

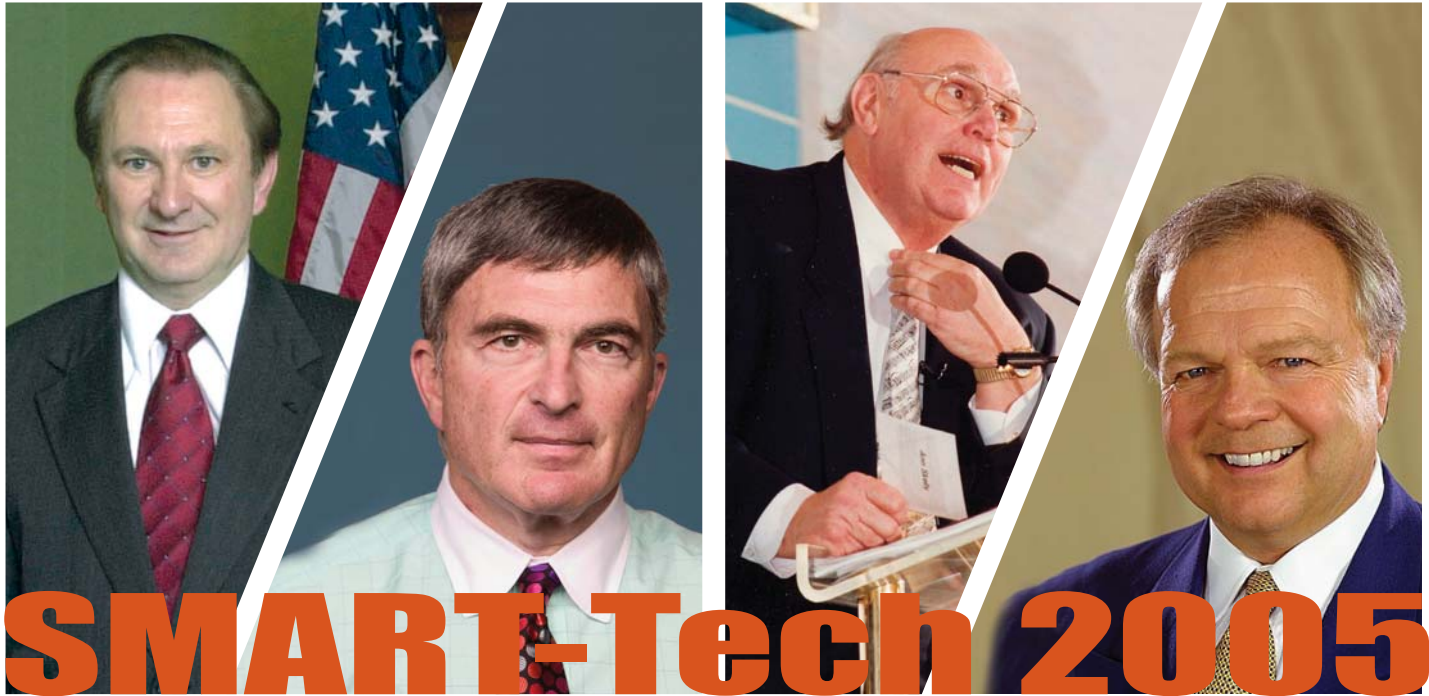
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February 2005

GAMING

I N T E R N A T I O N A L

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 Steve Saferin, President, Scientific Games Ventures;
 Guy Simonis CEO Guy Simonis at Large; Ted Arneault, President and CEO, MTR Gaming Group.

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Industry News



IGT and Scientific Games Announce Alliance

IGT and Scientific Games Corporation have agreed to formalize terms for a worldwide, long-term strategic alliance to jointly provide products for the converging gaming market. The alliance will combine key new technology and development initiatives utilizing Scientific Games AEGIS® Video Control systems and IGT Advantage™ systems products, including Accounting, Patron Management, Bonusing and the EZ Pay™ ticket system, for use in the rapidly growing government-sponsored gaming, pari-mutuel wagering and commercial gaming markets. In the near term, both companies will cooperate in the submission for the Louisiana procurement for a central monitoring system, which will feature a comprehensive combined solution to meet the expectations of the Louisiana market. The financial terms of the alliance were not disclosed.

Casino Arizona Chooses JCM

Casino Arizona has chosen JCM American as the exclusive supplier of bill validators for its two Scottsdale-area properties. JCM currently holds more than 85 percent market share in the region, and this agreement is the company's first major contract in state. Under the agreement, JCM will be the exclusive bill validator supplier for Casino Arizona's Indian Bend and McKillips locations, and will replace other validators currently in use at the properties. Casino Arizona operates more than 1,500 gaming devices at its two locations.

Smartplay's Origin in Arizona

Smartplay International Inc. announced the second placement of its Origin™ digital draw system. The Arizona Lottery follows New Mexico Lottery in its decision to convert drawing operations to the Smartplay system. Installation is planned for late February.

Scientific Games Reaches Agreement with Colorado

Scientific Games Corporation and The Colorado Department of Revenue have agreed to delay the conversion date for the new online lottery system for ninety days. The Colorado Department of Revenue is also immediately exercising one of its two options to extend the term of its contract with Scientific Games for two years, ensuring operation of the system through October 31, 2012. The extension is valued at approximately \$14 million.

Cyberview Signs with Asian Gameworks

Cyberview Technology has entered into an agreement with Asian Gameworks Ltd. of Las Vegas giving the licensing rights to Cyberview Technology to place on its downloadable gaming platform the latest two games from Asian Gameworks. The games are directed towards the growing world-wide Asian communities. 'Ye Ha Hai', is an old Chinese game played with dice that have pictorial representations on each face, in lieu of pips. 'Lucky Reel Poker' is a bonus feature that can be added to any base video poker game."

Boss Media System Chosen by Littlewoods

Boss Media signed an agreement with Sportech PLC – the parent company of Littlewoods Gaming – to provide a casino and poker system for

Littlewoods Bet Direct Internet gaming site. Boss is to supply a Casino system with GBP as the base currency. The Casino will be available in both a download and in a web-based version. The Poker will link into the existing Boss Poker Network-community. The existing Bet Direct punters will be able to log in and play both casino and poker games using their existing playing account.

Maine Extends Scientific Games

Scientific Games Corporation announced that the Maine Bureau of Alcohol and Lottery Operations has extended the company's lottery contract four additional years through June 2011. The four-year extension was the maximum possible under the existing contract and is worth an estimated \$40 million over its term. Scientific Games provides instant lottery tickets and related services as well as online lottery services to the Maine Lottery. Under the new agreement, Scientific Games will also provide the Lottery with 300 new EXTREMA® online lottery terminals and 300 instant and online self-service ticket checkers. A portion of the EXTREMA terminals will go toward expanding the Maine Lottery's distribution system.

IGT Acquires Hi-Tech, Forms IGT-Canada

IGT announced the acquisition of substantially all of the assets of its Canadian distributor, Hi-Tech Gaming, and the formation of IGT-Canada, Inc., a new subsidiary that will support sales and service for customers throughout Canada. Most of Hi-Tech's 43-person workforce joined IGT-Canada effective January 1, 2005, subject to all appropriate regulatory notifications and approvals.

Record Sale for Venus Systems

WinTV, the drawing department of EDITEC SA is in the middle of a record quarter for its production of Venus drawing machines, with 21 machines produced between November and January and supplied to various lottery operators in Europe and Asia. This exceptional volume has been boosted by an order from Lottomatica in Italy for the installation of 14 Venus Systems in order to automate the traditional manual draw of its Lotto game. The Program, the details of which will be given later, includes unique mechanical and software upgrades of the Venus System. The rhythm of production is expected to remain strong for this highly demanded machine.

MGAM Acquires Sigma

Multimedia Games recently acquired certain assets of Sigma Game Inc. ("Sigma"), in an all-cash transaction for an undisclosed amount. Sigma is a privately-held Las Vegas designer, developer, manufacturer and distributor of, among other products, mechanical reel slot and video gaming machines. Pursuant to the purchase, MegaBingo, Inc., a wholly-owned subsidiary of Multimedia, acquired substantially all of Sigma's intellectual property, including patents, trademarks and game themes, as well as at least 350 gaming machines and the related fabrication molds and tooling equipment. Multimedia plans to deploy these gaming machines in Class III tribal and commercial casinos in various jurisdictions. Subject to regulatory approvals, Multimedia also secured the right to acquire the corporate stock of Sigma, which holds gaming licenses in many domestic gaming jurisdictions, including Nevada and New Jersey. ♣

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Czech Republic

SAZKA players can now win their monthly rent for the rest of their life with RENTA. The CZK 30 game will pay up to CZK 30,000 per month until the end of the winner's life. Another prize offers CZK 100,000 per month for ten years.

China

Sales for the China Welfare Lottery hit a new high, exceeding CNY22.6 billion through December 31, 2004, sending CNY7.91 billion to China's public welfare fund. Sales increased 13% over 2003 and computerized lottery sales exceeded CNY21.8 billion.

Solvix Technology is setting up a joint venture with China Unicom's official contents provider to start a mobile lottery and Lotto service for Chinese handset users. Subscribers are allowed to buy lottery, Lotto, Toto and horse racing tickets through online payment.

Finland

Veikkaus' turnover amounted to 1,260.8 million Euros in 2004, representing a growth of 101.5 million Euros (8.8%) over the previous year. The Lottery reached growth in all its product groups. The total turnover of the lotto games was 493.5 million Euros (+ 8.5%). In the games of skill it was 328.7 million Euros (+14.2%). Other online games were sold for 291.7 million Euros (+7.1%) and instant games for 146.9 million Euros (+1.8%). The Lottery also reached the lottery funds objective fixed in the State budget, 375.8 million Euros. This means that Veikkaus returned over one million Euros to its beneficiaries – the Finnish arts, sports, science and youth work – via the Ministry of Education.

France

With an 8.55 billion Euro turnover La Française des Jeux closed its 2004 financial year. This 9.8% growth supported by the 40,000 La Française des Jeux sales outlets is the result of the success of its new game: Euro Millions. In 2004, other draw games (Loto, Keno, Rapido) showed a 1.9% increase in turnover compared with the previous year. Instant games, after a 2.6% decline in 2003, achieved a 2.3% growth in 2004. Sports betting games posted a 221 million Euro turnover (compared with 213 million in 2003), and the multimedia channel showed a 29.4 million Euro turnover, accounting for 0.3% of the company's overall turnover.

Germany

Scientific Games Corporation announced that effective December 31, 2004; it completed the acquisition of all the outstanding shares of Printpool Honsel GmbH, the German company that is the instant ticket supplier to all of the sixteen lotteries in Germany. Jan and Klaus Honsel, the principal shareholders and co-managing directors of the company, will continue to manage the company going forward pursuant to a multi-year employment agreement. The new company will be called Scientific Games – Honsel.

Hungary

Hungary's Ministry of Finance decided to ease the tax burden on instants, reducing it from an overall 27% to 12% of the revenue, enabling the payout rate to be raised to 60% from 44%. The unprecedented change gives Szerencsejáték Rt., Hungary's national lottery

and only instant ticket organizer in the country, a good chance to prove that the government will not lose by the tax reduction. Szerencsejáték Rt. will close all its currently running tickets by March 2005 and replace them with the ones with higher payout. The extra money will be used in the top and bottom prize categories. Thus, overall odds of winning will be increased from an average 1:4 to 1:3, and the top prizes will grow as well. The introduction of the new tickets will coincide with the launch of Szerencsejáték Rt.'s new online validation and logistics system.

Israel

Multimedia Games has been selected by Mifal Hapayis, the operator of the Israel National Lottery, to provide an Electronic Instant Lottery System. Pursuant to the agreement, Multimedia will sell Mifal Hapayis a complete gaming system, including central determinant system technology; management, test, monitoring, and accounting systems; on-site training; game themes; and delivery of an initial 500 EIL point-of-sale terminals to be deployed at 150 retail locations throughout Israel. The initial minimum value of the purchase and service agreement is approximately \$8.5 million, which includes a one-year system warranty. The system and initial player terminals are currently scheduled to begin operation in the second half of Multimedia's 2005 fiscal year.

Italy

Italian lottery operator Lottomatica saw its gaming revenue double year-on-year in the month of December, reaching 1.384 billion Euros. The launch of an additional lottery with higher stakes was cited as the reason for the growth. Overall 2004 revenue reached 11.689 billion Euros, greatly exceeding 2003's 6.38 billion Euros.

U.K.

Mercury Interactive Corporation announced that it is helping enable Camelot, the U.K. lottery operator, to optimize the quality, performance and availability of Play by Text – the service which enables players to purchase tickets for National Lottery games through their mobile phone. Since Camelot launched its interactive offerings, Mercury has delivered a full return on investment by reducing the manual effort involved in testing and monitoring the performance of its business applications. Most recently, Mercury Performance and Quality Centers were used to deliver applications that enable Camelot customers to play Lotto by text message through their mobile phone.

Vietnam

Vietnam's earnings from state lotteries are estimated to have reached VND4.065 trillion (US\$258.9 million) in 2004, up 14.5% against 2003. The Ministry of Finance also said it has activated a new scheme to give the market a boost this year by creating a more competitive environment for lottery firms. Lottery firms and sale agents in the 21 southern provinces contributed a total VND3.698 trillion (US\$235.5 million) to the budget (91% of lottery payments), while the 43 central and Northern provinces paid VND367 billion (US\$23.4 million).

Vietnam will allow its northern and central regions to issue lotteries at a regional level, instead of just a local level as they do currently, in a move to increase state budget collections. It has also been reported that the government has given approval for the launch of a sports lottery. ♦

GUEST EDITORIAL

The Legal Debate in the European Community

by David Clark, Camelot

First, let me declare up front that I have no legal training. But the future of lotteries in Europe will depend on the on-going battle in the European courts and the legislators' minds so we are following the debate very closely.

Some of the EC bureaucrats are trying to treat the lottery/gaming industry like any other consumer goods industry. The betting and slot machine companies are using the courts to try to pry open the lottery and sports betting markets.

They have succeeded to some extent in the UK although the National Lottery is still relatively well protected. To me it is beyond comprehension that those aforementioned bureaucrats cannot understand that a properly controlled government sponsored operation will do a more efficient job of protecting the population from abuses than will a free market open to unbridled competition from all the gaming companies that are currently present on the un-regulated internet, for example. Complete commercial chaos would be the result of a free market and within one year, the population would be clamoring for government regulation and protection.

Adversaries of regional or national lottery operators claim that said operators are not protecting the population because they are launching new products and advertising in an aggressive manner. The logical defense is that even a government sponsored operator must offer a good service and good, modern products and delivery methods to the population. I lived through a brutal battle in Canada when the federal lottery Loto Canada was competing with the provincial lotteries. Had a new federal government not seen reason and not negotiated an agreement with the provinces we were heading rapidly into a situation where all government and good cause profits would have disappeared and retailers and the population would have been subjected to a wonderful environment for creating inveterate gamblers.

The future situation may well oblige the European governments to open up their lottery licensing to public bidding as is the case in the United Kingdom. But that does not necessarily mean that private enterprise will take over. You are more likely to have a situation similar to that in Ireland where government or quasi-governmental organizations are best placed to retain the license. The governments will be perfectly justified in setting the rules including monies to be raised for government or good causes.

Many of us believe that the situation will be resolved ultimately not in the courts, but rather, by political negotiation between the EC and the national governments. ♣



David Clark, Chief Executive, Camelot International Services Ltd.


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All-Star Instants

After all these years, the instant ticket is still the bread and butter for several lotteries. The games continue to perform because game makers and marketers continue to come up with creative ways to grab the attention of the general public.

Public Gaming International recently asked North American lotteries to send in nominees for All-Star Instant tickets. The games didn't have to be a hottest seller to garner a nomination; it just had to have something that set it apart from other tickets – something that made it special. Read on to see what tickets lotteries nominated, and why they received their nomination.



Delaware

All Star Ticket: Money Money Money
Money Money Money is very special to the Delaware Lottery because it was the state's first ever Instant Game ticket introduced at the \$20 price point. The ticket was received phenomenally by consumers (couldn't stock the shelves fast enough!). The other great thing about this introduction to Delaware's Instant Game line-up was that it opened the door to a price point that was initially shunned by its Retailers and demonstrated that consumers can handle the price. Money Money Money was also introduced just in time for the holiday season making for a great gift idea!

Money Money Money was supported by television, newspaper, magazine, web and in-store POS. The campaign let consumers in on a great idea... a great "Gift Idea" that is. The "gift idea" was to give the gift that keeps on giving. This \$20 Instant Game ticket offered great odds and high prizes. Consumers looked at the ticket as a substantial gift to give to their neighbor, hairdresser, doorman etc... It's like giving cash in a nicely wrapped package!

The "Gift Idea" campaign ran from November 18- December 24, 2004. Money Money Money featured 25 chances to win on each ticket, and a top prize of \$50,000. The Lottery sold 72,855 tickets, from an original print order of 240,000, grossing \$1,457,100.



Kansas Lottery

All Star Ticket: Bonus Crossword.
Last calendar year the Kansas Lottery sold well over \$15 million dollars of Bonus Crossword – nearly 20 percent of the Lottery's total scratch volume. This total does not include a special issue of the same game at Christmas time worth another 2 million, nor a \$5 Crossword game.
Kansas Lottery retails the game for \$2. It receives no marketing help, and every order of it is an approximate sellout.

Kentucky

All Star Ticket: Hold 'Em Poker (GM #399)

The Kentucky Lottery Corporation had a winner with the \$5 ticket Hold 'Em Poker, a game that featured a 72.05 percent payout, the opportunity to win up to five times on each ticket and a top prize of \$40,000. Hold 'Em Poker's good graphics and prize structure, combined with the well known brand of the World Poker Tour and the timely resurgence of the popularity of poker, helped the game to sell out in 18 weeks. KLC sold 99% of the initial print order of 1.08 million tickets, grossing \$5.45 million in sales.

The game included a second chance promotion featuring five grand prizes of a five day Carnival Cruise to Grand Cayman with \$300 spending money. Also, two second prize winners received poker packages while fifty third prize winners received poker chip sets.

Hold 'Em Poker also received a good deal of advertising support, including: radio, monthly magazine ads, print strip ads, direct mail coupon offers, promotional brochure and store flyers, website promotion (featured promo window), game sell sheet, dispenser/vending machine insert card, and an oversized sample ticket.



Louisiana

All Star Ticket: Barrel of Bucks

The Louisiana Lottery nominated Barrel of Bucks as its All Star Ticket for 2004. The ticket had the right combination of play style, prize structure, ticket name and graphics plus high recall on its advertising.

Barrel of Bucks was featured in a television "donut" ad where the Lottery positioned scratch-offs as giving the consumer "A Reason to Smile." To support the theme, a series of ads were developed that demonstrated every-day aggravations that turned out to be "good luck". In the Barrel of Bucks ad, a woman who is late for a business meeting hurries to grab an elevator. The man inside rudely waves goodbye as the doors shut before she can make it. Later, the lady can't help but smile as she realizes the elevator broke down and the same man has been stuck in it all day. Radio advertising also supported the ticket. Both the radio and TV ads were awarded the Crystal Award of Excellence in the inter-



national Communicator Awards competition in the category of Creativity/Humor.

Barrel of Bucks, which sold at the \$2 price point, featured 246,965 prizes between \$2 and \$10,000, and sold 948,200 tickets out of the initial print order of 1 million tickets, grossing \$1,897,540 in sales.

Maine State Lottery

All Star Ticket: \$1,000,000 Bonus Spectacular

With \$1,000,000 Bonus Spectacular, the Maine Lottery offered four \$250,000 top prizes with a bonus drawing. Each of the four \$250,000 winners will participate in a \$1,000,000 Bonus drawing.

The game received little advertising/marketing support because the \$10 market was relatively new in Maine and players were waiting for the release of a new \$10 ticket.

The ticket, which launched in April with an initial print order of 2.4 million tickets sold over 1.6 million tickets in nine months, grossing \$16,675,500 and netting \$2,424,618 for the state in Calendar Year 2004.

Maryland

All Star Ticket: The Golden Ticket

The Maryland Lottery hit a home run with "The Golden Ticket", a one-of-a-kind scratch-off featuring collectible Orioles baseball trading cards.

Each \$10 scratch-off commemorated the Orioles' 50th anniversary with a free foil pack containing five Orioles Collectors Cards. The first 100 people to collect a complete set won \$1,000, a Certificate of Authenticity, an autographed baseball and an invitation to an Orioles' bullpen party with a chance to win \$100,000.

The first 100 sets were claimed in the first five days! The overwhelming response launched a second contest offering cash, a Corvette and plasma screen televisions. The Golden Ticket garnered the 2004 NASPL Award for Best New Instant Ticket! Now THAT's a real grand slam!

The Golden Ticket featured a 75.54% payout, and the Lottery sold 997,400 of the ticket, which had an initial print order of 1 million. The ticket was supported by radio, TV, in-stadium promotions, an opening day event and point of sale advertising.

Nebraska

All Star Ticket: Price Is Right

On 12/27/05, the Nebraska Lottery started distributing its first \$5 Price Is Right game to its retailers. This was Nebraska's first licensed product at the \$5 level. The Price Is Right game received media support and the Nebraska Lottery ran a web promotion. During January, MVP Club members could enter non-winning Price Is Right ticket numbers at nelottery.com for a chance to win a trip to Hollywood. One winner received a trip for two to Hollywood to see a taping of the show. For the week ending January 21, 2005, Price Is Right weekly sales were higher than the top selling Nebraska Lottery's Scratch game, \$3 Crossword. If sales continue at the same pace, Price Is Right will be the fastest selling \$5 game to date for the Nebraska Lottery.

Ohio

All Star Ticket: Cash Bonus Double Play

With Cash Bonus Double Play, the Ohio Lottery offered players a product with games on both sides of the ticket. Other than the Lottery's \$5 holiday game, this was its best selling \$5 ticket.

The ticket, which had an initial print order of 8.5 million sold 8.2 million in CY 04 with no advertising support. The game, which had a 67 percent payout, grossed \$41 million in sales and netted a return of \$11 million to the state.



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Rhode Island

All Star Ticket: Baseball

Baseball is the Rhode Island Lottery's perennial All Star game. The Rhode Island Lottery began offering instant ticket games in May 1976 with a baseball theme, called Play Ball. It became an "instant" favorite.



Although the game has been given a variety of names, its popularity, and the object of the game – scratch off the nine inning scores; if the total beats the opponent's score, you win! – has remained.

In 2005, the game will be released throughout the year, with four ticket designs to match the season – Spring Training; Regular Season; Pennant Chase; and Winter League.

For nearly 30 years, the game has succeeded on its own merit as entertaining and fun, maximizing sales with no additional marketing used.

In 2004, the Rhode Island Lottery printed three versions of baseball (Baseball, Louisville Slugger, and Baseball) with a print order of 1 million each. The game, which sells at the \$1 price point and features a 60 percent payout (with a top prize of \$5,000) sold nearly all three million, grossing \$2,896,831.

South Carolina

All Star Ticket: Shrimp and Grits

Of all the instant tickets produced by the South Carolina Education Lottery (SCEL), a \$1 game called Shrimp and Grits has a uniquely South Carolina taste to it.

What better way to show South Carolina's Southern "feel" than to highlight its culinary skills? SCEL launched Shrimp and Grits on February 3, 2004. In order to get the entire state involved, several events were planned. Radio partners, local hockey teams, and retailers alike supported this ticket with SCEL promotional items. There was even a "Spot the Shrimp" promotion as well as a website promotion where players could e-mail their favorite shrimp and grits recipes to SCEL.

Even local restaurants cooked up some fun with Shrimp and Grits. Cru Café, located in Charleston, provided SCEL with gift certificates to give away as prizes for lottery participants. A



World Poker Tour™-Themed Scratch-Off Becomes a Hoosier Lottery Best Seller World Series of Poker® Game Already Planned as a Follow-Up

In a span of just 16 days, \$100,000 Hold 'Em Poker® – featuring the high-stakes, high-style excitement of the World Poker Tour™ (WPT) – has become the Hoosier Lottery's best-selling \$5 scratch-off and best-selling licensed property game of all time.

MDI owns the trademark for the Hold 'Em Poker® name for lottery tickets and is the exclusive lottery licensor of the World Poker Tour™ brand. The wholly owned subsidiary of Scientific Games already has a patent on one Hold 'Em Poker® play style, with patents pending on similar play styles that leverage the fun and excitement of this remarkably popular brand of cards.

"We were very excited about launching Hold 'Em Poker and are even more excited that players have responded so well," said Hoosier Lottery Scratch-Off Product Manager Anita May. "This game has taken our \$5 price point to a whole other level. We couldn't have picked a better time to launch this product in the current poker environment."

Part of the Hoosier Lottery's January 21 quadruple game launch, \$100,000 Hold 'Em Poker topped \$1.59 million in sales in its first full week, followed a week later by \$1.76 million. Week Two sales were comparatively higher than both the combined sales of the Lottery's four \$10 games and the aggregate sales of its three \$20 games.

"You have to go back to the introduction of the Lottery's first \$20 game in Fiscal 2003 to see sales this high," said Steve Saferin, President of MDI Entertainment. "The Hoosier Lottery is demonstrating once again, as it so often has, that licensed games with the bonus value of a second chance and highly coveted grand prizes and merchandise prizes are capable of sales equal to or better than the average generic lottery game, with the added benefit of appealing to new groups of lottery consumers."

In addition to cash prizes of up to \$100,000 that can be won in the Hoosier Lottery game, players can enter non-winning tickets into second-chance drawings for prizes including four grand prize trips to play at an actual World Poker Tour™ (WPT) tournament and more than 2,000 World Poker Tour™ Merchandise Prize Packs. Players can enter the drawings by mail or via the Internet.

As a result of the game's current blistering sales pace, the Lottery, Scientific Games and MDI are already planning a second \$5 Hold 'Em Poker game with a tentative launch date set for April 22. The one major change players will notice is that second-chance grand prize winners will win trips to play at the World Series of Poker®, instead of a WPT event. Both are MDI-licensed properties.

According to a recent story in the Washington Post, the number of Americans playing poker is estimated to be in the range of from 50 to 80 million. MDI-licensed Hold 'Em Poker® instant lottery games have been hot sellers since their 2004 introductions in Ohio and Kentucky. ♠



local company, Adlud Flour, was able to provide SCEL with stone-ground grits as well as their favorite shrimp and grits recipe.

As far as advertising for this ticket, there was none. Promotional items were purchased to be given away at the various retailer promotions being held across the state.

Shrimp and Grits, which sold for \$1, offered a 57 percent payout. The initial print order was 2.4 million, but the game didn't stop there. The Lottery had to reorder the ticket twice on its way to selling 6,803,775 (a total of 7,030,200 were printed). The game netted \$2,266,494.37 back to the state – a 49.95 percent return on investment.

Texas

All Star Ticket: Holiday Millions Wishes

Holiday Millions Wishes was the Texas Lottery Corporations first \$30 price point game. The game featured a 72.5 percent payout, with prizes ranging from \$30 to \$2,000,000. Approximately 1 million of the initial print order of 3 million tickets have sold to date, grossing \$37,188,870 in sales and netting \$5,764,275 for the State of Texas.

Holiday Millions Wishes was supported with commercials on radio and TV.

South Dakota

All Star Ticket: Dakota Holidays

The South Dakota Lottery submits Dakota Holidays as its All-Star Instant Ticket nomination. Dakota Holidays features five beautiful rotating scenes of South Dakota wildlife in holiday settings. Images of pheasants, coyotes, geese, buffalo and antelope, each with a fun holiday element, make the game attractive to sportsmen and those wanting to send a nostalgic gift to out-of-state friends and relatives.

The Dakota Holidays ticket is the first time the Lottery has offered a scene game for the holidays and the first time for a uniquely South Dakota game for the holidays.

Dakota Holidays has a key number match play style, overall odds of 1:3.97 and a top prize of \$10,000. The game, launched in mid-October, is South Dakota's top \$2 seller for FY05. It outsold the previous year's \$2 holiday game by nearly 7 percent.

Advertising support included :30 television and radio ads, gift-box shaped point-of-sale pieces, and 8.5" x 11" point-of-sale posters.

The ticket order for Dakota Holidays was 360,600.

Virginia

All Star Ticket: Extreme Green

The Virginia Lottery selects \$10 Extreme Green, its twelfth \$10 ticket, as a calendar year 2004 all-star. Extreme Green sold \$19,968,260 in CY04, with a net profit of almost \$4.7 million and a consumer sales index 25% above average. The money-themed ticket had a clear top-prize (\$500,000) and launched in late January, about a month prior to the peak seasonal period. The ticket's name, graphics, and predominant color all reinforced the money theme.

Extreme Green was supported by a 30-second radio spot, which ran for four weeks, and by six different POS pieces designed for windows, counters, and playcenters.



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Flagler Dog Track and Entertainment Center: Looking to the Future

The sunny Florida future is beginning to look even brighter for Flagler Dog Track and Entertainment Center. The track, which has been operating for 72 years, is cashing in on the rising popularity of poker and is on the verge of capitalizing on legislation that could soon mean the implementation of slots at it and six other facilities in Florida.

The Track

Located between downtown Miami and the Miami Airport, Flagler hosts live greyhound racing on five courses (all on the same track) seven-days-a-week during the live racing season, which operates from June 1 through November 30. The facility has the capacity to hold up to 15,000 people (most standing, as there is seating for about 3,000). In addition to the six-month live racing season, Flagler offers simulcasting year-round.

The average attendance during the season is around 1,000 people per day, with approximately 1,500 to 2,000 visitors on Saturdays and Sundays and around 750 on weekdays. There's remarkably little drop-off in attendance during the off-season as the number of daily visitors dips by only 10 to 15 percent.

"Most of the visitors at this point are local people they'd rather just go to the nearest facility," said Fred Havenick, President and CEO of Flagler Dog Track and Entertainment Center. "It's easier for them. It's not a substantial drop off going from live to simulcast."

Poker Rooms

In 1998, Flagler, like other tracks in Florida, was allowed to open a Poker room. The tables offer Texas Hold'Em, Seven-Card Stud and Omaha, but Texas Hold'Em is the primary game played at this point.



Fred Havenick, President and CEO of Flagler Dog Track and Entertainment Center

Unfortunately, when launched, the games were severely restricted, and the room had little financial effect on the facility. "Originally the Poker had a \$10 pot limit," said Havenick. "So it had no effect because no one wanted to play that kind of a game. There were bigger games at the prison."

To make matters worse, tracks could only offer Poker during the six-month racing season.

"We would prefer to offer poker as a totally independent game – not tied to the live racing – but that is the way the legislature did it," said Havenick. "I think it was just brought in because there were people who wanted to control the poker. It is bizarre – particularly when [tribal casinos] offer poker twenty-four-hours-a-day, seven-days-a-week. So, it's really just the tax regulated controlled gambling that has any limits."

In August of 2003, Florida tracks were allowed to raise the limit up to three \$2 bets per card. In Texas Hold'Em, if you have eight to ten people playing the game that could mean anywhere from \$48 to \$60 being bet on the first two cards. That's a considerable upgrade on the size of the pot, especially when you consider that as the game progresses pots are now able to grow up into the high \$200's.

The bet-limit upgrade isn't the only factor that is helping Flagler's Poker Room to draw in more customers. Poker has experienced a tremendous surge in popularity due to increased television coverage of high-profile Poker tournaments.

"The coverage has been phenomenal. It has helped our attendance," said Havenick. "The attendance has gone up by probably a couple hundred people per day."

Sizing Up the Competition

Flagler has definitely benefited from increased pot sizes and the overall rise in the popularity of Poker, but the rise in popularity also benefits Flagler's competition. The facilities the track competes with aren't regulated and, as a result, don't face the same restrictions.

The State of Florida has six tribal casinos and approximately 28 boats-to-nowhere that allow casino gambling. Flagler personally competes with two boats that launch from Miami, literally minutes

Flagler Features

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- Year-round simulcasting
- High-stakes poker June through November
- Poker practice tables
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- Weekend Flea Market
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from their facility, and a casino operated by the Mikosukee Indians. The competition is all untaxed and unregulated.

Of course, none of these facilities feature live racing, yet it's hard to rationalize why the state would put a severe restriction like a six-month stoppage on play when there are so many other facilities offering the same game, without taxes or limits year-round. Florida receives 10% of the amount bet in each hand of poker, so there are six months out of the year when the state is losing money that it could gain with relatively no effort at all.

Slots on the Horizon

Of course, in November, legislation was passed that could provide a great deal of help in leveling the playing field, both for the state and for the gambling facilities that provide tax revenue for the state. The legislation allows residents of Miami-Dade and Broward counties to hold local-option elections to vote on legislation that would allow horse and dog tracks in those counties to house slots.

"We are hopeful that [Miami-Dade] county will be voting on March 8th, 2005," Said Havenick.

Details such as the number of machines allowed at each facility are not currently set. The county has to vote on it, and concurrent to that the legislature has to meet to start promulgating the rules. Either one is dependent on the other.

"We would like, if we had our choice, to have an unlimited number of machines and have them operate 24 hours a day, 7 days a week, and we want no linkage to the live racing," said Havenick. *"We want it to be an independent operation. We think that's really the best for the state because there are no limits on the Indians or the boats to nowhere. We'll be paying tax, and if the state wants to maximize the amount of revenue that goes to the schools the best way to do it would be to let economics decide. But we don't know what they're going to do."*

Hypothetically, if legislation passed today promising the right to implement an unlimited number of machines, Flagler would hope to put somewhere around 1,500 machines within eight months. Flagler does have money set aside for the renovation that would be required to house the machines, but as they don't know what the legislation will allow, they can't say just how much such a renovation will cost.

"It is really dependent on [the legislation] at this point," said Havenick, *"but it would be a substantial amount of money. There are seven potential permittees, and among the seven collectively will be a substantial amount of construction and renovation."*

One thing that is known is that the machines would have a dramatic effect on not only the track, but the entire county. "Number one," said Havenick, "it will increase the attendance dramatically, and we look at it as a way to revive the track and the whole area around it, and provide probably 6,000 new jobs in Dade County." ♣

Dogs - vs - Horses

Historically, dog crowds have differed from horse crowds. Traditionally, dog-racing was a night-time activity while horse-racing was conducted in the daytime. Because of this, it used to be that more affluent people went to the horse track because they weren't the type that typically worked. Blue collar working people were typically only able to go out at night, so they would go to a dog-track.

Of course, nowadays the lines have somewhat blurred. There is still an element involved in horse racing which is comprised of very rich people who do not hold a day job and fill their time (and in some cases their pocketbooks) with activities such as breeding the horses, but the standard of horses during the day and dogs at night has for the most part disappeared. ♣

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California Lottery Joins Mega Millions

On February 8, after a year of examining the proposition of joining a multi-state game, California jumped off the fence onto the side of Mega Millions. The California Lottery Commission voted 3-0 to approve the move. The vote leaves the Florida Lottery as the only U.S. Lottery to not participate in a multi-state game.

"Today we become part of Mega Millions," said Chon Gutierrez, Interim Director of the California State Lottery. "We are excited to enter into this partnership and look forward to providing our players with what they have asked for, jackpots in the \$200-\$300 million range."

Exploring joining a multi-state game was an integral part of the Lottery's 2004/05 Business Plan and the California Performance Review (Governor Schwarzenegger's government reorganization team) also recommended the state join a multi-state game. It's been estimated that by joining Mega Millions the Lottery could boost sales by as much as \$500 million, sending an additional \$170 million to education.

Mega Millions was chosen by the California Lottery for several reasons. The Lottery felt it would offer more frequent big jackpots, including a greater probability of jackpots greater than \$200 million. Also, the Lottery felt it offered a better chance of increasing Lottery sales because joining Mega Millions would double the number of days with a big jackpot game. In researching states that have recently joined Mega Millions, the California Lottery found that sales are up 20 percent. Also, Mega Millions draws occur on Tuesday and Friday nights and wouldn't conflict with the Lottery's Wednesday and Saturday SuperLotto Plus draws. Finally, the other members of Mega Millions are more similar to California as they are also large, urban states that already have a strong in-state Lotto game.

The addition of Mega Millions to the California Lottery product line-up will represent the first launch of a brand-new game since 1998, and it became clear it was time to make a change, as signs of jackpot fatigue with SuperLotto Plus began to show. In 2002, SuperLotto Plus sales began to rise dramatically once the jackpot hit \$60 million. In 2004 the jackpot had to break the \$100 million bar-

rier before lottomania would kick in.

Mega Millions, which could be launched in California as early as this summer, should produce the desired results. The game's average jackpot is \$70 million, and on average, 4.6 jackpots per year break the \$200 million barrier. Mega Millions' highest jackpot occurred in May of 2002 when it reached \$363 million. In comparison, the California Lottery's highest jackpot to date has been \$193 million.

"In looking at our product line, we wanted to make sure we had the most exciting and entertaining Lottery products we could," said Gutierrez. "Adding Mega Millions was a sure way to bring new energy and enthusiasm to the California Lottery's games." Gutierrez and his staff spent over a year researching a multi-state game before deciding to choose Mega Millions over Powerball."

Big Gain for Mega Millions States

California's enormous populace (more than 35 million) will push the Mega Millions combined population up over the 150 million barrier – an increase of more than 30 percent. As a result, California won't be the only state expecting a change for the better. Eleven other states participate in Mega Millions (New York, Texas, Ohio, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, Virginia and Washington), and the added population will likely cause jackpots to rise more quickly, which should increase sales.

Of course, a population increase of this size does begin to affect the game's matrix. The odds of 1 in 135 million will likely need to be increased to 1 in 170 million. If they aren't, it's likely the jackpots will be won before they have an opportunity to grow, which would cause interest in the game to wane.

There was one hitch to the California Lottery joining Mega Millions. It is illegal in California for a lottery game not increase prizes as ticket sales increase. Mega Millions' jackpots do rollover, but the eight non-jackpot prizes are fixed. In order to fix the problem, the other eleven Mega Millions states agreed to let the California Lottery create its own non-jackpot prize levels. ♣

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Gaming Offers Many Happy Returns

In January, the Providence Journal made note of the fact that the Rhode Island Lottery reported the highest sales per capita (\$1,345.45) of any U.S. Lottery. The Rhode Island Lottery graciously commented that while it's always nice to be recognized as a leader in your field, to some extent their reporting methods had pushed them into the top position.

Public Gaming International also took the opportunity in January to feature the Rhode Island Lottery for their excellent record. We also thought it would be prudent to follow the article with a piece showing how each Lottery performed in its actual mission, which is to return profits to its jurisdiction (see table). Given the enormous differences in the population of the jurisdictions in question (California's population is roughly 5900% greater than that of D.C. and Vermont), it seemed sensible to use the benchmark of net return per capita.

It is also important to note that while only a handful of lotteries are actually involved in operating video lottery, (West Virginia, Rhode Island, Delaware, Oregon, South Dakota and New York) other jurisdictions also operate gaming machines, and we thought we would add the return figures in for these jurisdictions (Montana, Indiana, Louisiana, Mississippi, New Mexico, Colorado, Illinois and Iowa) to give a more accurate picture of the amount of money that is coming back to governments through the advent of public gaming.

While we would truly love to examine each jurisdiction's figures, space constraints won't allow it. So, keeping in mind that legislation, more than anything else, drives these rates of return, we will examine some of the top FY '04 performers in order to show what they are doing differently than other jurisdictions.

Rhode Island performed very well in this category, with the third highest per capita return (\$255.45) of any Lottery in the U.S. For further information on the Rhode Island Lottery, please be sure to see last month's article, "Rhode Island Lottery – Reaching Record Highs" (January, 2004, pg 14).

West Virginia and Delaware

A jurisdiction with a smaller population can reap big per capita rewards in the gaming industry – especially when that jurisdiction is surrounded by heavily populated areas. West Virginia and Delaware, like Rhode Island, each fall into this category, and each employs a strategy that allows them to make the most of their situation.

Leading the way, with a staggering \$284.44 per capita return to the state is the West Virginia Lottery. The vast majority of the State's success can be attributed to its VLT distribution. In addition to having over 11,000 machines positioned at four tracks (Mountaineer, Charles Town, Wheeling Island and Tri State Racing), the Lottery also controls approximately 8,000 machines in over 1,600 bars and taverns throughout the state.

West Virginia not only has distribution in its favor, it is also benefiting from geographical factors. While the State's population is 1.8 million, it is bordered by five states (Maryland, Ohio,

Pennsylvania, Kentucky and Virginia) with a combined population of 40.8 million. None of these states currently have active VLT programs, and West Virginia does its best to take advantage of this fact. Its four racinos are strategically placed in positions that maximize their population exposure. Mountaineer and Wheeling Island are located in a sliver of land that dissects Ohio and Pennsylvania, with Pittsburgh and Columbus being a reasonable driving distance from each track. The Tri State facility is located in Charleston, which is very close to Virginia, Kentucky and Ohio. Charles Town borders both Maryland and Virginia, and Pennsylvania is a mere hop, skip and jump from the facility.

It will be interesting to see whether West Virginia will be able to maintain such a lofty per capita return once Pennsylvania kick starts its racino program. Maryland is also a strong candidate to launch gaming machines at tracks. To counter, some West Virginia tracks may seek legislation to add table games to facilities in order to broaden the casino experience.

With a net return of \$222 million in a state of roughly 800,000, the Delaware Lottery managed to garner a per capita return of \$277.50. Delaware is also bordered by Maryland and Pennsylvania, as well as New Jersey. In addition, D.C. and Virginia are within reasonable driving distance. Altogether the Lottery pulls from a surrounding population of approximately 30.5 million.

Delaware's three racinos operate 6,435 VLTs, and the Lottery's Wilmington facility, Delaware Park, borders both Pennsylvania and New Jersey, literally minutes away from Philadelphia. Due to Delaware's slender shape, the State's other two facilities – Dover Downs and Harrington – each of which are centrally located, are also veritable border properties.

One would imagine that Delaware might feel more impact from gaming machines in Pennsylvania and Maryland than even West Virginia. West Virginia would still have three border states with large populations to draw from, while Delaware would be surrounded by jurisdictions that allow machines. Still, like West Virginia, the Delaware legislature is tossing around bills that would increase the attractiveness of its facilities.

Gaming Machine States

As mentioned above, there are several other U.S. jurisdictions, besides Rhode Island, West Virginia and Delaware, which offer government operated gaming machines. Oregon, South Dakota and New York each operate VLTs through their state lotteries, while Montana, Indiana, Louisiana, Mississippi, New Mexico, Colorado, Illinois and Iowa govern their games through other state-operated agencies. For

Gaming Return to Jurisdiction

Jurisdiction	'04 Transfer in millions	Population in millions	Transfer per capita
AZ	107.80	5.6	19.25
CA	1090	35.5	30.70
CO*	202.5	4.6	44.02
CT	280.8	3.5	80.23
DC	73.5	0.6	122.50
DE	222	0.8	277.50
FL	1051	17	61.82
GA	782	8.7	89.89
ID	25	1.4	17.86
IL*	1239.7	12.7	97.61
IN*	942.1	6.2	151.95
IA*	280.7	2.9	96.79
KS	70	2.7	25.93
KY	193.5	4.1	47.20
LA*	656.6	4.5	145.91
ME	41.8	1.3	32.15
MD	458	5.5	83.27
MA	912	6.4	142.50
MI	644.5	10.1	63.81
MN	100	5.1	19.61
MS*	332.2	2.9	114.55
MO	230	5.7	40.35
MT*	58.2	0.9	64.67
NE	20.8	1.7	12.24
NH	73.7	1.3	56.69
NJ	793	8.6	92.21
NM*	193.7	1.9	101.95
NY	1890	19.2	98.44
OH	648.1	11.4	56.85
OR	364.7	3.6	101.31
PA	818.7	12.4	66.02
RI	281	1.1	255.45
SC	287	4.1	70.00
SD	115.5	0.8	144.38
TX	1000	22.1	45.25
VT	19.5	0.6	32.50
VA	408	7.4	55.14
WA	117.6	6.1	19.28
WV	512	1.8	284.44
WI	154.89	5.5	28.16

* Return figure includes non-lottery operated FY 2004 gaming machine return, as well as the jurisdiction's FY 2004 Lottery return.

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the most part, jurisdictions operating gaming machines find themselves in the upper half of per capita returns.

As far as lottery-run machines go, Oregon and South Dakota's legislation, creates a vastly different VLT environment than one finds in West Virginia, Delaware and Rhode Island. Oregon and South Dakota operate their machines through a network of age controlled establishments (bars and taverns). Also, neither state allowed its lottery to operate line (slot-styled) games in FY 2004. The one exception to the rule in South Dakota occurs in the historic mining town of Deadwood. While there isn't one casino housing thousands of machines, there are 112 facilities operating 2,934 licensed devices within the town (population 1,300). Still, while Deadwood is a popular tourist attraction, the town is not within significant distance of any large out-of-state population area.

Still, each Lottery experienced remarkable returns when one considers the absence of the aforementioned geographical advantages held by West Virginia, Delaware and Rhode Island. It would be safe to say that, while Oregon and South Dakota do get a good number of video lottery patrons from bordering states, the majority of their clientele is in-state.

States out west are much larger geographically than Northeastern states, and with a few exceptions they are much more sparsely popu-

lated. Certainly, Oregon is bordered by California, but the majority of California is in the southern half of the state – it would be the equivalent of saying that Florida's population should be counted as being in the close proximity of West Virginia's jurisdiction.

Oregon and South Dakota don't have state-sanctioned casinos on their borders taking advantage of an overwhelming out-of-state population, and it could be debated that, given the large proportion of tribal casinos each state is competing with, such a facility would not reap the kinds of rewards that we see in Delaware, Rhode Island and West Virginia.

Of course, gaming machines can bypass a lottery and still provide phenomenal per capita returns to a state. Indiana's gaming machine operations generated a staggering \$119.69 per capita by offering machines on riverboat casinos operating on the state line, drawing from states like Kentucky and Ohio (neither of which allow slots). Louisiana, which operates more than 41,000 machines in a wide variety of establishments (casinos, riverboat casinos, racinos, bars & taverns) reported a \$118.97 per capita return in FY '04. Mississippi, which doesn't even have a lottery, saw a \$114.55 per capita return on its gaming machines that operate in riverboat casinos. While one could make an argument that it would make sense to save money by operating all gaming operations under one governmental entity, there certainly is no magic agency formula for producing results. Several jurisdictions have seen great results employing a variety of methods.

Massachusetts and D.C.

Some legislators would have you believe that it isn't possible to produce eye-popping per capita results without gaming machines. The fact is, there are some exceptions. Both the Massachusetts State Lottery and the D.C. Lottery and Charitable Games Control Board are pulling in very high per capita gains without the advent of gaming machines.

The Massachusetts Lottery has one of, if not the, most aggressive instant ticket strategies in the world. In FY '04 the Lottery's aggressive instant tactics led the way to overall sales of \$4.38 billion – \$684.37 per person.

Yes, the Lottery's return to the state (\$912 million) is just under 21 percent of gross sales, but the per capita return is \$142.50. When one compares Massachusetts' payout strategy to some of the gaming machine strategies employed by U.S. jurisdictions (many machines are paying out in the realm of 90 percent – and then the net win gets divided up among several entities), the Massachusetts strategy looks pretty good.

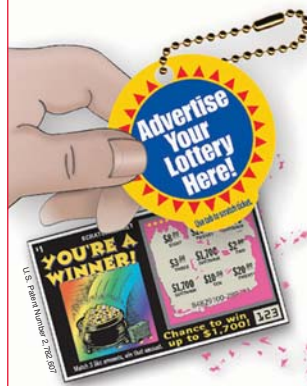
The D.C. Lottery also pulled in an excellent per capita net in FY '04. The jurisdiction, which is home to roughly 600,000 people, reported a net return of \$73.5 million. D.C.'s payout strategy isn't as aggressive as Massachusetts'. With D.C. you have a well-run, well-marketed lottery that is situated in a geographical gold mine. D.C. has tens of thousands of workers commuting into the city on a daily basis. And, D.C. is an island of Powerball in a sea of Mega Millions. When the Powerball jackpot skyrockets, it is only natural that the Maryland and Virginia commuters that work in the city will stop off at a convenience store and try their luck – maybe even take the opportunity to try a few other D.C. Lottery offerings.

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Up and Coming Jurisdictions

The fact is that Lotteries (or any other agency that oversees a government sponsored gaming operation) have little control over gross sales, net returns, per capita returns, and other such numbers. The vast majority of those numbers are legislatively driven. True, lottery operations can be trimmed to maximize returns – Colorado and Minnesota are two recent examples of how cutting the fat can save several hundreds of thousands (if not millions) of dollars – and good marketing and PR can cause gross sales to jump substantially, but to compare one lottery's bottom line to another is simply ridiculous. It could be like comparing a lion to a house cat. Yes, they're both cats, but while one came out of the womb with some serious advantages, they both have to make the best of what they've been given.

A good way to gauge the truth of this statement is to watch a few jurisdictions over the next few years. New York, Pennsylvania and Oregon have all been generating excellent per capita returns. If the major impetus for an excellent return is legislation, then expect all three jurisdictions to see sizeable net revenue jumps in the next few years.

New York, the lottery leader in gross sales at over \$5.8 billion (and holder of an excellent \$98.44 per capita net return) should only see both sales and returns sky rocket as its VLT distribution grows.

The Oregon Lottery (\$101.33 per capita FY '04 return) expects to see a significant impact on its video lottery sales as its video poker machines are getting set to add line games in July.

Pennsylvania is preparing to launch as many as 61,000 slots within its borders. The machines won't be operated through the state Lottery, but the net revenue generated by the machines will certainly be a welcome addition to the already respectable \$66.02 per capita the Lottery returned to the state in FY '04. ♣

Gaming Machines

Jurisdiction	Machines	Locations	Returns in millions (if separate from Lottery)
CO	15,613	44	98.5
DE	5,651	3	–
IA	12,731	13	224.9
IL	9,858	9	669.7
IN	18,005	10	742.1
LA	41,329	2,817	535.4
MS	39,058	24	332.2
MT	18,192	920	50.1
NM	2,385	5	157.8
NY	4,980	4	–
OR	10,250	2,000	–
RI	3,400	2	–
SD	8,300	1,400	–
WV	20,000	1,655	–

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2005 Technological Advancements

Public Gaming International recently polled the gaming industry, asking executives the following question: What technological advancement will you be implementing or expanding in 2005 and how it will affect your business or industry? The answers to that question appear below.



Brennen Lawrence, Vice President & General Manager Video Gaming Systems, Scientific Games: Virtually every business is moving to a standard industry protocol and that technology is now coming to our own industry. Scientific Games' AEGIS-Video™ system is at the vanguard of this emerging trend.

Utilizing the Gaming Standard Association Slot Accounting System (SAS) 6.01 protocol – the ONLY standard protocol accepted by the gaming industry – VLT manufacturers no longer have to adapt their implementations to a proprietary protocol, eliminating tremendous investments in time and money to reprogram the software. The SAS advantage vis-à-vis proprietary protocol-based systems:

Lotteries gain access to the manufacturers that provide 95% of the popular and progressive gaming machines (and themes) on casino floors, which means more and better content, more satisfied players, higher venue operator sales and more revenue for lotteries.

Mike Petro, Deputy Director, Office of Information Technology, Ohio Lottery: The Ohio Lottery's biggest technological advancement in 2005 is to supply the agency's 160 sales and field operations staff with portable computer devices with remote access capabilities. These handheld tablets will help the agency better market traditional lottery game products at the Ohio Lottery's 8,900 licensed retailer locations. The device will also include software to assist field staff with site visits to organizations holding charitable gaming functions – a new agency responsibility. The Ohio Lottery is currently exploring the necessary software development options, with a goal of having the portable computer devices in use by the Fall of 2005. The technology will offer flexibility for field staff operations and provide a centralized mechanism for compiling and analyzing data.



Mark L. Hutchinson, Director, Public Gaming, Western USA and International Sales JCM American: JCM American has grown through a long-standing partnership with the world's most successful gaming machine manufacturers and the casino/gaming customers they sell their finished products to. Today, JCM is a global company in both gaming and vending markets.

We see many new markets for public gaming opening in the United States (i.e. Pennsylvania), as states search for new revenue streams to support their programs. Understanding the public gaming markets and all of its unique challenges will be of paramount importance for all companies supplying these markets. JCM understands the special needs and capabilities the States require and will continue to develop products to support these needs, such as our ICB (intelligent cash box) system. ICB allows specific jurisdictions to mon-

itor the cash box inside a gaming machine the same way other products allow for the monitoring of the rest of the VLT system. ICB will allow the State and Retailer to verify that what the overall system reports to be in the cash box is in fact in the cash box.

We have also created the Trident table system, where we have incorporated bill acceptance and monitoring technology into classic table games such as Blackjack. The Trident system is receiving rave reviews and is being launched onto the world market.

Operating as if in a fishbowl has always been the mantra, being able to monitor these new State operations and systems based on many years of lottery experience will be critically important to the regulators as well as the playing public.

Connie Laverty, New York Lottery: The New York Lottery plans to continue to expand the sales automation (tablet) program for the entire field staff to help them provide even higher quality service to our 16,000 retailers. We will continue to roll-out auto-cash (keyless validation of instant tickets) for lower tier prizes to the entire retail network, which is currently at 50 percent completion. We are working on developing specifications for a customized automatic planning, ordering and delivery system for all of our instant games to build upon our current auto-ship program for new game launches which is used by over 80 percent of our existing retailer base.

Finally, we have started the dialogue for designing and implementing an integrated POS platform for lottery corporate account partners allowing their in-house cash register system to become an on-line lottery terminal. This system will be tested with a major chain prior to implementation in order to iron out the bugs in a cooperative environment and ensure no negative impact on sales, a high level of system security and program maintenance.



Richard Hadrill, CEO of Bally Gaming and Systems: With the broadest portfolio of technology in the entire gaming supply industry, we certainly have plenty to look forward to in 2005. We're very excited about our new ALPHA video platform. With its robust game library housed in a new ergonomic cabinet we call the M9000, we believe ALPHA will get us back in the video game rather quickly with the types of games both operators and players are seeking. We expect to see a full rollout of ALPHA-based game titles during the March-April timeframe and we're committed to serving our customers with quality and innovation.

Kapil Khanna, Senior Executive Officer, Martin Lottery Agencies: My company will replace/modify present GSM and GPRS supported terminals with CDMA supported ones. With availability of a CDMA network all over India it is going to make installation/transfer of terminals from one to another place easier and more economical for us. Moreover we will be able to send other information like details of last

network all over India it is going to make installation/transfer of terminals from one to another place easier and more economical for us. Moreover we will be able to send other information like details of last draws, new attractions and other broadcasts through this technology. It is very cost effective too. In the second stage we will start selling games directly to the CDMA supported mobile customers which will provide us with lots of new customers.

Ray Michel, Dir. Sales & Marketing, Ticker Communications, Inc.: Ticker Communications Inc. (TCI) has developed the most extensive, reliable and secure wireless messaging network in the market today. In TCI's application the short message service, a function of GSM (Global System for Mobile Communications) is the ability to send and receive messages to and from mobile telephones, jackpot and LED signs and LCD or plasma screens. The TCI GSM platform provides access to over 400 mobile operators in over 200 countries throughout the world.

The signs and LCD and plasma screens may be used in offices, retail locations, arenas, stadiums, malls and kiosks for video and/or text messaging. This targets the right customers and puts advertising and information right in front of those customers at the point-of-purchase. TCI offers the best combination of communications and display solutions.

Teresita M. Carrion Geigel, Deputy Secretary/Electronic Lottery Director, Puerto Rico Bureau of Lotteries: As of March 16, 2005, the Electronic Lottery of Puerto Rico will be operating the Extrema terminals as well as the most up to date technology available from Scientific Games, our new online and marketing vendor.

After 6 years since the last changes to our system, we have provided the Lottery a complete overhaul and expect that those changes, along

with some new features like quick pick for our numbers games, one year advances draws, the introduction of playslips for our numbers games and several promotions linked to our 15th anniversary, give our sales a boost.

Mr. Constantinos Antonopoulos, CEO of INTRALOT: For 2005, INTRALOT will focus on its new product B-On which is an innovative gaming platform that enables entertainment games, sports betting and lottery games on digital distribution channels. B-On will be enriched with new game content.

B-On new generation of games allow the players to simultaneously play with or bet against each other in the same online game. The player skills and knowledge rule the player's performance and consequently the game results. Chance can be added as an asset or an obstacle into the game. B-On "Metagame" elements are the features around the game that increase the interest of the player. Examples are social interaction through chatting, competition elements like leagues and tournaments. Playing on B-On will be an ongoing activity that will enrich the way consumers experience online gaming.



Michelle Carinci, CEO, Atlantic Lottery Corporation: ALC will continue to develop web enabling technologies to offer consumers the choice and convenience of purchasing ALC products through a secure website. PlaySphere is intended for players that find traditional methods of distribution inconvenient.

If ALC is to become the online gaming destination of choice for our consumers, the corporation must begin to build this positioning now with products that appeal to the new markets identified by ALC.

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Jim Borden, Director, Lottery Accounts, WMS Gaming, Inc.: WMS Gaming's Video Lottery Terminal (VLT) today shares a common platform with our casino product. This benefits our Lottery customers in many ways: It eliminates the risk of obsolescence, allows our lottery products to evolve with our casino products, and opens the VLT markets to our countless numbers of hugely popular casino proven game themes.

Due to the extremely successful launch of WMS' new state-of-the-art CPU NXT platform along with our award-winning BLUEBIRD™ cabinet to the casino markets, Lotteries can soon benefit significantly by making use of the best casino style products the industry has ever offered.

WMS believes that once armed with our new technologically advanced products along with our creative and entertaining games, Lotteries may propel VLT revenues to a point far beyond what was believed conceivable only a couple of years ago.

Harvey Roberts, Sr. VP of Information Technology, CIO; and Howard Kline, CFO, Kentucky Lottery: The Kentucky Lottery has completed the roll out internally of its new web based accounts receivable system and is making the application available to retailers via the Web during 2005. Through a secure connection, retailers can view accounts with up to the minute information on sales, validations, and other accounting activity. Retailers can download the information directly to their computer using common spreadsheet software. Future planned enhancements will make the NSI Standard XML format available after that standard has been adopted. The goal in developing this system was to improve service to retailers and decrease the necessary staff time to support the retail accounting function.

Valeria Picaso, Secretaria de Dirección, Gaming Signs: We will be using the following improvements in electronic lightening. Light control will be totally digital and intelligent, based on peripherals controlled by local micro-computers, and diverse master devices connected in a digital data network, which will allow bidirectional communication among all parts. This will provide great flexibility in the operative design of the installations, whether it is for only one sign or for the whole floor.

Intensity control is included in both LEDs and bulb lights, which will allow not only to turn on and off the lamps, but also discretionary control of brightness. These intensity variations can be graded from milliseconds to minutes, giving the impression of naturalistic figure movements.

Leah S. Kososki, Research and Development Manager, South Carolina Education Lottery: The South Carolina Education Lottery (SCEL) is expanding DSL (Digital Subscriber Line) and implementing CDMA (Code Division Multiple Access) in the retailer network.

Nicolae Cristea, General Manager, Compania Nationala Loteria Romana S.A.: In 2005, Compania Nationala "Loteria Romana" will extend the on-line sale network in approximately 2000 points of sale, in which it will operate the equipment for communication by satellite, connecting terminals for the three gaming systems: lotto, video-lottery and betting.

During this year a new system (IDS- Information Display System) will be finalized and implemented at the points of sale, for informing on-line the participants to the betting games of the betting program,

the quotes and their modifications, and also the results of the supporting events of the program.

An Integrated Information System will be implemented, allowing the automatization of the entire activity of C.N.L.R, characterized as very complex, dynamic, flexible and extended on a large geographical area, starting from the agencies level (POS – points of sale) and up to the central level.

Brian Rockey, Associate Marketing Administrator, Nebraska Lottery: Commenting on a recent poll conducted on the Nebraska Lottery website, in which customers were asked if, when they pay at the pump for gas, they go inside to buy lottery tickets. "The pay-at-the-pump poll gives an indication of the role the Lottery can play in helping retailers draw customers into the store. Some of the poll's findings also reinforce the value of good POS materials, such as window signs, jackpot signs, and pump-toppers, as means of reminding customers that a location carries Lottery tickets."

Kimberly Chopin, Louisiana Lottery: The Louisiana Lottery is in the early stages of redesigning our Corporate Web site to include both a password-protected Player's Club and password-protected retailer-only area. We expect this new technology will enhance customer relationships and communication as well as make it easier for our retailers to conduct business with us.

Player's Club features that we are exploring include: Opt-in broadcast emails, including e-newsletters, daily winning numbers, user-defined jackpot alerts and birthday coupons; customized Lottery home page by geographic region, including winner awareness stories and Lottery-sponsored events; downloadable coupons and the ability to participate in other web-only promotions such as second chance drawings; ability to earn "points" to exchange for Lottery-branded merchandise (points may accumulate for such things as logging-in, participating in online surveys, or other ad hoc promotions); retailer search by zip code, name or scratch-off ticket inventory; and market research through on-line player surveys.

Registered Player Club participants will provide information that allows the Lottery to customize web content and promotions for each player. By tracking promotional participation and visitor sessions, we hope to improve the delivery of information and rewards to the player, while cross-promoting our product line and encouraging player loyalty.

At first, the retailer-only site will include mostly static functionality, such as the ability to print and view the retailer manual regulations, ADA regulations, Responsible Vendor Program information, point-of-sale catalog, retailer newsletter archives and game sell sheets. We will also allow our retailers to self-manage their online account profile and grant employees access. In phases, we hope to roll out more interactivity such as the ability to: view store-specific sales, commission reports, and cashing incentives; track store performance in any sales contests/promotions; view current scratch-off inventory, top-selling games and compare this information with regional averages; and complete licensing renewals on-line.

Robert Hainey, D.C. Lottery and Charitable Games Board: In fiscal year 2005, the D.C. Lottery will be looking to upgrade its retail communications network to an IP based platform, which is essential for the agency to become more efficient, as it will improve the security and reliability of communications for our retail customers. The upgraded system will also play a vital role in increasing lottery sales, as the agency will be able to implement and deploy new games and support new gaming platforms. ♣

The Ultimate Lottery Research Panel

The Internet has emerged as the key source of information for this generation of consumers. Lotteries have responded with Players Clubs and Online marketing programs. Lottery research methods have also changed to leverage this new communication channel.

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Satellite Failure – How Nebraska Lottery Handled the Public Relations

By Brian Rockey, Associate Marketing Director, Nebraska Lottery; and Misty Wendt, Public Relations Manager, Intralot Nebraska

While the Nebraska Lottery was just one of dozens of business and media customers affected worldwide by the November 28 failure of the Telstar 7 satellite, we were probably the only affected party to enjoy the level of customer service delivered by INTRALOT, USA and their Nebraska staff.

By the evening of Thursday, December 2, the entire Nebraska Lottery Lotto retailer network was back on-line, but other interests affected by the failure faced long delays. In order for this to happen, the entire staff of INTRALOT worked around the clock for four days. Corporate management personnel even came from their offices in Duluth, Georgia to help.

INTRALOT Nebraska supplemented its 11 Customer Service Technicians across the state with several front office staff, and brought in dozens of contract technicians. These technical crews worked more than 2,000 man-hours and drove thousands of miles across the state to restore service at more than 975 Nebraska Lottery Lotto retailers.

The outage was made all the more dramatic by the Powerball jackpot of \$127 million for the Wednesday drawing, and the Nebraska Pick 5 Doubler jackpot promotion. Remarkably, players seeking Powerball tickets for the December 1 drawing had access at about 800 retailers statewide by draw break that evening. The full network was operational in plenty of time for the Saturday, December 4, Powerball drawing, with an estimated jackpot of \$145 million.

Sales of Powerball, Nebraska Pick 5 and 2by2 tickets that were disrupted by the Sunday failure of the satellite had rebounded significantly by that Wednesday night. Total Lotto sales for Wednesday, December 1, alone were about 70 percent higher than average Wednesday sales for the previous two months. A combination of the fast recovery effort

mounted by Intralot staff, and players deferring rather than canceling their Lotto purchases, helped to minimize potential losses. Moreover, Lotto sales for the week were more than \$240,000 above goal.

Knowing how important public relations is in situations like this, our efforts started right away. INTRALOT staff began calling retailers as early as 5:00 a.m. on Sunday morning to inform them of the situation so they knew why there were not able to sign on to their Lottery terminals that morning. Additionally, INTRALOT changed the Hotline greeting to an outgoing message that gave information regarding the situation, which helped to ensure that retailers did not have to wait for an available operator to be updated.

Due to the satellite failure, retailers were not able to obtain their weekly settlement report via their Lottery terminal. So that the retailers were able to do their weekly accounting, INTRALOT staff called retailers on Monday to give them their weekly settlement amounts.

I worked closely with Misty Wendt, Public Relations Manager for INTRALOT, in an effort to keep the media and public informed. Each day we released statewide press releases that included a status update. In addition, the home page of the Nebraska Lottery website featured the most recent press release and a list of retailers who had been reconnected. Additionally, I was available for interviews throughout the week and Misty and I worked to coordinate members of the media meeting up with the technical crews so photos and news footage could be taken.

As a final public relations effort, and to ensure that all retailers ...continued on page 28.



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RACINO NEWS

Scientific Games Launches GETV Network

Scientific Games Corporation and Greco & Emmi Creative recently announced the launch of GETV Network, a comprehensive television network with thousands of screens at existing on-track and off-track locations presently uplinked by Scientific Games Racing. GETV spans across the US, Canada and Caribbean and reaches approximately 500,000 + racing enthusiasts daily (based on turnstile and ticket sales). GETV offers advertisers a targeted, captive audience 15 hours a day, 7 days a week, 365 days a year. This audience is 52% male, 48% female with an average household income \$50,000+ and 51% married.

Mohegan Tribal Gaming Authority Completes Acquisition of Pocono Downs

The Mohegan Tribal Gaming Authority has completed its acquisition of the entities owning Pocono Downs, a standardbred harness racing facility located on 400 acres in Wilkes-Barre, Pennsylvania as well as five Pennsylvania off-track wagering operations located in Carbondale, East Stroudsburg, Erie, Hazleton and Lehigh Valley (Allentown). The Lehigh Valley OTW is a 28,000 square-foot facility and is the largest OTW in the state of Pennsylvania.

With the closing of the transaction, the Authority has the right to apply for a Category One slot machine license under Pennsylvania's gaming law which application, if approved, would initially permit the installation and operation of up to 3,000 slot machines at Pocono Downs.

Upon receipt of a gaming license, the Authority plans to develop a new slot machine facility at the Pocono Downs site, which it anticipates will open in fiscal year 2006. The new facility will also include restaurants, lounges and a small entertainment venue. The Authority anticipates that it will spend up to \$175 million on the construction, furnishing and equipping of the new facility, in addition to paying a one-time \$50 million fee to the Commonwealth of Pennsylvania upon receipt of a gaming license.

The Authority paid approximately \$280 million for the Pocono Downs entities, purchasing the facilities from Penn National Gaming.

Autotote and TRAXCO Complete 5-Year Racebook Deal

Scientific Games Corporation announced that its subsidiary Autotote Enterprises Inc. completed an agreement with TRAXCO, Inc., a subsidiary of the Treasure Bay V.I. Corp. to supply racebook services as part of Autotote's turnkey off-track betting (OTB) services. The agreement is for five years and is valued at \$3 million.

TRAXCO, Inc. recently completed an exclusive franchise agreement with the St. Croix Racing Commission to open a racebook and operate the existing track on St. Croix. Autotote will supply OTB services to TRAXCO, Inc. at the Divi Carina Bay Casino operated by Treasure Bay V.I. Corp and simulcast center at the Randall "Doc" James Racetrack in Christiansted, and other satellite OTB locations on St. Croix to be developed later.

Batavia to Launch Racing, VLTs in 2005

After receiving state approval from the New York Racing and Wagering Board to relaunch racing at Batavia Downs, the track is

preparing for the installation of approximately 600 VLTs in a second-floor clubhouse. The VLT parlor is expected to open in March or April.

The track will launch a 53-day racing season on August 3, hosting nightly races on Wednesdays, Thursdays, Fridays and Saturdays until Sept. 17; Thursdays, Fridays and Saturdays through Oct. 29; and Fridays and Saturdays until Nov. 19.

Calder Closes Out '04/'05 Tropical Meet

Calder Race Course concluded its 33rd Tropical meet on Sunday, Jan 2. Each year, the Tropical meet signals the beginning of the winter racing season in south Florida while offering 55 days of quality Thoroughbred horse racing.

Average daily on-track attendance for the 2004/05 Tropical at Calder meet was 4,408, representing an 8.5-percent decrease from the previous year's average of 4,816. Average attendance on "dark" days – when the track offered full card simulcasting – was 836, down 10.7 percent from last year's average of 936. An average of 8.3 runners started each race, down from an average of 8.6 in the prior Tropical at Calder meet. Total wagering, including all sources and all days, was \$333,082,801, compared to \$322,331,529 in 2003/04. Though on-track and total combined handle were down slightly for the meet, full card simulcasting handle on live racing days was up 10.5 percent, thus resulting in the overall increase. The 2004/05 Tropical at Calder meet boasted an impressive stakes schedule worth \$2,850,000 and featured long-standing turf fixtures such as the Grade II W.L. McKnight and La Prevoyante Handicaps, as well as five other graded stakes.

The season was highlighted by successful racing promotions, Grand Slams I, II and III and the third annual Florida Million. The first "derby" of the year in the country, the Grade III Tropical Park Derby, was run on New Year's Day and was won by Lord Robyn.

MTR Gaming to Build Second Track in Minneapolis Metropolitan Area

MTR Gaming Group, Inc. announced that the Minnesota Racing Commission granted North Metro Harness Initiative, LLC's application to construct and operate a harness racetrack in Columbus Township, Anoka County, MN.

In June of 2004, MTR's wholly owned subsidiary, MTR-Harness, Inc., acquired a 50% interest in North Metro and became a Managing Member for \$10,000 (plus transaction costs) and a commitment to invest up to \$7.5 million upon receipt of all required licenses. North Metro plans to build the facility on a 165-acre site currently under option. The track would be the second of only two racetracks permitted by law in the seven-county Minneapolis metropolitan area.

North Metro intends to commence card room operations at the earliest practicable date.

Florida Track Enlarges Poker Room

Naples-Fort Myers Greyhound Track in Bonita Springs, FL, has remodeled to allow more room for poker and simulcast wagering. The newly reopened third floor clubhouse now includes 24 tables for poker and a new large lounge with large plasma TVs. ♦

Video

News

Oregon Commission Approves Line Games, State Offers New Deal to Retailers

The Oregon State Lottery Commission voted unanimously to move ahead with adding slot-type games to video poker terminals in bars and taverns throughout Oregon. The decision was 4-0; one seat on the commission remains unfilled. Plans are for the games to begin July 1, the start of the next two-year state budget period.

Oregon Lottery Director Dale Penn recommended that lottery retailers should take an 11% cut in their gaming machine commission in exchange for allowing line games on their machines. Under the new plan, the average video retailer that now receives \$68,000 per year would get about \$76,000 by next year – provided that the gaming machines produce an expected 12 percent boost in play.

Slots on Broward's March 8 Ballot

Florida slots cleared another hurdle when the Broward County Commission voted 8-1 to put an amendment on the March 8 wide ballot that would legalize slots at pari-mutuel facilities in the county.

Oregon Casino Proposed

Oregon Gaming & Entertainment Co. (OGE) would like to build a \$490 million, one-million-square-foot, "Oregon Entertainment Center" on an unspecified site south of Portland. The company intends for the state lottery to operate the center's proposed 3,500 VLTs and share in 25% of the profits. The Center would generate an estimated \$100 million per year for the state.

The plan requires voter approval, due to the fact that casinos are prohibited by the state constitution (tribal casinos fall under federal jurisdiction). The OGE is asking the Legislature to put the measure on the ballot. If the Legislature doesn't, the OGE will attempt to gather 100,000 signatures by July 2006 to get the proposal on the November 2006 ballot.

Oregon Governor Ted Kulongoski is not in favor of the plan, saying that if the state were to move in the direction of a casino, it would make more sense for the Lottery to operate it so that the state could keep all the profits.

Pinnacle, Isle of Capri Select IGT Advantage

Pinnacle Entertainment, Inc. has selected the IGT Advantage™ Casino System for the company's new L'Auberge du Lac Hotel & Casino scheduled to open this spring in Lake Charles, Louisiana. This comprehensive system installation enables Pinnacle Entertainment to offer its customers an interactive, state-of-the-art gaming experience and a robust loyalty marketing program. L'Auberge du Lac will be the largest single-deck riverboat casino in the United States. The one-of-a-kind gaming floor will feature 1,650 slot machines showcasing IGT's NexGen™ Interactive Displays with Bonusing™ software and the EZ Pay™ ticketing solution. Pinnacle Entertainment also signed an agreement with IGT to purchase 2,280 gaming machines for its various casino properties.

Isle of Capri Casinos, Inc. also plans to deploy the IGT Advantage™ Casino System to replace legacy systems in six of its casinos over the next 12 months, including Isle of Capri casinos in Biloxi, Vicksburg and

Lula, Miss., Black Hawk, Co., the company's Colorado Central Station Casino in Black Hawk, Co., and one other location that is currently under consideration. A combined total of nearly 7,000 gaming machines will feature the NexGen™ Interactive Display supporting a full set of exciting, loyalty-building Bonusing™ tools. Isle of Capri Casinos, Inc. has also agreed to purchase 2,700 IGT gaming machines for its properties.

Montana Gambling Up 7.8 Percent

According to a Montana State Gambling Control Division report, Montanans bet \$868.3 million on legal gambling activities in fiscal 2004, or \$944 per capita. The figure shows a 7.8% increase over fiscal 2003. Video poker and keno pulled in \$814.2 million, the Montana Lottery \$36.7 million, simulcast racing \$7.5 million, commercial live bingo \$4.8 million, commercial live keno \$2.9 million, and live horse racing \$2.2 million. Gaming machines generated \$50.1 million in state and local taxes, while the Lottery paid \$8.1 million.

VLTs Unlikely for Texas

Texas Governor Rick Perry recently conceded that there is little support in the Legislature for expanded gambling to allow VLTs. The lack of support makes Perry less likely to pursue the machines as a revenue option.

Maine Board Seeks Extension

The Maine Gambling Control Board members agreed to ask for a one-year delay on a report to the Legislature on the benefits of controlling all gambling with one entity. The report was initially due Saturday, January 15. Delaying the report will not effect the development of the racino in Bangor.

Ontario Stops Expanding

The Ontario government announced its gaming strategy, which includes no additional casinos, an increased focus on social responsibility and a commitment to ensuring the competitiveness of Ontario's gaming industry. The government announced that there will be: no additional commercial or charity casinos; no additional racetrack slot facilities, beyond Picov Downs and Quinte Exhibition and Raceway; no VLTs in neighborhood bars and restaurants; no slot machines in bingo halls; and no provincial involvement in Internet gaming.

Slots at Brazilian OTB

Carnegie Cooke & Company, Inc. announced installation of slot machines at its Campos OTB location and newly renovated OTB's in Rio de Janeiro where permitted. The Campos OTB location has been seeing better than expected horse wagering and slot revenues.

VLT Legislation Abounds in Maryland

The Maryland House of Delegates will reportedly be flooded with proposals this to legalize VLTs this session. It is again likely that a bill will come from Governor Robert Ehrlich and Senate President Thomas V. Miller calling for 15,500 terminals at four tracks. Another bill calls for 13,500 VLTs at five tracks, while others anticipate a referendum similar to that which Florida just passed, in which each county would decide if machines could be in their jurisdiction. Other bills are also expected. ♣

www on the internet

Tipos Adds Online Sports Betting

On January 11, 2005 Tipos added new product to its portfolio – online sports betting (TIP-KURZ). Tipos is the first company in Slovakia to enable its customers to place bets on sports via Internet.

Chairman of the Board and General Manager of Tipos, Mr. Stanislav Ziacik, stated that Tipos is continuing its effort to become a standard European lottery company. "We try to implement new innovative games on Internet and to increase our market share at the same time. The new sports betting portal is made for Slovakian players. The principle of online sports betting is similar to that of online number lotteries (E-TIP). All citizens of Slovak republic (18 years or older) or aliens with permanent residency in Slovakia can place bets in TIP-KURZ."

After registration each player transfers a desired amount of money from his personal bank account to his "game account". He can then place bets according to the game plan. Minimum wager is SKK 20 (0.50). Maximum wager for one bet is limited to the maximum possible winning on Internet – SKK 100,000 (2,565). The offer of fixed odds is available for players 24 hours a day. There is also a bonus system for players. TIPOS prepared several long-term stakes. From now on players can bet on the winner of the Ryder Golf Cup 2006 or whether the tennis superstar Roger Federer wins all grand slam titles.

Wager system and winnings are secured by the internet banking security system. Ability to pay by credit cards (CardPay service) – VISA and MasterCard – will be added shortly. The whole system is registered at the Slovakian Authority for Personal Data Protection, and meets all demands for personal data protection required by law. Unique and non-repeating security measures for placing bets online are: login, password and pincode.

Through January, Tipos has recorded 4,000 registrations for both E-TIP and TIP-KURZ from which 1,000 registrations were for TIP-KURZ alone.

West Virginia Lottery Hosts New Web Site

"Since the West Virginia Lottery went into cyberspace in 1996, our web page has been praised as being user-friendly and informative by players, vendors, retailers, and researchers, alike. But there is no site past, nor few present, that can compare with this one," said Lottery Director John C. Musgrave.

While the Lottery has introduced a number of progressive changes since 1996, the recent undertaking represents an extensive overhaul. "From top to bottom, we have utilized some of the highest levels of technology available, making the site more informative and entertaining for our customers. It's something of which this state can truly be proud."

Along with technology, Musgrave noted that player use has changed, as well. "In our first year, the site had around 8,000 hits a month. That monthly average is now around a million; when we have a large jackpot, the figure moves to about two million a month."

Easy, quick and informative, the www.wvlottery.com site is streamlined and easier to navigate. Users find less scrolling necessary for the information they seek. Musgrave outlined some of the features that can be accessed.

- Lottery retailer locations.
- Historic information as to whether specific numbers have been drawn.
- The percentage of time a number or set of numbers has been drawn.
- Information on winners, as well as retail locations selling winning tickets.
- "Database driven" winning numbers and jackpot amounts, for faster, more accurate updates.
- "Database driven" information on instant game availability and the dates by which prizes must be claimed, allowing for more up to date statistics.
- Keno drawing results are available 15 to 30 min. after the actual drawing. Players can check their numbers or watch an animation of the drawing at home!

Lottery a Popular Internet Option for Brazilian Bank

Internet banking clients at Brazilian federal bank Caixa Economica Federal (CEF) performed Internet transactions in the amount of 18.9 billion reais (US\$7 billion) in 2004. The site received more than 490 million visits in 2004, with the greatest percentage (37%) going to the lottery section of the site. The next most popular portion of the site was Internet banking (24%).

Parlay Launches Two U.K. Styled Bingo Sites

Parlay Entertainment Inc. announced the launch of two new Bingo sites targeting the United Kingdom's emerging online Bingo market. Bingos.co.uk and BingoMania.co.uk join existing Parlay licensee, thepalaces.com, as the only Sterling based, 90-number Bingo games on the Internet. Although other Bingo sites targeted towards the UK exist, they offer only a North American style 75-number game that is not familiar to British Bingo players. Parlay's "Bingo 90" product is the first online implementation of the game that truly recreates the manner in which Bingo is played in traditional UK clubs. ♠

People



South Dakota Secretary of Revenue & Regulation **Gary Viken** announced that **Norman Lingle** of Pierre has been chosen to head the South Dakota Lottery. Since 1989, Lingle has served as the manager of the Community Development Block Grant program for the Governor's Office of Economic Development, where he has worked with communities from across the state on more than 100 development projects. Lingle fills the director position vacated by Clint Harris, who left the South Dakota Lottery this past fall to take the helm of the Minnesota State Lottery. Lingle begins his duties at the Lottery on January 18, 2005.

As of January 2005 **Hans Christian Madsen**, previously CEO of Coop Denmark (one of Denmark's largest retail chains) will be the new managing director of Dansk Tipstjeneste. Madsen is experienced as a top-ranking leader of large organizations within the retail trade business and the financial world. He has been managing director of both Ilva and IKEA Denmark before he became managing director of Coop Denmark. The position as managing director of Dansk Tipstjeneste A/S has been vacant since Per Schütze died earlier this year. Jean Jørgensen has been acting CEO up to this date.

Dr. Friedhelm Replik has been appointed Managing Director of Germany's Staatliche Toto-Lotto GmbH, Baden-Württemberg. He replaces **Dr. Wolfgang G. Crusen**. Dr. Replik previously served as Minister of Labor and Social Affairs for the State of Baden-Württemberg.

Incoming West Virginia Governor **Joe Manchin** will reportedly name **Virgil Helton**, deputy director of the West Virginia Lottery Commission as state tax commissioner.

The UK National Lottery Commission welcomed **Annette Lovell** on January 4, 2005. Annette will take over as Director of Licensing and Deputy Chief Executive when **Kingsley Jones** retires in February. The role will be key to the regulation of the National Lottery at a time when the Commission is working actively to promote a strong competition for the next operating license. Prior to joining the Commission, Annette was Head of Enforcement and Consumer Affairs at Ofgem, the regulator for Britain's gas and electricity markets. She will take responsibility for the licensing and consumer protection team.

Jane Aslett, manager of the Isle of Wight Lottery, was the recipient of a Winston Churchill Travelling Fellowship 2004 and is spending the New Year in Hawaii and ten weeks in New Zealand. Aslett will be learning how New Zealand's rural businesses diversify to ensure their survival.

Shlomit Nir-Toor has been nominated as the new Vice-chairman of the Israel Sports Betting Board (ISBB). This is the first

time that a woman has held such a high position within the organization. She temporarily fulfills the position of Chairman of the Board until the official nomination of a new Chairman. The former Chairman Yom-Tov Samia finished his turn in office end of November 2004. Mrs. Nir-Toor is a well-known Olympic swimmer. She participated at the Olympic Games in Mexico-City in 1968 (ranked 17 in 100 M breast stroke) and in Munich in 1972. She is one of the initiators of a special project to improve sports activities of women, which was approved last week by ISBB.

Meg Tivéus, until recently President of Svenska Spel, has been recruited to Boss Media as a consultant and will be nominated to the Board of Directors of Boss Media at the Annual General Meeting on May 9, 2005.

Indiana Gov. **Mitch Daniels** appointed longtime Clay Circuit Court Judge **Ernest Yelton** to lead the Indiana Gaming Commission. Yelton, who has been on the bench since 1979, will head the IGC as it regulates the state's 10 riverboat casinos and oversees the development of a new casino for French Lick. **Esther Schneider** was appointed by Daniels to lead the Hoosier Lottery. Schneider previously served as the executive director of the Senate Majority Campaign Committee.

Duane Frahm, director of VLT product sales for IGT, has been named managing director of IGT-Canada and will move to Toronto to work out of the IGT-Canada office there. Hi-Tech principals **Owen MacNeil** and **Bill Hennessey** have agreed to serve as consultants to IGT-Canada. The Canadian gaming and video lottery market has over 80,000 machines in operation in provinces throughout the country.

GTECH Holdings Corporation announced that **Thomas J. Caffrey**, VP of Global Technology, has been recognized by IDG's Computerworld, the "Voice of IT Management," as one of the business world's Premier 100 IT Leaders. The award honors executives who show exemplary technology leadership in resolving pressing business problems. Honorees, including Caffrey, were selected from nearly 600 nominees, and were named and profiled in the January 3 issue of Computerworld.

GTECH also announced that **Walter G. DeSocio** has joined the Company as Senior VP, General Counsel, and Corporate Secretary. DeSocio most recently served as Chief Administrative Officer, General Counsel, and Corporate Secretary at Internap Network Services Corporation, the leading provider of intelligent routing services over the Internet, where he was responsible for the company's corporate administration, human resources, and legal and regulatory activities, and played an instrumental role in the development and execution of Internap's strategic imperatives. ♣

Delaware

The Delaware Lottery is offering even more excitement for its players with a new version of the LOTTO game, MULTI-WIN LOTTO. The new game was introduced to Lottery players on January 27, 2005. The Lottery had been planning to introduce the new version of LOTTO for about six months, in direct response to player research on what type of games they find interesting and exciting. The new game features a 6:35 matrix, instead of the 6:38 featured in LOTTO. Players can win by matching numbers straight across one line – BASE or by matching numbers between three lines – MUTLI-HAND. Tickets cost \$2 for three lines of play.

To make way for the wave of winners in MULTI-WIN LOTTO, the Lottery awarded LOTTO players the entire jackpot for the final drawing on January 26, 2005. The Lottery employed a rolldown matrix, so that in the event there was no winner for the full amount of the advertised final jackpot, it would be distributed to the lower prize levels.

Florida

The Florida Lottery recently launched Grouper – allowing players to buy six quick picks for \$5. Retailers will receive double commissions on Grouper sales for the first three months the option is available. The Lottery is also launching new terminals, and redesigned play slips.

Iowa

The Iowa Lottery recently launched Sweet Rewards, a \$1 scratch game with a Valentine's Day theme. Its pink-and-red tickets feature graphics of a heart-shaped box of chocolates. Prizes in the game range from \$1 to \$200. The Iowa Lottery worked with the company that prints its instant-scratch games to produce the sweet-smelling tickets. As part of the process that applies latex to the front of scratch tickets, scented ink was substituted for regular ink. Tiny capsules of chocolate scent were applied to the edges of the latex area on the front of the Sweet Rewards tickets. The chocolate smell will be released when players scratch their tickets. There are dozens of other scents, from popcorn to peanut butter that can be used on tickets.

Kansas

The Kansas Lottery's newest game includes a promotion partnering with Cobalt Boats and Wichita Festivals Inc., producer of the Wichita River Festival. A Cobalt 220 boat and the Wichita River Festival logo are featured on the \$5 scratch ticket. The game offers a \$25,000 top prize. Included in the game prize structure is a "FREE BUTTON" in the bonus scratch area. The "FREE BUTTON" tickets are good for admission to over 80 events at the Wichita River Festival, May 6 through May 14, 2005. This year's Festival expects to draw more than 350,000 people to the event. Non-winning Cobalt Splash 'n Cash tickets can be entered in the Lottery's second-chance drawing, which will be held on May 14, 2005, at the Wichita River Festival. The grand prize package includes a Cobalt 220 boat, valued at approximately \$51,000, a boat trailer and boating accessory package. Mandatory federal and state income withholding taxes and other applicable initial taxes and fees, bring the total approximate value to \$71,000.

Louisiana

The Louisiana Lottery teamed up with Pepsi Americas and the New Orleans Hornets for a statewide promotion in January built around the \$2 basketball-themed scratch-off, Power Break. Besides the chance to win up to \$10,000, Power Break scratch-offs also included approximately 400,000 free 20-ounce Sierra Mist "prizes." This meant that more than two-thirds of all Power Break tickets were winners. In addition, non-winning Power Break scratch-offs could be redeemed for a "Buy One, Get One Free" offer

for a 20-ounce Pepsi, Diet Pepsi, Mountain Dew, Diet Mountain Dew, Sierra Mist or Diet Sierra Mist. In turn, specially marked eight packs, 12 packs, 20-ounce and two-liter bottles of Pepsi, Diet Pepsi, Mountain Dew, Diet Mountain Dew, Sierra Mist and Diet Sierra Mist included a coupon for a free Power Break scratch-off ticket when the customer purchased a Powerball ticket with the Power Play option, a \$2 purchase. The New Orleans Hornets offered fans a \$10 discount off the purchase of a regular season home game ticket of \$41 or more when they redeemed three non-winning Power Break tickets during the month of January. Finally, the Hornets conducted a grand finale drawing on Feb. 4 from all non-winning Power Break tickets submitted as part of the ticket discount or brought to its arena box office by players. Prizes included courtside seats for the home game against the San Antonio Spurs on Feb. 16, 2005, an expense-paid trip to an away game, two free passes for a single home game, and an autographed basketball.

Maine

Maine Governor John Baldacci recently unveiled a plan that would sell ten years worth of Maine lottery revenues for \$250 million and use the money to help balance the two-year state budget. If enacted, the state would sell \$400 million in lottery money over a ten-year period in exchange for \$250 million up front. The plan would require approval from the legislature.

Maryland

The Maryland Lottery has produced another record year in sales. Lottery sales for 2004 were \$1.45 billion, exceeding 2003 calendar year sales by more than \$115 million. Revenues from those sales exceeded \$464 million, an increase of more than \$11 million from 2003. Nearly all Lottery games have shown increases in sales in the last year. Keno and Keno Bonus led the way with more than \$411 million in sales. Scratch-off tickets accounted for over \$370 million.

Massachusetts

The Boston Red Sox and the Massachusetts State Lottery announced a partnership through which the Lottery will serve as presenting sponsor of the World Series Trophy Tour. The announcement was made by Red Sox President/CEO Larry Lucchino and State Treasurer and Lottery Chairman Timothy P. Cahill. After witnessing the remarkable reaction members of Red Sox Nation have had to the Trophy, Lucchino pledged to take the Trophy to each of the 351 cities and towns across Massachusetts that requests a visit. The Lottery will spend \$225,000 of its \$10 million advertising budget to sponsor the tour

Minnesota

The Minnesota Lottery's recent gift-giving advertising campaign contributed to an increase in Scratch Game sales. The \$6,059,117 sold the week of December 14-20 is the second highest Scratch Game sales week ever recorded in December. Scratch sales for this fiscal year are up 23 percent from the same period last year, while total lottery sales are up 11 percent.

Nebraska

Through January, Nebraska Lottery's web MVP Club members could enter serial numbers from non-winning tickets in the The Price Is Right \$5 Scratch game for a chance to win a trip to Hollywood. One winner received a trip for two to Hollywood to see a taping of the popular game show, The Price Is Right. The Grand prize included roundtrip airfare for two to Los Angeles, and lodging at the luxurious Grafton on Sunset Hotel. The trip is valued at \$4,750 and the Nebraska Lottery provides \$1,000 in spending money. Six winners received a Nebraska Lottery prize pack, including ten free The Price Is Right \$5 Scratch tickets.

New Hampshire

New Hampshire State Sweepstakes Director Rick Wisler told the state's House tax-writing committee that the legislature will need to increase the maximum price point on Instants from \$10 to \$20 in 2006, and up to \$25 in 2007 if they want to increase the likelihood of lottery revenue growth. A bill is currently being drafted that would allow the Lottery to increase the price of tickets. Wisler has also proposed changing state law to allow individuals convicted of a class A misdemeanor to sell lottery tickets ten-years after their conviction, and allow those convicted of a class B misdemeanor to sell tickets after five. He also suggested that the state allow the lottery to be sold at mobile locations.

New Jersey

The New Jersey Lottery ended 2004 with another record. Aided by its popular holiday-themed games, the lottery announced a record breaking sales week for instant tickets with \$23.8 million worth of scratch-offs sold from December 22-29. The previous mark for one week sales was \$23.5 million for the week of December 17-24, 2003. In fiscal year 2004, the lottery achieved a record \$2.1 billion in total sales, which included \$973 million in instant game sales. The contributions to support state education and institutions from the record-breaking week were \$6.5 million.

New Mexico

"Wheel of Fortune" fans, who have thought of sharing the stage with Pat Sajak and Vanna White, may be a step closer to celebrity status. New Mexico Lottery players can enter non-winning "Wheel of Fortune" scratcher tickets for a chance to win a trip for two to Hollywood, and audition for a chance to be an on-air contestant. The Lottery's "Wheel of Fortune" scratcher game features a top prize of \$33,000. The grand prize winner will receive airfare, three nights' hotel accommodation, \$1,000 spending cash, tickets to a "Wheel of Fortune" audition for a chance to be an on-air contestant and a "Wheel of Fortune" prize pack. The prize pack consists of a leather travel bag, Polar® fleece jacket, ball cap and embroidered t-shirt, each with a "Wheel of Fortune" logo. Prize packs will also be awarded to 382 runners-up. Grand prize-winners selected during their auditions to be on-air contestants will receive an additional three-day, two-night trip including airfare and hotel coinciding with the program taping.

New York

The New York Lottery just finished a fantastic Calendar Year 2004, as

lottery sales (including VLT revenue) reached \$6.13 billion, 8.7% higher than CY 2003 revenue. VLT revenue from Monticello, Saratoga, Buffalo and the Finger Lakes reached \$193.8 million. Meanwhile, instant sales climbed 10.5%, up to \$2.9 billion, and Mega Millions rose 13.2%.

South Carolina

The South Carolina Education Lottery marked its third anniversary on Friday, January 7. Since the lottery's creation, total ticket sales have exceeded \$2.4 billion and players have won more than \$1.4 billion. State income tax collected on winnings over \$500 totaled more than \$18 million. In addition, the lottery has transferred more than \$713 million to the Education Lottery Account for appropriation by the state Legislature.

Tennessee

The Tennessee Lottery announced it will remove some of the mystery from its popular Lotto 5 computerized game by giving players an estimated jackpot before each of the tri-weekly drawings. Prior to estimating the jackpot, players only knew the rollover amount from the previous drawing if there was no winner. At the game's launch, it was announced that the top prize would range from the "tens of thousands to more than one-hundred thousand dollars."

Virginia

The Virginia Lottery reached two major milestones as the second quarter of fiscal year 2005 came to a close. Executive Director Penelope W. Kyle announced the best second quarter in the Virginia Lottery's history as nearly \$330 million in sales were reported from October through December 2004. Kyle also announced that the Virginia Lottery has passed the \$15 billion mark in total sales since the Lottery began in September 1988. The record sales figure for the second quarter continues a hot streak for the Virginia Lottery. First quarter ticket sales for fiscal year 2005 also set a record. Not only that, but the just-ended 2004 calendar year was the best ever in the Virginia Lottery's 16 year history, with sales of \$1.305 billion. That is more than a 10 percent increase over the previous calendar year. For the second half of the fiscal year, the Lottery plans to keep the hot streak alive with new and exciting scratch games such as World Series of Poker \$100,000 Texas Hold 'Em, available at retailers February 28.

Washington

The Washington State Lottery Commission recently agreed to add a third draw for its Lotto and Quinto games. Starting February 14, drawings for the games will be held on Mondays, Wednesdays and Saturdays. ♣

...continued from page 22.

understood what had happened, Nebraska Lottery Acting Director Jim Haynes wrote a letter that appeared on the front page of the December retailer newsletter, Ticket Talk. He explained the situation and thanked the retailers for their patience and understanding.

The situation could have easily become a crisis, however, due a few key tactics, it did not. First, it was very important that members of the media always dealt with Misty or me. This allowed us to ensure that the information being conveyed to the media was consistent. Equally

important was that we always explained the situation in full to ensure the media understood and conveyed the right story. We also always released accurate and truthful information to the media. Additionally, we explained that this was not just a Nebraska Lottery issue, but that it affected many businesses throughout the country.

These PR tactics and the expedited response by INTRALOT helped to minimize lost sales, and enhanced our ability to keep Nebraska Lottery retailers and the public informed as the situation was resolved. ♣



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