase the \$2 I LOVE LUCY® scratch game, featuring five different scenes with Lucy, Ricky, Fred and Ethel in some of the funniest moments in television history. The I LOVE LUCY® scratch game features cash prizes from \$2 to \$20,000. The overall odds of winning any prize, including break-even prizes, are 1 in 4.25.

Virginia

As the summer heats up, Virginia Lottery retailers are cooling off with some cash from the Virginia Lottery. More than 2,500 retailers earned nearly \$550,000 in the Hot, Hot, Hot retailer incentive that ran April 25 - June 19. To promote the "Family of Games" scratch tickets to players, retailers were awarded a \$50 bonus for placing a special ticket dispenser displaying the four "Red Hot"-themed scratchers (\$1, \$2, \$5, \$10). Retailers also earned a 2% bonus selling commission and 1% bonus cashing commission on the games. Retailers who displayed the "Red Hot"-themed tickets in the four-game dispenser had 40% higher sales for the games.

Washington

The Washington Lottery's Average weekly sales are reportedly up 11.2 percent since it introduced a third weekly Lotto drawing on February 14. Lottery commissioners initiated the change in an effort to end a 14% slide in Lotto sales (\$120 million in 2002 to \$103 million in 2003).

Washington's Lottery and its advertising agency, Publicis in the West, received a gold EFFIE in the Government/Institutional category at the 2005 awards gala for their successful effort in re-launching the Lotto game in the fall of 2004. The Lottery's winning case study entry outlined the measures taken to overcome a multi-faceted marketing challenge posed by the Lottery's flagship game, known at the time as Lotto Plus.

West Virginia

On June 21, the West Virginia Lottery Commission officially opened its search for a new headquarters in Charleston. With the vast expansion of video lottery, the Lottery has outgrown its current headquarters, on MacCorkle Avenue across the Kanawha River from downtown Charleston. ♣

PGRI Product of the Year Awards ...continued from page 18

are up 28 percent in the locations with the dispensers.

More than 26 percent of Scratchers® retailers, or about 1,000 retail locations, have at least one of the new dispensers installed. While Scratchers sales are up in most retail locations, 43 percent of the sales increase can be attributed to the 26 percent of the retail locations that have the new dispensers.

“Retailers really like the new dispensers,” said Shay Shoemaker, product manager for the Missouri Lottery. “They are so much easier to load, and the customer display is so much better.”

Shoemaker said the Lottery is expecting the new ICMs to raise an additional \$24.6 million in Scratchers sales each year, as well as an additional \$27,000 in extra sales per retail location that uses a dispenser.

The key features of the ICM are:

1. Increased facings from 16 to 20 in the same size counter space: In order to increase facings in the same counter space, the ICM uses a display tray showing cards or void tickets versus showing live tickets. The Missouri Lottery developed a Scratchers display card that is used with this dispenser. It shows the price point, name and the top few inches of game art. In addition to the 20-game model, the Missouri Lottery also developed a 25-game unit that is a few inches wider than the 20-game model.

2. Flat-loading: In previous in-counters, tickets had to be bent or wrapped around bars in order to display the games. Since the ICM uses a display tray, the tickets can be flat-loaded in drawers beneath the tray. This feature is the most popular among Missouri Lottery retailers.

3. Better display: Since the ICM uses a display card versus a live ticket, the key messages can be shown. Since Scratchers tickets are various sizes, most dispensers that show live tickets cannot always show the top portion of the ticket, which often feature the key messages.



Take-A-Ticket's In Counter Merchandiser.

4. Displays less out-of-stocks: The dispenser does not show tickets out-of-stock since the dispensers use display cards. In addition, many dispensers cannot display the last few tickets in a pack, but since the ICM does not show live tickets, it is not a problem.

5. Larger capacity: The drawers are large enough to carry multiple books of higher price-point games, which help to eliminate out-of-stocks. ♣



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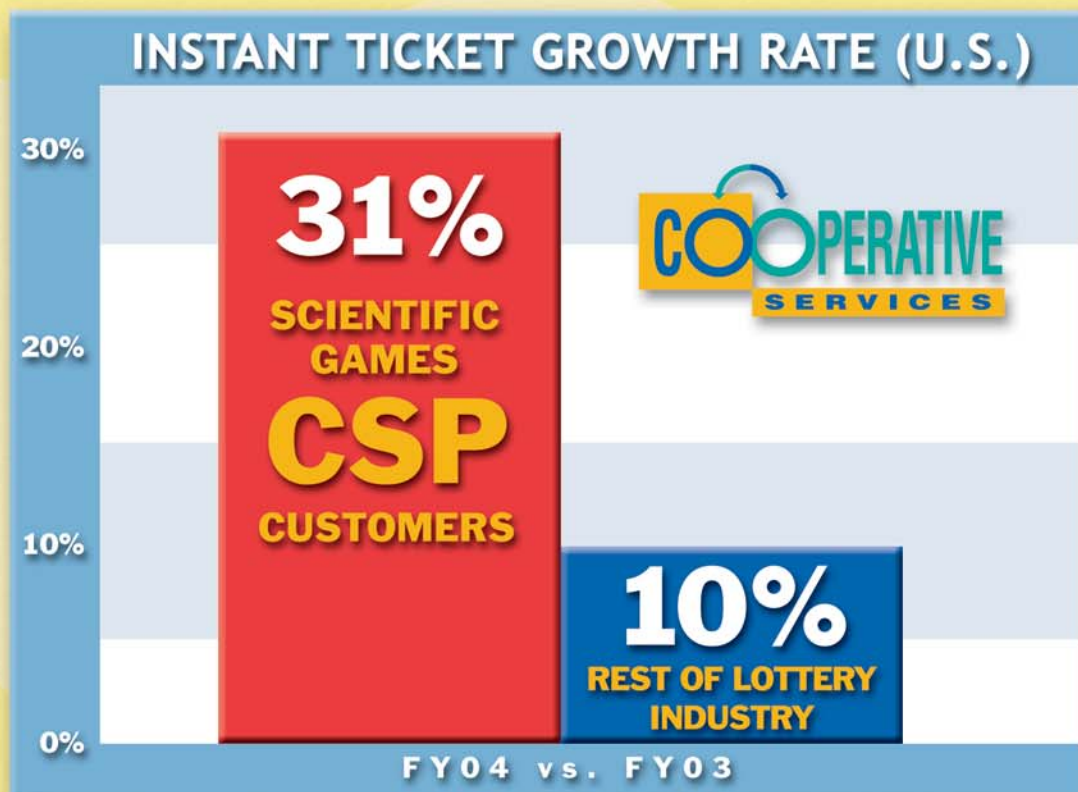
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- This remarkable success is not a U.S.-only phenomenon. In Italy, our CSP model has helped increase instant lottery sales over the past year from €165 million to approximately €1.5 billion.



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