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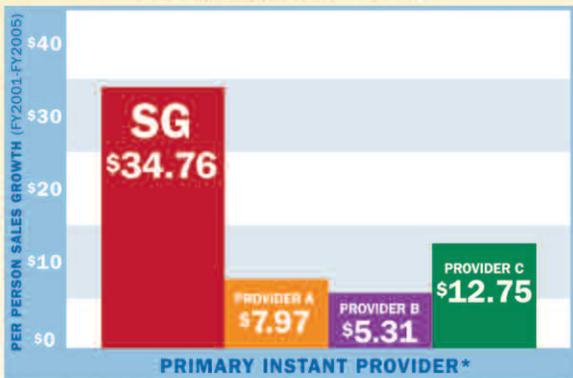


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On the Cover:

Anthony Cooper, COO, South Carolina Lottery; Buddy Roogow, Director, Maryland Lottery; George Parisot, Director, Montana Lottery; Jeanette Michael, Executive Director, D.C. Lottery; Wisconsin Lottery Cool Winnings scratch ticket.

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Lottery Tops for AOL Searches

AOL Search announced the year's top searches based on the topics that received the highest volume of online queries on AOLSearch.com, the AOL.com portal and the AOL service during 2005. "Lottery" emerged as the most searched word in 2005, followed by "horoscopes" (no. 2) and "tattoos" (no. 3). American Idol (which recently signed a Lottery deal with MDI) came in at number eight. New search terms that emerged in 2005 include the addictive puzzle "Sudoku," the irregular minting of the new "Wisconsin Quarter" and the global music event "Live 8."

Delaware Signs with Scientific Games for More Cooperative Services

Scientific Games will continue to provide cooperative services to the Delaware Lottery for at least another three years. Instant ticket services to be provided include warehousing, marketing, distribution and installation of game management software.

The contract is valued at \$7.1 million over the three years, and includes three one-year extension options. Over the current contract, Delaware Lottery sales have risen more than 46 percent under Scientific Games' marketing programs and the company's web-based management system has been well-received by the lottery's retailers. Games featuring the licensed properties of the firm's MDI subsidiary have also proven popular in Delaware.

"We've found that Scientific Games handles the overall lottery systems management well, with excellent systems and data security," said Wayne Lemons, Director of the Delaware Lottery. *"We've enjoyed solid instant ticket sales growth, with consistent and reliable logistical support."*

JCM and TransAct Combine Gaming Sales Efforts

Finalizing what many analysts and journalists considered to be the biggest news of this year's Global Gaming Expo, JCM American Corporation and TransAct Technologies Incorporated announced they have signed a final agreement, bringing together the sales efforts of the leading bill acceptor and printer brands.

The final agreement creates an incredibly convenient environment for customers. Under the agreement, JCM's sales force will offer TransAct's gaming thermal printers in North and South America and Macau in combination with JCM's many bill acceptor and currency handling products.

JCM President Aki Isoi said, *"We are very pleased to have finalized this agreement with TransAct, a company that we see as being as innovative and dedicated to the industry as we are. This agreement creates an environment that is above all, convenient for our customers. By combining our sales team efforts, we have created the most convenient, customer-focused team imaginable – a value-driven, one-stop shop for the best currency handling, printing and monitor products anywhere."*

TransAct Technologies Chairman, President and CEO Bart C. Shuldman, said, *"This is an exciting time for TransAct and for our customers. The agreement allows us to utilize JCM's extensive sales organization, leveraging established relationships on each side of the deal. We can now move forward with our goal of accelerating market penetration and increasing our potential opportunities, and doing so in an extremely cost effective manner."*

GTECH Receives Award in Florida

GTECH was recently named Corporation of the Year by the Florida Department of Management Services, Office of Supplier Diversity, for its subcontracting of registered minority- and women-owned businesses in support of the Florida Lottery's operations.

GTECH received the award at the Florida Matchmaker 2005 Conference and Trade Fair held in Orlando. Matchmaker is an economic development forum for small minority businesses, Florida government purchasing representatives, and private industry to share ideas and develop new business partnerships.

Through its minority vendor subcontracts, GTECH is able to meet its supplier diversity commitments to the Florida Lottery and the State of Florida. The products and services provided under GTECH's minority- and women-owned business program include terminal installation, printing, promotional products, travel, office supplies, and temporary personnel.

Intralot Wins Two Awards

For the second consecutive year, INTRALOT received the "Best Business Innovation 2005" award, among the listed companies in the Athens Stock Exchange.

The "Money Business Awards 2005" took place during the Euro money Conference: "The Year of competitiveness." The awards are the outcome of a voting procedure between sell-side analysts, institutional investors and fund managers, as well as retail investors. INTRALOT also received the an award for "Best Company FTSE-MID/40."

GLI Approves Playline System

PlayLine announced that GLI has certified the PlayLine Monitor Gaming System and its two monitor games "Thundering Hooves" and "Canine Cup." Gaming Laboratories International Inc. has certified that the system meets the current GLI-15 national standard for Electronic Bingo and Keno systems.

G2E Institute to Debut in Spring 2006

Global Gaming Expo (G2E) announced the creation of G2E Institute, the gaming industry's first focused, educational conference to offer interactive, workshop-style sessions on four specific gaming industry sectors.

G2E Institute will combine G2E's existing Casino Design and Racino events with the recently acquired Gaming & Technology Conference, and will incorporate a new series of seminars addressing developments and growth opportunities in tribal gaming. The inaugural G2E Institute will be held at the Red Rock Resort, Spa & Casino in Las Vegas May 9-11, 2006. The 2007 event will take place May 15-17, 2007 at Mohegan Sun in Uncasville, Conn.

EGC Confirms Scientific Games Order

Electronic Game Card, Inc. announced that Scientific Games has placed an order for two electronic games totaling 300,000 cards. EGC provides the electronic game cards to U.S. lotteries under a Joint Venture operation with Scientific Games.

Of the 300,000 cards ordered, 120,000 will be used by the Kansas Lottery. The Kansas Lottery delayed the launch of the Company's elec-



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Industry News

... continued from page 2

tronic games in late 2005 due to errors related to battery connections in a small number of cards. The new game cards are scheduled to be launched in the Spring of 2006 in the same play style and card quantity as originally planned. The game features a 'match three numbers' play style and is identical to the game card currently on sale in the U.S.

The remaining 180,000 cards feature the all-new "five card stud poker" play format. EGC estimates that the game will go on sale in the US market as early as the Spring of 2006.

EGC expects recent quality control measures implemented by the Joint Venture to strengthen the long term performance of the product. In addition, customized high speed labeling equipment, scheduled to be installed in the U.S. in February 2006, is expected to expedite the delivery of electronic game cards to the North American market.

MDI Acquires Jenga!®, Extends Marilyn and the Palms

MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation, had three important signings in December. The company acquired the rights to Jenga®, and extended contracts with Marilyn Monroe and The Palms Casino Resort.

Jenga: Lottery players will tumble for a new Jenga® instant ticket now that MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation, has acquired the license to the popular building game for nimble fingers. Under the agreement with Pokonobe Associates, MDI has the worldwide rights for Jenga lottery games, including Jenga Throw n Go, Jenga Truth or Dare, Jenga Casino, Jenga Jacks and Jenga Extreme.

"For two decades, Jenga has been an acknowledged board game classic and a staple game in homes and college dorm rooms across the country and worldwide, and its popularity is greater than ever," said Steve Saferin, MDI President. "Young adults have latched onto this game and brought it to the top of pop culture. We believe lotteries will be thrilled with the new audience this game will attract."

Jenga is the original wooden block tower building game that was debuted by Hasbro in 1986. Subsequent versions of Jenga have combined this game classic with card games, truth-or-dare style group play, casino style gaming, and extreme stacking challenges.

Unique to Jenga, Lotteries can host Jenga "tournaments" as a fun and creative way to launch the new game. MDI's integrated marketing staff can assist lotteries with organizing the tournaments, bringing in celebrity Jenga judges and awarding prizes. For nearly 10 years, schools, clubs and non-profit groups have hosted these fast-paced and suspenseful tournaments for fund raising and publicity purposes. Tournaments like these have been extremely successful for lotteries in the past and have garnered significant PR and press coverage.

Marilyn Monroe: One of Hollywood's most famous icons remains available to lotteries worldwide now that MDI has extended its agreement with CMG Worldwide to exclusively offer lotteries the rights to America's ultimate diva, Marilyn Monroe.



This year, Premiere Magazine named her #2 on the list of "The 50 Greatest Stars of All Time." Of all her films she

is perhaps known best for her hit "Gentlemen Prefer Blonds" and she became known for her love of the lavish and – of course – diamonds!

"Marilyn Monroe personified, and continues to define, glamour and beauty. To this day, she is one of the world's most recognizable celebrities," said Saferin. "Her ongoing popularity will without a doubt result in strong sales for lotteries that include the blond super star in their game line up. The nostalgia of the glory days of Hollywood alone will appeal to many of your lottery players."

With a Marilyn Monroe instant game, lotteries can offer incredible second-chance prizes including exclusive merchandise associated with the screen legend. Grand prizes can include a home theater system plus the Marilyn Monroe Diamond Collection of 10 films, trips to Hollywood that would include tours of the homes where she lived, restaurants she frequented, beaches where she posed, movie studios where she performed and much more. Or, lotteries can build a grand prize around diamonds, her signature jewelry.

"A Marilyn Monroe game is the perfect opportunity to offer unique and elegant prizes that wouldn't be as appropriate with other games," Saferin said. "Marilyn Monroe enjoyed the glitz and glamour of life and lotteries can offer their players a taste of that with a Marilyn Monroe instant game."

The Palms: MDI also extended its agreement with The Palms Casino Resort, continuing to offer Lotteries the ability to award their players with trips to one of Las Vegas' hottest casinos.

Right off the Vegas Strip, The Palms has taken Vegas by storm since it opened in 2001 and gained world-wide notoriety when it became home to MTV's "Real World" a couple of years ago. Since then, it has been the "IN" place for celebrities and jetsetters and has become known as the place to "see and be seen."

"Nothing says Vegas like The Palms!" said Saferin. "Lotteries tell us all the time that they want to attract a younger, hipper adult audience. That's exactly the group of players that want to win a trip to The Palms and we are excited to be able to continue to offer these prizes."

Through MDI's exclusive agreement with this property, lotteries can offer players a four-day, three-night true "High Roller Experience" with personal VIP attention, plush accommodations in one of the resort's lavish suites, limo rides, food credits, front-of-line passes for the resort's dazzling nightclubs, gambling credits and more.

In addition, the hit reality show Celebrity Poker Showdown, another MDI property, is filmed at The Palms enabling MDI to offer lotteries games with prizes that include VIP/backstage passes to the show's taping and a seat in the audience.

Since it's opening, The Palms has won 17 "Best of Vegas" awards including Best Paying Slots, Best Place to Play Slots, Best Nightclubs and Best Restaurants. In May, the resort embarked on a \$600 million expansion including a 2,200 seat showroom, a 50-story condo hotel and spa, a recording studio and a new swimming pool. ♠



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Argentina

In a milestone event Lottery Dynamics announced the successful launch of the first game based on its patented Lotto Gold+™ program of multiple-priced tickets and guaranteed-higher starting jackpots within a single Lotto offering. The unique new game – Super 9 –

was created and launched as a joint effort of Lottery Dynamics and The Instituto Provincial De Loteria y Casinos (IPLYC) in Misiones, Argentina, to revitalize sales of the province's daily draw game through player choice and player value.

The game offers a guaranteed starting jackpot of \$4 million Pesos, the highest starting jackpot ever offered in Argentina or any other Latin American lottery. The jackpot is progressive and increases beyond the guaranteed \$4 million Pesos with rollovers.

The Super 9 game replaces the one-peso Quiniela Poceada with a three-level betting strategy of one, two or three pesos with respective starting jackpots of \$1 million Pesos, \$2 million Pesos and \$4 million Pesos. The Quiniela Poceada had a starting jackpot of \$100,000 Pesos.

In the initial period since its launch Nov. 23rd to great fanfare in Misiones, total revenues have soared 114 percent, driven by a 67 percent increase in ticket volume and a dramatic increase of the average price point from \$1.00 Peso to \$1.28 Pesos, up 28 percent. Initial data indicates that 20 percent of player transactions have migrated to \$2.00 Peso and \$3.00 Peso tickets.

Australia

New Year's Eve celebrations were even bigger for Lotto players around Australia, with a record \$32 million Division One prize pool up for grabs in this year's end-of-year Megadraw #2551 on Saturday 31 December. Offering the largest Division One prize pool in Lotto history and the biggest non-jackpot lottery prize ever offered in Australia, the \$32 million draw ended 2005 on a high. Players had until 7pm on Saturday 31 December to purchase their entries.

SA Lotteries teamed up with local radio station Triple M to make wishes come true for even more South Australians this Christmas. From Saturday December 10, through Thursday December 22, SA Lotteries and Triple M gave listeners the chance to fulfill their dreams for Christmas by registering their wishes on the Triple M website. SA Lotteries granted the Christmas wish of one lucky local each weekday from Monday December 19, until Friday December 23.

SA Lotteries also teamed up with the radio station to bring the Powerball Pouncer to the streets of Adelaide. The promotion, which ran from November 28 through December 15 had residents looking over their shoulders, hoping they would be "pounced" while buying a ticket! To win, players had to be caught by the Powerball Pouncer as they purchased a ticket for Thursday night's Powerball game. Four prizes of \$1,000 were won each day by unsuspecting Powerball players at mystery locations across. In all, the Powerball Pouncer awarded \$56,000 in cash prizes to lucky local players.

A \$15,000 grant from Lotterywest gave 240 underprivileged children the opportunity to attend fun camps over the school holidays. The grant helped 'Uni Camps For Kids' with accommodation costs

to provide three, week long camps to be held in January 2006 at Point Peron, Rockingham. Uni Camps For Kids president Max Plaisted said the camps provide a positive experience for children who do not have the financial means to go on a camp.

Czech Republic

SAZKA will celebrate its fiftieth anniversary on September 15, 2006. To celebrate the Lottery has launched "SAZKA's Present Into the Cradle." Each baby born on September 15, 2006 and registered by its parents or legal representatives at the corporate headquarters in compliance with conditions, will obtain a financial present of CZK 10,000. One name from among of the registered participants will then be drawn to obtain CZK 50,000 and one to obtain a prize of CZK 100,000.

Germany

Transact announced the introduction of electronic top-up (e-top-up) services at the lottery outlets of Westdeutsche Lotterie GmbH & Co. OHG (WestLotto) and Niedersachsen Lotterie. Transact's e-top-up services will be available at a combined total of 4,500 outlets of the two lottery chains.

The prepaid service agreements with each of the two lottery chains – WestLotto and Niedersachsen – enables them to offer Transact's convenient e-top-up service to their customers at a majority of their respective lottery outlets across Germany. Transact will offer its e-top-up service on existing lotto terminals at these outlets.

Hungary

EssNet has supplied the rapid draw game Putto to Szerencsejáték, the operator of national lottery games in Hungary. The Putto game was launched in November and can now be played via part of Szerencsejáték's countrywide network of 3,800 online retailers.

Putto is a Powerball styled rapid draw game (every five minutes) where players select 8 to 20 numbers (out of 20) in the regular panel and also 1 to 4 numbers (out of 4) in the Powerball panel. By matching 8 regular numbers and the Powerball correctly, players win the jackpot, which is 10,000 times the stake. The minimum stake is HUF 150 (EUR 0.6). The overall odds of winning the top prize in Putto are better than 1 in 500 000.

Malawi

African Lotteries Limited (Aflot) is recruiting Malawian agents to act as ticket wholesalers. The agents would be expected to recruit ticket retailers. This process is expected to create approximately 2,000 jobs.

Mexico

Scientific Games has been awarded a contract to provide technical support, hardware and consulting services to Apuestas Internacionales SA in connection with its number draw-based and related games. The contract has an initial term of eight years plus an option for a two-year extension. Scientific Games will be compensated based on percentage of revenue derived by Apuestas Internacionales SA. The operation is expected to launch during the first half of 2006.

Norway

Norsk Tipping's most recent Lotto advertisement "Retirement Home" was awarded a gold medal in the international advertising competition Eurobest. The prize went to Norsk Tipping's advertis-



... continued from page 6

ing agency, Try. The agency was also awarded a bronze medal for one of its chocolate advertisements. "Retirement Home" is a feel-good film based on the theme Norsk Tipping has been using for several years: "Lotto millionaires are different to other millionaires."

The Philippines

The Philippine Charity Sweepstakes Office generated sales of P3.1 billion as of November in the Visayas and Mindanao. The amount exceeded the P2.8-billion sales target for 2005 in the Visayas and Mindanao and was 30% higher than the sales generated in the same period last year. The lift in sales was attributed to the performance of the popular three-digit lotto suertres game.

International Lottery & Totalizator Systems, Inc. has signed a contract with Philippine Gaming Management Corporation (PGMC) for a complete on-line lottery system to replace the ILTS system installed in the Philippines in 1995. Under the terms of the contract, ILTS will deliver a new DataTrak on-line gaming system and approximately 2,000 new Intelimark FLX terminals. In addition, ILTS will provide a number of services, including installation, training, and software support.

Romania

Under an emergency decree, the Romanian government will sell at least 5 percent of the shares in the National Lottery. An additional 27 percent may also be extended in additional offerings. The Government will preserve a 65 percent majority stake in the Lottery.

Taiwan

Chinatrust Financial Holding Co. has won the right to run the lottery in Taiwan starting in 2007 after making a NT\$2 billion bid for yearly contributions to the government. That's reportedly twice the amount offered by the next highest bidder. Taipei Fubon Bank. The issuing bank can only keep 1.8 percent of the lottery sales, so sales will have to eclipse the \$100 billion all-time high achieved in 2002 for Chinatrust to turn a profit.

Turkey

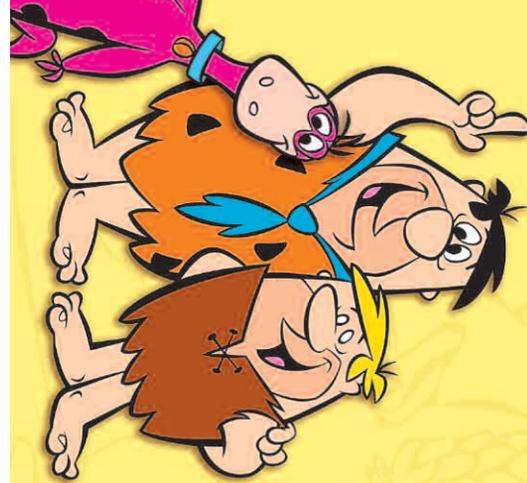
Intralot has entered into an agreement to acquire a 20 percent stake in the Turkish Sports Betting operator INTELTEK. With the completion of this agreement, Intralot will increase its stake in the company from 25 percent to 45 percent. Intralot has the exclusive contract to manage sports Betting in the country for eight years on behalf of Sportoto, the Turkish Organization for sports betting. The amount to be paid is 67 million euros, while the agreement is subject to approvals from the Turkish authorities.

Vietnam

Pacific Lottery Corporation recently conducted extensive quality assurance testing of the proposed IBM Central System Server Technology and approved it for use as the hardware anchor for the operation of the Ho Chi Minh City modern online Lottery program.

The IBM server hardware has undergone rigorous testing by the Corporation's technical staff and achieved or exceeded all required tolerances for the proper operation of a jurisdiction wide, online real time lottery program. Pacific Lottery Corporation expects to use the IBM central system servers to operate its proprietary Lottery software to control the Lottery system network and provide secure real time transaction processing and communications directly between each retail terminal and the central command and control system.

The proprietary Terminals (currently under production in Vietnam), when delivered, will be integrated into a continuous uninterrupted closed network expected to utilize the approved IBM central system hardware configuration. ▶



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Focus on 2006: Key Gaming Industry Developments

While no one can know the future, one can make an educated guess by asking the opinions of experts in a particular field. With that in mind, Public Gaming International recently asked gaming industry experts one question. What key developments will drive the gaming industry in 2006, and what will these developments mean for the future of the industry?



Alan B. Koslow, shareholder & attorney in charge of Entertainment, Sports and Gaming Law Practice, Becker & Poliakoff, P.A. (Ft. Lauderdale, FL):

One of the key developments that will drive the gaming industry in 2006 has been passage of the new Florida law on slot machine gaming within certain South Florida pari-mutuel facilities, following approval by voters in a local March 2005 referendum in Broward County. The legislation was present-

ed on Dec. 20 to Florida Gov. Jeb Bush, who pledged to sign the bill into law no later than Jan. 4, 2006, paving the way for regulations to be written within 180 days that will govern the establishment of "Racinos" via authorization of Class 3 slot machine gaming at designated pari-mutuel facilities in Broward County.

The significance of the new law is immense for Florida gaming, for the South Florida tourism industry and for the national gaming and hospitality industries, as well. It means that no later than June 2006, licenses related to the operation of Class 3 slot machines at pari-mutuel facilities will be granted to existing pari-mutuels in Broward County and national casino operators and gaming machine manufacturers and distributors (even if the regulations remain incomplete, temporary licenses can be granted and operations commence after that time). Within the first six months of 2006, a new Racino industry will have been created in South Florida that will see a spike in investment not only by pari-mutuel operators, national publicly traded casino and lottery companies and gaming machine manufacturers and distributors, but also entrepreneurs and developers, hoteliers and restaurant owners and operators. With the new law providing for voter referenda-driven expansion of Racinos into other Florida counties where pari-mutuel facilities are already established, the future for exciting new gaming and entertainment opportunities in Florida is expanding, providing a dynamic new gaming destination and a beacon for Racino proponents within the national gaming industry.

entertainment opportunities in Florida is expanding, providing a dynamic new gaming destination and a beacon for Racino proponents within the national gaming industry.

Anthony Cooper, Chief Operating Officer, South Carolina Education Lottery:

Competition from off-shore Internet Gaming: This will drive more states to seriously consider using the internet as something more



than just a marketing/information tool.

Need to fill a niche between Multi-State and local games: Expect to see more attempts to establish regional on-line games at higher price points.

Jackpot mania starts at higher levels – fighting fatigue: Lotteries will increase their efforts to generate jackpot excitement at all levels. North Carolina entry will help whichever multi-state it joins.

The need to develop new on-line games and build on past successes: Traditional on-line lottery games are not experiencing the growth seen by instant tickets. Lotteries will become more creative in offering and marketing new on-line games. Successful strategies to increase instants will transfer to the on-line side.

Antonia Dadoun, International Relations, La Française des Jeux:

In 2006, La Française des Jeux will celebrate the 30th anniversary of its Loto game. We intend to capitalize on the historic brand with special events: super draw, special TV show, promotions, PR... Its related add-on game Joker will be renewed (Joker+) and extended to most online games. 2006 should be another year of success for Euro Millions: the game is recent and we have to work on the players' loyalty as well as the optimization of the rolling jackpot.

Sports games (oddset and football pools) will offer more options; partnerships with the football world will enhance the communication to our core players.

Innovations such as the introduction of a 10 game (7Extra), (re)launches, promotions... will make scratch games a strong product group.

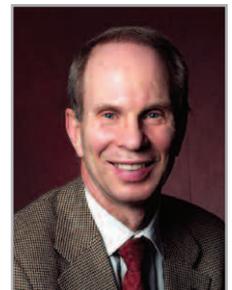
Channel and retail development includes the launch of new games on the Internet (Sports, Scratch and specific games) and the recruitment of new online and Rapido (fast Keno) retailers.

Responsibility and ethics will continue to underpin all of La Française des Jeux initiatives.

Buddy Roogow, Director, Maryland Lottery:

Key industry developments will include continued innovation in the technology that allows lotteries to deliver different games. As a result, the industry will see:

- Upgraded systems that offer retailers more choices (retailers can select the games they believe will maximize player interest)
- Upgraded systems that offer players more choices (more winning experiences, more imaginative prizes, better odds)



- More interactive games
- More monitor games – monitor games may be the wave of the future (technology allows new games to begin every few minutes, so players can play as many times as they want in a day)

These developments will be especially important as the industry continues to experience declining player interest and lower dividends with super jackpot games like Mega Millions and Powerball.



Chris Lyons, Vice President, Corporate Marketing, GTECH:

The market will continue to demand that we look at every element of the gaming industry in 2006. The powerful combination of game content and technology has resulted in revenue-enhancing solutions in all aspects of the industry. In 2006, consumers around the globe will insist on the delivery of innovative new game content through a wide array of channels and devices.

A fairly new type of player will demand even greater attention in 2006. The “experience economy” describes the growing number of consumers who want memorable, personal experiences just as much as they want a tangible good or service. We expect this player segment will continue to grow in 2006. This growing player base will force the gaming industry to create and offer innovative gaming experiences in greater numbers. To reach these players, the gaming industry has to fine-tune game offerings in a variety of channels and venues to reach players who now expect access to anything, anytime, anywhere. Understanding players are the keys to developing game content that works. Now and in the future, game content is vital in the experience economy and will dictate the flow of revenue.

Gaming options will continue to expand around the globe in 2006 – from new Internet wagering options in Europe to the continued growth of video lottery products in the United States. For lotteries, this continued expansion means the development of new games and increasing the ability to move those games to the market quickly and efficiently. To be successful, lotteries must react and respond to rapidly changing player preferences. Speed-to-market will be the metric by which all gaming organizations will be deemed successful or not in 2006 and beyond.

Croitoru George Sorin, Executive Director of the External Relations Department, Nationala Loteria Romana S.A.:

The key developments that will drive the gaming industry of C.N. Loteria Romana S.A. in 2006 are mainly based on the launch of an Internet and SMS games platform to attract a new consumer from the younger demographic as well as people who lead a busy lifestyle that doesn't allow for trips to the lottery retailer.

A growth in sales is expected, especially since there is a growth in Internet access and mobile telephony in Romania.

This development leads to diversifying the distribution channels, and gives the opportunity to offer new interactive games, while assuring a responsible game in relation to the consumers by limiting the access of minors.

David Farris, VP Sales and Marketing, TMRG:

There will be an increased effort to make instant tickets more promotional in order to gauge more leverage from each instant ticket launched. This will mean Lotteries receive more than just net sales from instant tickets, it will mean new business partners (local).

A continued increase in web site activity and mobile phone gaming will allow Lotteries to attract new players and offer more exciting games to players that require more than a simple paper ticket to be entertained.

There will be an increase in interactive ticket dispensing machines, as lotteries attempt to catch up with the rest of the world in terms of making the point of purchase more exciting.

Edwin Mc Guinn, Chairman & CEO, eLottery:

The key driver will be internet gaming for state lotteries in 2006. Will the WTO decision

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allow cannibalization of a \$50 Billion US Lottery industry to offshore interests? Will a state lottery make the move to an intrastate e-gaming product offering?



George Parisot, Director, Montana Lottery:

Technological advances may help drive the gaming industry next year, as several U.S. states enter new contracts for on-line systems. The vendors are offering more features and more advanced systems at very competitive rates. The technological advances will enable lotteries to offer quick turnaround during game changes, promotions, and retailer support. Quicker turnaround will translate into end customer satisfaction with more innova-

tive products and promotions, and increased sales and transfers to important state programs.

Gergely Koppány, head of Instant Ticket Department, Szerencsejáték Zrt., Hungary:

The gaming industry will most likely see the further development of internet based sports betting and P2P game organizing companies, that will more and more challenge the monopolies of the national lotteries, as internet penetration increases. National lotteries will have to invest in their interactive games and face competition.

Due to the lightly regulated and controlled internet organizers there may be a loss of trust from the players towards the whole industry, including national lotteries.

Robert Tirloni, Products Manager, Texas Lottery Commission:

The Texas Lottery Commission sees developments in the creation of new on-line game concepts and matrices as key in the advancement of the product offering in our State for 2006. With the increase in the migration of the players' spend from the on-line product to the instant product; the creation of new on-line offerings that increase that product category's share of sales is vital for the industry to balance the success of the instant games and balance the payout. More frequent game introductions, enhancements and short-term promotional games will also be necessary to keep this product category interesting to players.



Jeanette Michael, Executive Director, D.C. Lottery and Charitable Games Control Board:

The future is in higher price points for online games. Presently, the D.C. Lottery is working with other states to see what type of \$2 online game the players will support.

Also, a key driver for creating new revenue streams is the expansion of the IT platform for monitor based games such as KENO to include horse, dog and auto race games.

Joe Bevivino, Connecticut Lottery:

Product maturity and jackpot fatigue will be growing problems in the lottery industry. New product development and innovation will be critical success factors for many lotteries.

Lia Bekiari – Intralot:

The gaming industry is moving into new directions and facing new challenges. The maturity and wide deployment of mobile telecommunication that has been achieved in the global market, the quick deployment of fast internet at households and the reduction of digital distribution costs are creating a flourishing environment for developing new games concepts and new game content.

Enabling gaming technologies for the games of the future are already a fact. Multiplayer gaming, online community gaming, mobile gaming and fast content broadcasting combined with premium ways of electronic payments and easy access are just indicative examples of what major suppliers of gaming industry are able to deliver today.

A lot of the aforementioned technologies will be deployed worldwide in the upcoming years. But who will be the future leader in the gaming industry? The future leader will be the one that will be able to quickly, safely, easily and flexibly offer the right game content, at the right time, at the right place; the one that will be able to combine the games of chance with the skill games; the one that will be able to bring together the digital media with the games.

Game content can be developed from a small company as well as from a well known game publisher. The winning solution will be the one that will be able to incorporate content from both of them using open platforms and standards. Synergies will show up bringing along attractive game content and efficient game distribution techniques. Attractive and easily accessible content is proven to be quickly wide spread.

Lorne Weil, Chairman/CEO, Scientific Games:

I believe we'll see growing government deficits, a strong swing away from traditional commercial casinos towards government-sponsored gaming, and continued growth in sports-based gaming activities outside the U.S.



Mark Hutchinson, JCM:

I believe in 2006 the lottery industry will finally see the States, and their respective good causes, benefit from the massive revenue generated by electronic gaming machines and devices. Electronic gaming machines will finally available in the very high profile Pennsylvania market and that State will quickly be joined by some other major lottery markets in the USA and globally.

I also believe the critical task for the electronic gaming machine suppliers in 2006 is to understand the sensitivity of States regulating and allowing games in their markets. State lottery jurisdictions offer huge market potential and at the same time all concerned must be politically sensitive to the new market's citizens and their high expectations when the state government gets involved in operating what is typically a commercial gaming operation. The good old days thinking of "operating in a fishbowl, remaining squeaky clean" must be of the highest importance to us with the introduction of these devices and machines – especially over the introduction years.

At the same time, the State should understand that there are tried and true gaming formulas for allocating prizes which raise overall sales and maximizes revenue for the good causes. These formulas are differ-

ent for different gaming products such as instant games, online games and electronic gaming machines. The formulas are tried and true around the world for the different games and the temptation to create too large of an expectation as far as the specific percentage for the good cause can, and has, proven to reduce the ultimate cash going to the beneficiary. This had a radical impact with traditional lottery products when the percentages of prizes in instant games moved from around 50 percent to over 60 percent. This impact is magnified many times with electronic gaming machines when the jurisdiction tries to create blanket percentages for the State.

In 2006 everyone needs to work together understanding each side's difficulties to achieve the common goal which is to maximize revenue generation for all concerned and put great games in to the field!

Marie Kilbane Seckers, Communications, Ohio Lottery Commission:

Technology continues to be utilized to create efficiencies and new game possibilities, with the ultimate goal of increased sales. In particular, the Ohio Lottery is exploring ways to refine the use of its Website for marketing, creating customer loyalty and providing player education.

Nathalie Rajotte, Director General of Ingenio:

Loto-Québec's research and development work, by means of its subsidiary Ingenio, has borne fruit in many industry sectors. Over the last years, instant-based multimedia lottery games have been generating a lot of interest among key players of the industry. Without any doubts, the setting up of new technological platforms in 2006, supported by new marketing strategies, will create a positive appeal for a new generation of players.



Patricia Koop, Director of Sales and Marketing, South Carolina Education Lottery:

To be successful in 2006 and beyond, lotteries will have to rethink their approach to on-line games. The performance of traditional on-line products are either stagnant or declining, especially in comparison to instant ticket product lines.

In South Carolina, we will incorporate the success of various instant game strategies into our on-line category. Various price points, add-on plays, multipliers that provide more choices and value for on-line players will see an increase in usage. South Carolina will continue to plan for the introduction of a \$5 price point in 2006 or early 2007.

Paul Trowe, President, Pulse Interactive:

We believe Mobile Lotto, purchasing scratch off and pick tickets from the mobile phone via an interactive application, will be the big revenue generating driving force in 2006. We already have interest from four Top 10 states to roll this out in 2006 and we believe it will snow ball once they are all launched. Each state tells us that this will not cannibalize existing customers but rather increase the customer base from a younger, hipper audience (the target market for mobile phone applications is 18-35). We expect a 5 percent increase over existing sales the first year growing to 15 percent in five years



Steve Casebeer, Sr. VP of Sales and Marketing, Kentucky Lottery:

We need to look at two areas to drive our growth in the future – technology and games. Technology improvements or new innovations are needed to expand the distribution of our products with our existing retailers and to attract new sales opportunities in high traffic locations that do not sell lottery products. Why can't you buy a lottery ticket when you buy gas and pay at the pump? You get a receipt, why not a lottery ticket! When you're at the grocery store, how about picking out your favorite instant ticket and tossing it in your cart with the rest of your groceries and when you pay pick up a lotto ticket along with your grocery receipt? How about the ATM machine?

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THE JETSONS

THE FLINTSTONES

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As for games, we've done a great job in moving along instant ticket games. However, we desperately need to put the same energy into creating new and exciting on-line games. I think we have taken some small strides with a few new products that seem to have been successful in a couple of states. However, imagine being able to launch online game field tests with a 30-day turnaround to gauge whether the huge resources required for a full launch would be feasible. This would enable us to launch games more frequently and keep player interest high. Maybe it's the technology that slows us down, but those are the things that we need to be looking at next year and beyond.

Steve Clemons, CEO, New Century Gaming Inc.:

There are a number of developments key to the future success of lottery gaming in this country (the U.S.): remove the strangle hold the system vendors have on the distribution of games; add the internet as a distribution and consumer platform; create new games that mix skill with chance; enable the mobile device and computer to become personal lottery terminals; and more player/consumer interactive marketing.

Accomplish the above and the following will happen: new demographics will choose to play the lottery over other internet/mobile gaming offerings; a lower cost of distribution; an increased frequency of play and revenues; and increased contributions to social programs



**Steve Saferin, President,
Scientific Games Ventures:**

While I do not look for any radical changes in 2006 I do believe that we will continue to see development in the areas of internet offerings, mobile lottery development and on-line game content.

We seem to be near the tipping point as it applies to the sale of lottery tickets over the internet. It is now available in several Canadian Provinces I look for one or more

U.S. lotteries to introduce some type of internet lottery sales program

this year. More and more lotteries are embracing the internet for revealing pre-determined results of lottery games, player communication, second chance drawings, marketing and research. And the internet is now a wholly acceptable form of electronic commerce. The convergence of these factors coupled with solutions for age control and geo-verification should enable U.S. lotteries to sell their first tickets on the internet in 2006.

Mobile lotteries in the U.S. is probably at the state the internet was 3 or 4 years ago. But it is on everyone's mind and lips and most of the vendors are taking a hard look at developing both operating platforms and content. It is an important initiative in today's highly competitive market as we strive to retain and expand our player base.

We are probably also nearing an important milestone in the development of lottery content, particularly for on-line lottery games. Vendors will only continue to invest significant resources in the development of on-line content if our customer base recognizes that development and is willing to pay for such content. This has been an area under intense discussion and scrutiny and I look for several of the more serious issues regarding this initiative to be resolved one or the other this year.

Steve Smith, Business Development Manager, Thermal and Advanced Technical Products, Appleton:

States will get more push-back as slot machines and VLT's proliferate. Some legislatures will begin to limit gaming machine proliferation, but to counter reduced revenues will allow lottery organizations to increase pay-out percentages for online to improve revenues. States with higher payout percentages will demonstrate once again the effectiveness of the strategy. Online revenues will benefit as more states adopt higher payout percentages in the future.

Zeev Leshem, Editec S.A:

I think that 2006 will see big progress in frequent draw games (Monitor games) with rounds held every 3-5 minutes. In the instant games the high price positions (\$10 - \$25) and high payout games (70-80 percent) will provide the growth potential. ♣

Scientific Games Brings New Racetrax™ Game to Maryland Lottery

Scientific Games will introduce Racetrax™ as the latest addition to its entertainment mix. The animated game will join the Monitor Games portfolio of the Maryland Lottery, which recently signed a new five-year contract worth \$81 million with Scientific Games.

Racetrax, developed and operated by Tabcorp International, is an animated game, which allows people to bet on car, thoroughbred, greyhound or harness races. Racetrax will be launched in July 2006, and will allow players to bet on animated thoroughbred races. Racetrax will be sold via Scientific Games' lottery terminals, and shown on television monitors along with the current keno game. The animations will be distributed via satellite television to all eligible retail locations. It is expected that Racetrax will be seen in about 2000 venues, including bars, clubs and convenience stores.

Racetrax was successfully field tested earlier this year in Maryland, gaining an enthusiastic reception from players in all venues. The game has already been a hit in Denmark, the United Kingdom, Croatia, and Canada and is also available through Tabcorp wagering venues in Victoria, Australia.

"It is always a plus when we can add extra entertainment value to our wide array of gaming products," said Lorne Weil, Chairman and CEO of Scientific Games. *"The fact that Racetrax is part of the Maryland Lottery, makes this news even better, since Maryland is a known leader in the industry and a long-time partner of Scientific Games."* ♣



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Lotteries Offer Sporting Promotions

There are very few things in this world that people are more fanatical about than the sports teams they support. Some fans will buy anything with their team's colors on it. So, it only makes sense that a lottery, looking to extend its own fan-base, would want to cross promote with sports teams within its jurisdiction.

There have been several instances of lotteries teaming up with college and pro sports to aim promotions at fans. What follows are some of the promotions that have occurred in the last few years.

British Columbia

British Columbia Lottery Corporation (BCLC) has enjoyed a long-standing marketing relationship with the Vancouver Canucks. The partnership, which includes both marketing initiatives and sponsorships, was an immediate success.

"The first set of tickets released in 2003 sold out in weeks," said Jim Lightbody, BCLC's Vice President of Lottery Gaming.

Canucks fans again showed their interest in the opportunity to win more great prizes when the 2005/06 version of the ticket was released last fall.

BCLC's \$10 Canucks Scratch & Win ticket offers players the chance to win \$2.2 million in cash and prizes, including two top prizes of \$100,000. Among the ticket's features, players can enter a Bonus Internet contest for the chance of a night in a luxury General Motors Place suite and an opportunity to meet a player one on one. Other prizes include Canucks road trips, autographed hockey sticks, 2005 Canucks replica jerseys and Canucks game tickets.

As part of the marketing partnership, the Canucks receive a percentage of all wagering on BCLC's Sports Action professional hockey games exceeding the existing sales base of \$11 million. In return, BCLC receives a media package of television and radio, as well as General Motors Place signage and website presence for both the Scratch & Win ticket and the Sports Action brand.

"Our Sports Action brand shares the same target audience as the Canucks, so that was a natural fit," said Lightbody.

As part of the marketing partnership established between BCLC and the Canucks in 2003, the Canucks receive a licensing fee based on the Scratch & Win ticket's sales performance. The Canucks also have the opportunity to gain a percentage of all Sports Action professional hockey wagers. For 2005, 13 percent of all wagering on Sports Action professional hockey games exceeding the existing base of \$11 million will be provided.

BCLC net income generated from the Canucks Scratch & Win ticket is distributed to the B.C. government to support health care, education and social service needs, as well as municipal programs and services.

Western Canada

The Western Canada Lottery Corporation also held a long-standing marketing relationship with NHL teams: the Edmonton Oilers and the Calgary Flames. The tickets, which sold for \$10 apiece, were designed to help the two smaller market teams compete in the face of escalating player salaries. The teams paid all costs associated with the lottery.

The tickets, which launched in 2002, attracted many new players. While the funds didn't go to the typical lottery beneficiaries, the tickets were clearly marked so that players would know where the money was going. If they wanted to support the hockey teams, they could.

While the tickets didn't contribute directly to the WCLC's typical beneficiary bottom line, it did help in indirect ways. Some of the tickets were bought by hockey fans who may not have played WCLC games before but gave the ticket a try because they wanted to support their team. One would hope that at least some of these fans enjoyed the ticket enough to go on and become regular lottery players.

Also, NHL wagering makes up the majority of the WCLC's SportSelect product – one of the major revenue producers for the Lottery. By helping the smaller market teams in their jurisdiction to remain competitive, they helped to keep the teams' fan based tuned in to NHL games, which would help keep their SportSelect product selling well during hockey season.

Arizona

The Arizona Lottery has entered into several marketing relationships with various sports entities.

In 2002 (during fiscal 2003), the Phoenix Coyotes became the first pro sports team in the country to act as title sponsor of a Lottery game, when the Arizona Lottery's Pick 3 game became the Phoenix Coyotes Pick 3 game.

The Coyotes provided an arena signage and advertising package valued at more than \$1 million in exchange for the Coyotes logo appearing on all Pick 3 tickets and a six-night-a-week mention during the televised announcement of the Pick 3 winning numbers.

The Lottery sold \$6.2 million in Pick 3 tickets in FY02, and in FY03 saw an increase of more than 6 percent in Phoenix Coyotes Pick 3 sales, up to \$6.6 million.

One of the most recent sports marketing venture for the Lottery involved a partnership with the Phoenix International Raceway in the launching of the Arizona Lottery 125 (AZL 125) NASCAR AutoZone Elite Division Series Race.

The race, held on Nov. 10, 2005, was the first of four races to be held over the four-day NASCAR Nextel Cup weekend scheduled for November 10-13 at Phoenix International Raceway. Promotions and events leading up to race day promised to pique the interest of NASCAR fans, Arizona Lottery players and non-players alike.

Before the race, the Lottery tied together numerous promotional elements to increase local interest in the race. The campaign included a three-month road show led by the Lottery and PIR promotions teams. The show made stops at retailers in cities and towns across the state featuring a NASCAR show car, Arizona Lottery 125 ticket giveaways and

memorabilia, and numerous instant prizes.

Of course, all these activities were used to help market the Arizona Lottery NASCAR Scratchers ticket. The \$3 tickets featured images of Jeff Gordon®, Jimmie Johnson™, Kasey Kahne, Greg Biffle, Matt Kenseth and Jeremy Mayfield. The top cash prize on the ticket was \$10,000, and players could win a trip to the NASCAR race of their choice, both instantly and in a second chance drawing, as well as NASCAR Merchandise Prize Packs.

Also, any player that purchased the NASCAR Scratchers ticket was eligible for 20 percent discounts on tickets for the NASCAR Nextel Cup weekend.

Finally, in February of 2005, the Lottery conducted a promotion with the Arizona Rattlers arena football team. The Lottery gave players a chance to win \$50 worth of free Arizona Lottery Scratchers tickets by having them race in two giant powerballs during timeouts.

The criteria for competing? Contestants were chosen when doors opened for the Rattlers game. Athletic shoes, a great attitude and a buddy to compete with were just some of the characteristics of Powerball Power Play race participants.

Georgia

In July of 2005 Georgia Lottery teamed up with the Atlanta Braves, Delta Air Lines and Marriott International for the Mega Road Trip promotion. In the promotion, the Georgia Lottery awarded 11 trips for two to California to watch the Braves play the San Francisco Giants.

The grand prize package, which was part of a Mega Millions second chance drawing, included two round-trip tickets on Delta Air Lines from Atlanta to San Francisco; three-night, double-occupancy hotel accommodations provided by the San Francisco Downtown Marriott; two tickets to each of the Braves vs. Giants games on July 18, 19, and 20; and \$300 spending money.

Idaho

Not having a major pro sports team in the state hasn't deterred the Idaho Lottery from running healthy sports marketing campaigns. The Lottery has teamed up with both the Boise Hawks minor league baseball team and Boise State football to raise awareness of the Lottery while helping out worthy causes.

In 2003, as a sponsor of BSU athletics, the Lottery devised a hefty line-up of special promotions designed to get the crowd fired up.

During home games, fans who bought \$5 in scratch tickets at the game were given a shot at winning 2 sideline passes, or 2 of 12 reserved midfield seats for the next home game. There were 7 drawings per game.

Fans who bought two \$7 scratch tickets at the BSU game were given a chance to win a prize that allowed them to travel with the Broncos on an all expenses paid chartered trip to the Fresno State football game on November 21, 2003. The drawing for this prize was held at the November 15th game.

In addition to these two big prizes for Broncos fans, each home game had extra promotions for lottery players. For one game, the first 100 people to bring two non-winning \$7 tickets received one FREE premium location ticket to that game. Another game allowed people to play the Lottery at the annual chili feed tailgate party. Another game featured the Bucks 'N Trucks Grand Prize Scratch Off, where a lucky finalist drove away with a brand new truck. Finally one game allowed players to enter non-winning \$7 tickets for a chance to win a \$50 Idaho



Lottery/Bronco prize package.

The Lottery has also teamed with the Boise Hawks on multiple occasions to host celebrity homerun derby fundraisers for K-12 schools.

The Treasure Valley's favorite personalities from TV, newspaper and radio were happy to swing away for schools' benefit. Each batter selected a pre-chosen K-12 public school and had 15 pitches with which to raise money. In 2005, the infield hits were worth \$25; outfield hits were \$50; hitting the fence was \$75 and homeruns were \$100.

Kansas

In 2004, the Kansas Lottery sponsored the June 5 ARCA RE/MAX series race, naming the 200 mile race the Kansas Lottery \$200 Grand. At the event, two fans were given a chance to win a \$200,000 prize. The Lottery started the promotion for the race with an early February release of a scratch ticket also called the Kansas Lottery \$200 Grand. The ticket featured a top prize of \$10,000, and one out of every 24 tickets offered free admission to the race and an entry into the \$200,000 drawing. In the drawing, each of the two players whose entries were drawn had a chance to win \$200,000 by picking the top three finishers of the race in exact order. If both players had the same correct predictions, the one who picked first would win. At a minimum, both players would win \$2,000 plus tickets to the July 3-4 NASCAR Craftsman Trucks and IRL races, including lodging at The Great Wolf Lodge, located right next to the Kansas Speedway.

The promotion was successful enough to repeat in 2005, only this time, players who bought \$3 or more on a single Super Kansas Cash ticket received an entry form for the drawing. The Lottery repeated the promotion again in 2006, and this year they'll bring back the special Kansas Lottery \$200 Grand scratch tickets.

Louisiana

The Louisiana Lottery has a long standing marketing relationship with the New Orleans Hornets. The two organizations have run a number of promotions together.

The latest promotion, which ran in February of 2005, offered fans who brought any five non-winning Louisiana Lottery scratch-tickets to the New Orleans Arena box office \$10 off any Hornets February home game ticket priced at \$40 or more.

In addition to the ticket discounts, a lucky seat number was drawn at each February home game. The lucky winner went home with a pack of Lottery-branded merchandise. Also, there were t-shirt giveaways and a halftime on-court contest, for fans to win Lottery products.

The Lottery ran a similar promotion in February of 2004, offering the same Hornet's ticket discount for five non-winning lottery scratchers.

The Lottery also teamed up with the Hornets and with Pepsi Americas for a statewide promotion in January 2005 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." Players who revealed a bottle symbol in the FREE THROW play area could redeem the ticket at participating Pepsi retailers in Louisiana for one FREE 20-ounce Sierra Mist. 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.

Players could also check 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 for a coupon for a free Power Break scratch-off ticket when they purchased a Powerball ticket with the Power Play option, a \$2 purchase.

Another facet of the promotion allowed for non-winning Power Break tickets turned in to the New Orleans Arena box office to be entered into the Grand Finale drawing. Prizes included courtside seats for a home game against the San Antonio Spurs; an expense-paid trip to an away game; two free passes for a single home game; and a Hornets autographed basketball

Finally, players who presented three non-winning Power Break tickets at the Hornets arena box office during the month of January received \$10 off the purchase of a regular season home game ticket of \$41 or more.

The Lottery also sponsors many college sports teams across Louisiana to varying degrees, including: Louisiana State University, Southern University, Southeastern Louisiana University, Grambling, Nicholls State University, University of Lafayette, University of Louisiana at Monroe, Northwestern State University, and Louisiana Tech University.

Unfortunately, hurricanes Rita and Katrina have impacted several colleges' sports programs and, as a result, this year's sponsorship list is paired down from what the Lottery has done in previous years. Nearly all of the Louisiana Lottery's sponsorship packages involve signage in the arena, stadium, field, etc, which gives the Lottery great exposure at games attend by

adult alumni and other members of the community. Also, many of these venues are used for other events, such as concerts, adding to the exposure. Sponsorships may also include commercials on broadcasts of the game, ads in game day programs, announcements during the game, and game tickets which the Lottery gives to its retailers as part of its promotions.

Maryland

In Spring of 2004, the Maryland Lottery launched an Orioles 50th Anniversary Scratch-off, The Golden Ticket – a unique ticket that came with a foil wrapped pack of commemorative Orioles baseball cards. As a result of tremendous player enthusiasm for the Scratch-off and the associated baseball cards, all 100 promotional prizes were claimed within the first few days of sales.

To meet player demand, the Lottery launched an additional promotion to reward loyal players.

The first 1,000 players to report a validated baseball card collection received \$100 instantly, a certificate of authenticity, and were automatically entered in a drawing for a chance to win a brand new Corvette. Ten lucky winners also received a Plasma screen television.

"We knew that Marylanders would enjoy the Orioles 50th Anniversary promotion and the opportunity to collect the baseball cards, but we never expected the promotion to catch on as quickly as it did," said Buddy Roogow, Director of the Maryland Lottery. *"This kind of rapid response to a promotion is unprecedented. When a promotion works as well as this one, we are compelled to keep the excitement high."*

Massachusetts

After the Boston Red Sox won the World Series in 2004, the Massachusetts Lottery entered into a partnership with the club that allowed the entire state to celebrate. The Lottery, as presenting sponsor of the World Series Trophy Tour, joined the Red Sox in taking the World Series Trophy to each of the 351 cities and towns across Massachusetts that requested a visit.

Nebraska

In 2005 Nebraska sports fans had a new way to show their support through the Big Red Bunch. The Big Red Bunch fan club is a special offering between the Nebraska Lottery and Pinnacle Sports, which broadcasts University of Nebraska athletics – including football, baseball and basketball. Big Red Bunch fan club benefits include unique knowledge of Nebraska athletics and the chance to win various prizes.

One of the unique programs of the fan club is the Husker Secret Word Contest. During each 2005-2006 Nebraska Basketball regular season broadcast, play-by-play announcer Randy Lee will announce a Nebraska Lottery/Husker Basketball Secret Word. Fans will be encouraged to keep track of each word (28 in all) and the fan with the most words at the end of the season will win a \$250 prize package from the Nebraska Lottery.

The Nebraska Lottery Big Red Rewind is a sound bite of a football play replay from the Monday night edition of Sports Nightly with John Bishop. Beginning Tuesday of each week, during Sports Nightly, John will remind listeners to visit nelottery.com to hear the previous sound bite and to then call in on Thursday night during Sports Nightly with the outcome of the replay. The first caller with the correct outcome wins a \$50 Lottery gift pack (including coupons for free tickets, and a Nebraska Lottery stadium blanket).

The Big Red Bunch is hosted on the Nebraska Lottery website, www.nelottery.com.

The Ultimate Lottery Research Panel

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Ohio

The Ohio Lottery is once again sponsoring the Broadcast with the Bobcats contest, giving Ohio University fans a chance to take part in the radio broadcast of the Bobcat men's basketball team's March 4 game against Bowling Green.

Fans can register for the contest at ohiobobcats.com, the official website of Ohio Athletics, or they can bring a non-winning Ohio Lottery instant ticket to specially marked boxes at the Convocation Center concession stands during Bobcat home games this season. All tickets should include the contestant's name, address, phone number and email written on the back.

One winner will be selected to wear headsets during the Ohio Sports Network broadcast of Ohio's final home game while sitting alongside Derek Scott, the "Voice of the Bobcats." Prior to the game, the winner will eat with the media and receive a special tour of The Convo, including the basketball offices, meeting rooms and locker room. The winner will also be interviewed by Scott during halftime.

The partnership with the Bobcats is just one example of transactional co-branding the Ohio Lottery pursues with various sports teams across Ohio.

"We work closely with the team involved to determine what the patrons are passionate about," says Rod Ingram, Marketing Director for the Ohio Lottery. "As an extension of our games, we provide a gateway for truly rare and exciting opportunities through sport franchises and community events statewide."

Washington

The Washington Lottery has been partnering with the Seattle



Mariners for a number of years in a campaign designed to promote literacy.

The most recent event, which took place during the summer of 2005, saw Governor Christine Gregoire join Lottery Director Christopher Liu, his staff, and the Mariners' wives at the July 17th Mariners-Orioles game to collect children's book donations to promote literacy.

Mariners fans (ages 18 and older) that brought a new children's book to donate at one of three Lottery booths outside Safeco Field that day received a free Lotto ticket. A similar promotion, taking place on Mother's Day in 2004, gave the first 2,000 fans, 18 or older, who donated a new children's book a "Spring Fever" Scratch ticket for a chance to win up to \$2,000.

The book drives conducted by the Lottery and the Mariners collects donations of books for Page Ahead, the statewide non-profit program that fosters literacy in order to help at-risk children reach their full potential.

More than 16,000 books have been donated through the partnership between Washington's Lottery, the Seattle Mariners and Page Ahead. The non-profit program provides new books to at-risk children to choose, keep, and treasure, and engages parents and community volunteers to read with children. Literacy skills have a tremendous impact on a child's academic success.

Wisconsin

Visitors to Wisconsin in the winter are likely to find two things – low temperatures and high piles of snow. Many residents, especially in the . . . continued on page 31

Branded Sports Tickets Outperform Generic Games

MDI Entertainment's NBA Brand is a Slam Dunk with Lotteries

Historically, branded sports tickets have outperformed generic sports tickets in all categories.

Steve Saferin, president of MDI Entertainment, said lottery players are drawn to familiar and popular images especially with tickets featuring their favorite teams, players and sports figures.

"The equity of a branded ticket helps that game cut through the clutter of a lottery's instant game line-up," Saferin said. "And a perfect example of that is the NBA-branded games that have performed extremely well for several lotteries."

To date, seven states and Washington D.C. have run NBA instant ticket games including California, Indiana, Michigan, Minnesota, New Jersey, Ohio, and Washington. Both California and Michigan ran the game twice.

"Over 40 million Americans watch basketball every year and it continues to be one of the most popular sports in the country," Saferin said. "States that have offered their players NBA themed instant tickets have had great success and we're proud to be able to continue to offer this excellent property. Basketball fans are loyal to their individual teams and they make the perfect built-in audience for these games."

Glenn Strong, Michigan Lottery Instant Product Manager, said running an NBA game was beneficial on many levels.

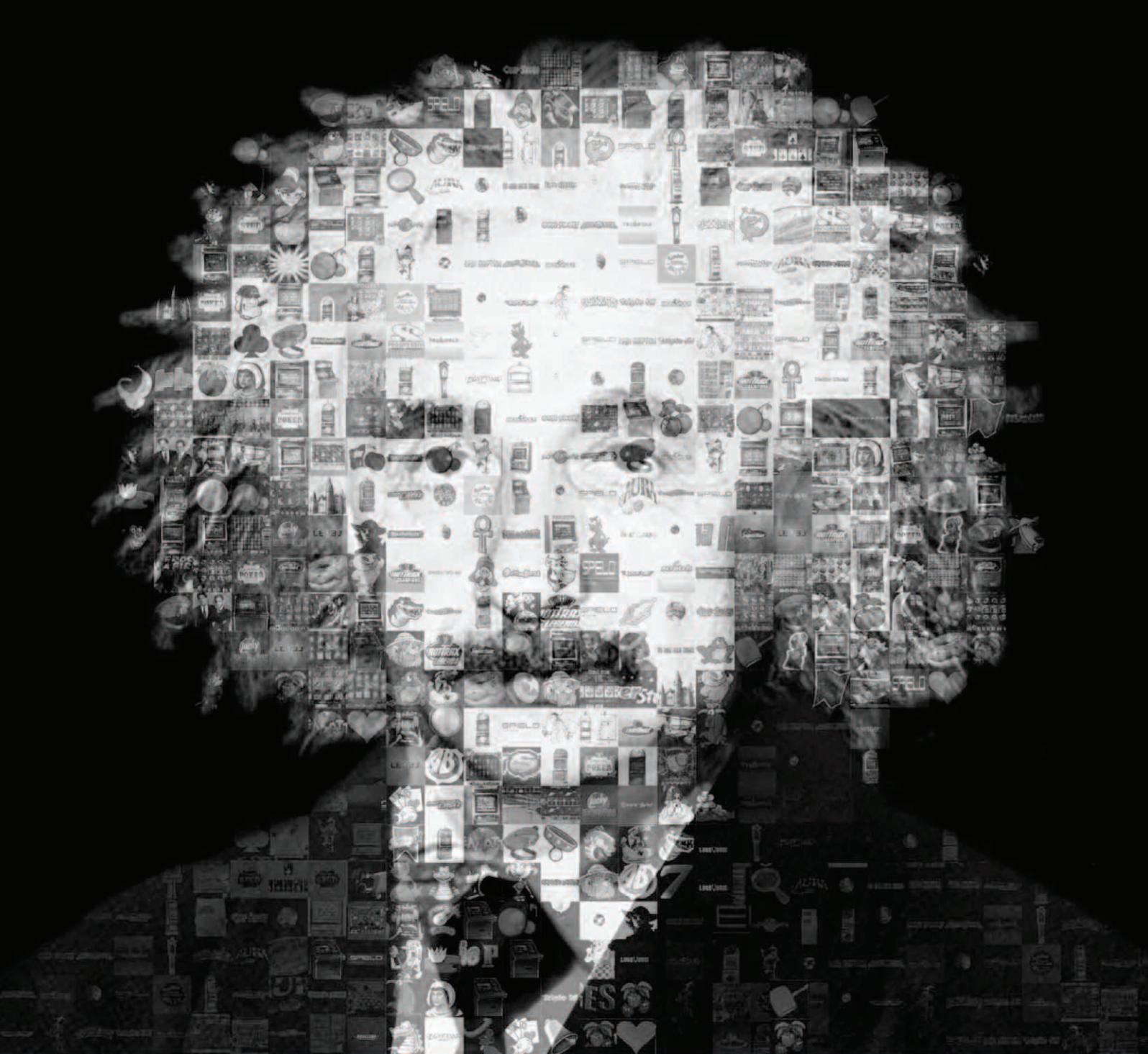
"In addition to the obvious sales benefits, the decision to run a Detroit Pistons instant game has provided substantial added value to our advertising relationship with the team. The instant ticket has helped create a business relationship that both parties continue to be very happy with," Strong said. "Sales of the ticket weren't too shabby either: The 10-week average was \$516,000 and the game indexed at 110."

With an MDI licensed NBA game, states can create tickets featuring the hottest teams in the division or games highlighting any of the league's 30 teams. An NBA license also gives lotteries the rights to the NBA logo, the NBA All-Star logo, the WNBA logo and the logos of all of the teams that make up the NBA.

One of the most exciting features of an NBA game is that lotteries can offer their players second chance drawings for NBA branded merchandise including apparel, sporting goods, jewelry and house wares. Grand prizes can include VIP seating or season tickets to home games or even tickets to an All-Star game.

"Lotteries and sports have always been a natural fit and MDI continues to make sure we can offer lotteries the best products available for their players," Saferin said. "NBA games are a win-win for lotteries and provide excellent opportunities for cross promotions and marketing." ♦





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Lottery Players and Poker: An International Survey

By Phil Kopel, President Kopel Research Group, Inc.

A survey was conducted of approximately 2,000 members of KRG's international marketing research ePanel, covering a variety of current topics of interest to the Lottery Industry. Virtually all of the respondents in this survey have played a Lottery game and almost all have played their Lottery within the past year.

This article focuses on the level of consumer interest in various Poker games among this population universe.

Graph 1

BASE		CONTINENT		GENDER		AGE		
Do you play poker?		North America	Outside North America	Male	Female	18-34	35-54	55+
Base	1947	1219	621	977	970	678	971	293
Yes	45%	48%	39%	51%	38%	46%	45%	43%
No	55%	52%	61%	49%	62%	54%	55%	57%

On average, approximately 45 percent of the survey sample says they play Poker. As many as 52 percent of those living in the United States, and 51 percent of males say they play Poker. These population subgroups are statistically more likely to play Poker than their counterparts. (There are no statistical differences in Poker play across age groups. (See graph 1)

The types and names of Poker games offered in casinos and other venues have grown exponentially in recent years, much like boutique coffee. As Lotteries and vendors look to cash in on this new phenomenon, we asked our international ePanel (of those that play Poker) which Poker game derivatives they have heard of and played.

The following charts show the level of interest in Poker games among Poker players.

As many as 70 percent of Poker players say they play 5 card draw, and

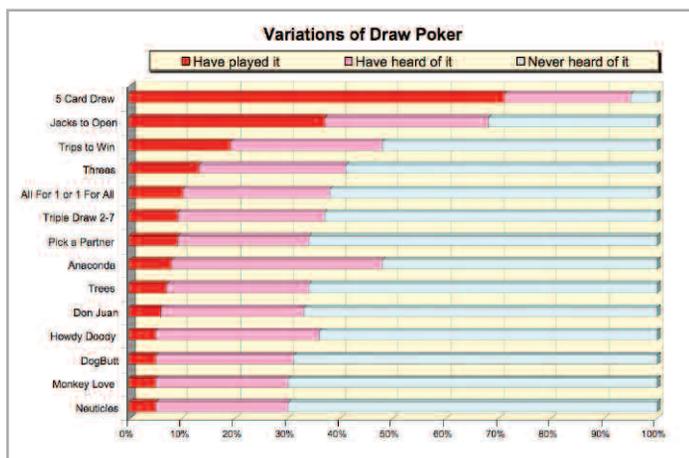
at least 95 percent have heard of it. The game "Jacks to Open" is the second most popular draw game, played by 37 percent of players and at least 69 percent have heard of it. Almost 50 percent have heard of "Trips to Win" and almost 20 percent have played it.

About one out of three Poker players are aware of many of the other draw Poker games and about 5 percent to 10 percent have played them.

Poker players that are 55+ are significantly more likely to have played "Jacks to Open," whereas many of the other games are significantly more likely to have been played by 18-34 year old poker players. (See graph 2)

Almost 50 percent of Poker players play Stud Poker, and almost 80 percent have heard of it.

Less than 35 percent of Poker players are aware of many of the other



Graph 2



Graph 3

Stud Poker games and only 5 percent to 15 percent have played them.

Respondents age 55+ are more likely to play the original Stud Poker game compared with those who are younger; whereas those that have played the other games are statistically more often the younger players.

There are too many Stud Poker game variants to fit on the chart. Other Stud Poker games worth mentioning since more than 15 percent have heard about them although fewer than 5 percent of poker players have played them, include the following:

Canadian Stud; Sequence; Auction; Mexican Sweat; The Good; The Bad and the Ugly; Ten; Grocery Shopping (Price is Right); 2 to 7; Baltimore (aka Low Chicago); Roll Your Neighbor; Cowpie Poker; Fourplay; Russian Revolution; Dakota; Black Mariah; Six Kick; Jack the Shifter; Dirty Schultz; Henway; Harem; La Puta; Wall Street; Razz; Cathy's Game; Psycho; Jerry's Game; Washington Park; Philadelphia (City of Brotherly Love). (See graph 3)

Lately, there has been great publicity surrounding Texas Hold'em, a Poker game in which players at the table share common cards as they wager against each other. About 75 percent of Poker players have heard of it and about 50 percent have played it. There are also other Poker games in which the table plays with shared cards.

Only about 20 percent to 30 percent of Poker players are aware of many of the other "shared card" Poker games and only about 5 percent to 10 percent have played them.



Graph 4

Home, Z, Bush League, Wild Kingdom, Lincoln and Lame Brain Pete.

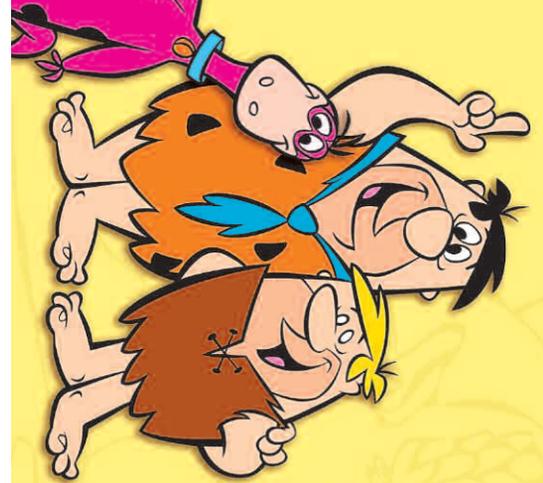
As in the Stud and Draw game variants, those that play the "shared card" Poker games are statistically more likely to be younger players. (See graph 4)

Summary

Poker is making a resurgence. The original games along with many variants are proliferating in brick and mortar and Internet casinos. Celebrity and professional tournaments promote these games via mass media and cable TV channels. Electronic versions of these games are being designed for VLT and slot machines and scratch versions are appearing on Instant tickets.

As the Lottery industry looks to replace older games that are getting tired, it may be worth investigating the creation of unique lottery versions of these games, especially since they appeal to the younger players, a market segment that is often difficult for the lottery industry to reach.

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



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North Carolina Lottery Starting to Take Shape

The North Carolina Lottery is taking shape at a furious pace. In December, the Lottery approved retailer contracts, made key hires, issued dual RFPs, received bids for contracts, and agreed to join Powerball.

There was little suspense as to which multi-state the new Lottery would join. Lottery Executive Director Tom Shaheen predicted North Carolina lottery outlets will start selling the first Powerball tickets in early July, about three months after a self-imposed deadline to get start selling scratch-off tickets in the state. North Carolina accepted Powerball's invitation to join after competitor Mega Millions chose not to make a presentation to North Carolina lottery commissioners, stating that they aren't accepting new members at this time.

The Bids Are In

The Lottery Corporation has issued two RFPs in December – one for online and one for instant games. The instant RFP had a wrinkle that excluded most potential bidders, as the state required bidders to provide all services associated with scratch-off games, including printing, marketing, warehousing and distributing tickets.

As it is, Scientific Games has submitted a letter of intent to bid for both North Carolina's online and instant ticket contracts. GTECH plans to bid for the online contract and Oberthur Gaming Technologies is bidding for the instant ticket contract. NC Lottery Director Tom Shaheen has said he wants to choose the winners by February 3. Instant tickets are projected to begin in April.

Retailer Contract Approved

The North Carolina Lottery Commission is closer to putting together a network of ticket retailers after approving a proposed contract with about 30 guidelines for stores. A statewide database already has provided a list of 10,000 potential retailers. State law does not cap the number of places that will qualify to sell lottery tickets.

The contract requires retailers to "make every effort" to display outside signs, though local ordinances may block that from happening. Retailers also will be barred from living in the same household as lottery employees and giving lottery employees large gifts. They will have to undergo background checks, offer all available scratch tickets and pay a \$15 weekly fee for each location to help defray the costs of equipment. Retailers will keep 7 percent of their lottery sales and any bonuses that lottery officials award. The contract allows tickets to be bought with cash, checks, debit cards and gift cards, but not with credit cards. They also cannot be bought with food stamps. Retailers will not be allowed to be "engaged exclusively" in lottery sales.

The North Carolina Alcohol Law Enforcement division recently told the General Assembly that it will need an additional 29 agents to perform background checks and enforce lottery law. They need to start hiring as soon as possible if they are to help the Lottery launch by April. The ALE currently has just over 100 agents.

Lottery Employees Hired

North Carolina Lottery Executive Director Tom Shaheen hired several employees in December. His first hire was Jerry C. Carter,

who was named the head of the state lottery's security office. A veteran of the North Carolina State Bureau of Investigation for more than 20 years, Carter has worked as an officer with the SBI Crime Laboratory since 2001. He has held such titles as forensic document examiner, criminal and drug agent, special investigator and assistant special agent in charge. Carter also served as a liaison between the SBI and the state Attorney General's office.

Alice Garland, who was most recently an assistant state Commerce Department secretary, will serve as deputy executive director of legislative and corporate communications. Garland has 30 years of experience in private business and governmental relations.

Lou Ann Russell has been hired as deputy executive director of marketing and advertising. Russell worked for a marketing firm that held the Georgia Lottery's marketing account for 12 years.

Sam Hammett was named the Lottery's new deputy executive director of sales. Hammett most recently worked as the Georgia Lottery's vice president for sales.

The human resources director for the North Carolina Lottery will be Margaret Spindola-Bode, who worked at the Georgia Lottery from 1996 to 2001.

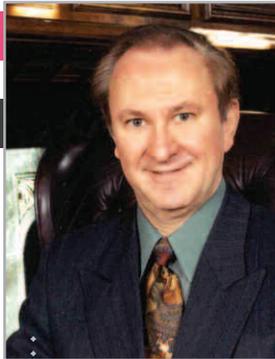
James W. Knight, who most recently worked as a senior manager for the North Carolina Department of Public Instruction, is now the lottery's finance director.

In all, Shaheen will be hiring six deputy executive directors and an additional 12 assistant directors.

The North Carolina State Lottery Commission is also taking shape. Max O. Cogburn Jr. was recently appointed to the Commission. The 54-year-old Asheville attorney owns Pisgah View Ranch and is a former U.S. magistrate judge for the western district of North Carolina. House Speaker Jim Black said he chose Cogburn, in part, because of his retail experience as co-owner of the resort ranch. Cogburn replaces Gordon Myers, who resigned in November.

Bridget-Anne Hampden was recommended by North Carolina Senate Leader Marc Basnight to join the State Lottery Commission. Hampden is president and CEO of JHR & Associates LLC, a management consulting firm with clients including Lexmark International and the Charlotte Sting of the Women's National Basketball Association. If her nomination is confirmed by Gov. Mike Easley, she will replace Malachi Greene. ♣

Iowa Lottery Approves Self-Ban Policy



Dr. Ed Stanek, CEO,
Iowa Lottery

The Iowa Lottery Board recently voted to establish a player "self-ban" policy designed to address issues related to problem gambling.

The policy would allow players to sign contracts stating that they are problem gamblers and wish to enter into a voluntary self-exclusion agreement with the lottery. The agreement would ban those players from the lottery's five regional offices in the state and allow the lottery to deny payment of any prize at a lottery office to those players.

"If somebody is willing to sign this and they understand that they can't win and they can't get a refund of the products they've purchased, then what's the use in playing? Therein lies the deterrent," said Lottery Board member Tim Clausen, a Sioux City attorney. *"I think it is a good, effective deterrent."*

During discussion of the policy, Iowa Lottery CEO Dr. Ed Stanek said that the lottery has been considering such a ban for some months, and the lottery's record sales of more than \$210 million in fiscal year 2005 became the impetus for moving ahead with the plan.

"We want to maximize our proceeds for the state with everyone playing in moderation," Stanek said. *"We don't want our success to be at the expense of problem gamblers."*

Stanek noted that the lottery has not been a big contributor to problem gambling in Iowa – just 4 percent of those admitted to treatment through the state Gambling Treatment Program cite lottery games as their primary form of wagering.

"But compulsive behavior is an issue we are concerned about and we want to do even better to help those who need it," he said.

Stanek, the longest-serving lottery director in the country, said he knows of no other U.S. lottery that has such a policy.

"This is a proactive, responsible step being taken by the Iowa Lottery," he said.

Under the policy, a lottery player who wished to enter into a lifetime self-ban agreement with the lottery would sign a contract provided by the lottery and have it notarized, then turn it in to the lottery. In the contract, players would acknowledge that they are problem gamblers, and that their ability to claim lottery prizes is an unwelcome incentive for them to play. The players would acknowledge that they want to reduce the incentive to play lottery games by entering into a voluntary self-exclusion agreement restricting them from claiming prizes at lottery offices.

The lottery would honor the players' requests by developing a computer database containing the names and Social Security numbers of those who had signed the contracts. The lottery would check information against the database whenever someone tried to claim a prize at an Iowa Lottery office. Those players on the list would be denied prize payment.

The lottery also would remove from any mailing or promotional lists the names of those players who entered into self-ban contracts.

Stanek said that because lottery products are sold at about 3,500 business locations in Iowa, enforcement of such a ban at the retail level would not be feasible. The policy would deny large lottery prizes to players signing the contracts, he said, because all prizes of more than \$600 must be claimed at a lottery office. ♣

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People



Kentucky Lottery Corporation (KLC) President & CEO **Arch Gleason** has announced the selection of **Gary Ruskowski** as the KLC's new Senior Vice President of Information Technology and Chief Information Officer. His job at the KLC will involve overseeing all aspects of the company's IT functions, including management of the front end gaming systems, sales tracking, back office systems, and all of the

desktop office and mobile technology used by the lottery. Ruskowski comes to the KLC from Pomeroy IT Solutions, where he worked for the past eight years. His career also includes 17 years of employment at General Electric where he served in a variety of management positions.

West Virginia Governor **Joe Manchin** appointed Morgantown businessman **David McCormick, Jr.**, to serve on the West Virginia Lottery Commission as a representative of the 1st Congressional District. Once approved by the Senate, McCormick will take his place as the Lottery Commission's marketing expert and fill the vacancy created by former commissioner **Jim Cookman**. McCormick's appointment term extends to June 30, 2007 with eligibility of successive appointment.

World Lottery Association President **Reidar Nordby Jr.**, Asian Pacific Lottery Association President **Henry Chan**, and **Göran Wessberg** of the WLA Academy Program have been appointed to the advisory board of The China Center for Lottery Studies (CCLS) at Peking University. The appointment ceremony took place during the International Conference on Gaming Industry and The Public Welfare in Sanya, South China.

Oberthur Gaming announced that **Drew Svitko** has joined OGT's U.S. Sales team as Account Lottery Executive dedicated to the Virginia Lottery. Drew studied Real Estate Investment at Pennsylvania State University in 1991, and has developed a significant expertise in management and retail, including eight years of lottery experience.

Prior to joining OGT, Drew worked for the Pennsylvania Lottery, where he assumed the roles of Interim Security Director and Interim Finance Director, before being promoted as Director of Research and Development. During his time at the Lottery, he directed qualitative and quantitative market research studies, as well as numerous on-line and instant product development projects.

Before being appointed at the Pennsylvania Lottery, Drew was Owner/Operator of three Subway franchised sandwich restaurants. This experience gave him a unique perspective and understanding of the small-business retail environment.

Churchill Downs Incorporated announced that **Clifford C. Goodrich** will leave his position as president of Arlington Park, the Company's racetrack in Arlington Heights, Ill., in order to pursue other professional and personal interests. Goodrich's last day at Arlington will be Jan. 6, 2006.

Goodrich joined Arlington Park in December 2002 as executive vice president before assuming the role of president of the track and senior vice president in change of CDI's Illinois Operations, including eight Trackside Off-Track Betting locations in the Chicago area, in March 2003. Before joining CDI, Goodrich served as CEO of the California Thoroughbred Horsemen's Foundation Inc. and, prior to that, was president and CEO of Santa Anita Park in Arcadia, Calif.

Harrah's Entertainment announced **Jennifer Shatley**, Harrah's director of Code of Commitment, was appointed to serve on the National Center For Responsible Gaming Board of Directors. Shatley joined

Harrah's in 1997 and has served as director of Harrah's Code of Commitment since 2001. She administers the company's responsible gaming programs, and is involved with the development of employee training and information technology to support Harrah's responsible gaming policy. Shatley also serves on the advisory board of the Nevada Council on Problem Gambling.

Veikkaus elected a new Board of Directors and Supervisory Board for the years 2006 and 2007. The Board of Directors will continue to be chaired by **Juha Niemelä**. Doctor of Political Science. **Maija-Riitta Ollila**, a new member of the Board, was appointed Vice Chairman. The new members of the Board are **Mr. Jouko Ahtola**, CFO of the Finnish Literature Society, **Mr. Timo Kenakkala**, Director of the Oulu Research Centre of Kemira Oyj, **Mr. Matti Saarinen**, Managing Partner of Kream Oy, and **Ms. Paula Tuomikoski**, Special Government Adviser of the Ministry of Education. Two members of the previous Board of Directors besides Chairman Niemelä will continue at the new Board: **Mr. Ari Lahti**, Managing Director of ICECAPITAL Securities and **Ms. Leena Paananen**, M.Sc., Econ.

Southwest Casino Corporation announced the appointment of four new independent members to its Board of Directors. The appointment of these independent board members, along with the resignation from the board of two corporate officers, creates a five-member board of directors with four independent directors. All board members will be eligible for election at Southwest's 2006 annual meeting of shareholders.

David H. Abramson joins the Southwest Board of Directors and will chair its Audit Committee. Mr. Abramson is the Chairman and CEO of David Abramson & Associates, LLC, a retained executive search and leadership development firm he founded in 2002. Mr. Abramson has been the Chairman of Board of Directors of the Minneapolis Chamber of Commerce, President and Board member of the Minnesota Society of Certified Public Accountants, Chairman and board member of the Minnesota Cooperation Office for Job Creation, and a member of the Governing Council of the American Institute of CPAs.

Gus A. Chafoulias is Chairman of the Board of Chafoulias Management Company. Mr. Chafoulias has developed more than 3 million square feet of apartments and commercial space during more than 40 years in the development business.

Jim Holmes has significant experience on both the regulatory and business sides of the gaming industry. He spent 15 years with the FBI in Missouri as both a Special Agent and Supervisor. In 1985, Mr. Holmes was appointed as the first Executive Director of the Missouri Lottery. Since 1987, he has acted as a national and international gaming consultant for lottery operations, bingo projects, casinos and Indian gaming, specializing in start-up operations and risk analysis.

Gregg P. Schatzman is the Managing Director of Schatzman & Associates, LLC, which provides consulting services to gaming companies and law firms regarding casino operations and regulatory issues. Mr. Schatzman spent 10 years as a gaming regulator with the Nevada Gaming Control Board and 13 years in casino operations in positions with Trump, Ameristar Casinos and Primadonna Resorts.

In connection with Southwest's move to management by an independent Board of Directors, **Jeffrey S. Halpern**, Chairman of the Board of Directors and former CEO of Southwest, and **Thomas E. Fox**, President and Chief Financial Officer, resigned from the Board. Mr. Fox continues as President and CFO and Mr. Halpern will serve as Southwest's Vice President of Government Affairs and corporate secretary. ♣

Pennsylvania Slot Progress Continues...

December marked a great deal of progress towards the implementation of slots in Pennsylvania. An agreement was forged between the Pennsylvania Gaming Control Board and the state police defining the role the police would play in expanded gaming, the PGCB closed casino applications, and, while the issue over how slots will be distributed in the state is not yet decided, the Board is bypassing the problem for the moment and allowing suppliers to submit applications.

The PGCB published application forms for people and companies interested in becoming licensed suppliers of gaming equipment in Pennsylvania. The forms, as well as instructions for submitting them, are available on the Board's Web site, <http://www.pgcb.state.pa.us>, under "Licensure."

PGCB began accepting applications on December 20, 2005. All applications for supplier licenses must be postmarked no later than Tuesday, Feb. 28, 2006. Under a policy approved by the Gaming Board at its Dec. 15, 2005, meeting, no supplier license will be issued until the question of whether to license suppliers statewide or by region is resolved.

"We need to keep moving, and the policy we adopted... allows us to do that while we continue to wrestle with the complex issue of whether to license suppliers by region," PGCB Chairman Tad Decker said.

Casino Applications Come In

December 28 was the deadline for Pennsylvania casino applications. The Board expects to start issuing licenses in August, but could take up to 12 months to decide the winners. Six groups of investors filed applications for one license in Pittsburgh, while four filed for the two licenses in Philadelphia.

Three of the Philadelphia sites are located on the Delaware River, while the fourth is in Nicetown. The four groups in Philadelphia are: 1) The SugarHouse Casino, a partnership of Midwest Gaming & Entertainment of Illinois and a group of local investors that are planning to spend \$450 million on a first phase of building a casino with 3,000 slot machines, a theater and 3,200 parking spaces. 2) Philadelphia Entertainment & Development Partners – includes New Jersey Nets owner Lewis Katz and developer Ron Rubin. They are looking to build a 30-acre site on Columbus Boulevard at Reed Street. 3) Planet Hollywood and the Pennsylvania Partnership Group control Riverwalk Casino LP, an 11.5 acre site located at Delaware Avenue and Spring Garden Street. 4) Donald Trump and Pat Croce are applying for a license on an 18-acre site in Nicetown, located at the former Budd Co. site.

PGCB Reaches Agreement with State Police

The Pennsylvania State Police and the PGCB signed an agreement to ensure the integrity of gaming in the Commonwealth.

"Through background investigations and aggressive monitoring and enforcement, the State Police will assist the Gaming Control Board to ensure that gaming operations in Pennsylvania comply with existing laws and regulations and meet the highest standards of integrity," said Colonel Jeffrey Miller, Commissioner of the Pennsylvania State Police.

The State Police will assist in performing background investigations of gaming applicants, as requested by the Board, and will conduct criminal enforcement at gaming facilities. The State Police and the Bureau of Investigations and Enforcement (BIE) will provide an on-site law-enforcement and regulatory presence at each gaming facility. Members of the State Police and BIE will work cooperatively to ensure compliance with all statutes and regulations.

"This agreement makes crystal clear the considerable role of our organization and our staff in gaming," said Colonel Miller. "It defines these roles and acknowledges the State Police commitment to on-site and regional law-enforcement presence." ♦

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RACINO NEWS

10th Anniversary of Delaware Park Slots

December 29th marked the tenth anniversary of slots at Delaware Park. *"Delaware Park has grown steadily over the past ten years to become one of the country's top racinos and with the recent addition of White Clay Creek Country Club to our many guest offerings, we have positioned ourselves to become one of the top destination drivers for New Castle County and the State of Delaware,"* said Bill Fasy, Chief Operating Officer for Delaware Park. *"We offer the finest in gaming and hospitality coupled with the friendliest team members whose goal is to provide our guests with the highest quality customer service."*

To recognize the anniversary, guests throughout the month of December, participated in a variety of special promotions and on the 29th Delaware Park offered a day of fun-filled surprises.

"Thanks to our partnership with the Delaware State Lottery, Delaware Park has evolved into a first class gaming destination for our guests from around the tri-state area. Our customers enjoy the many aspects of our business including world class thoroughbred horse racing, 2,500 slot machines, championship caliber golf and a variety of food and beverage venues," said Fasy.

Prior to the inception of slots in 1995, Delaware Park employed a workforce of slightly more than 75 full time annual employees while today over 1,400 employees make up the slot and hospitality team.

"We are extremely proud of the transformation of Delaware Park over the past ten years. We remain committed to continue to reinvest in property level improvements and additions. Our dedication to our team members, our patrons and our community remains unwavering, as we anxiously look forward to the next ten years." says Fasy. *"On behalf of everyone at Delaware Park, I wish to extend our sincere appreciation to our valued customers."*

Newport Grand Granted More VLTs

Newport Grand has been granted a contract allowing it to increase its number of VLTs by an additional 800. The agreement also locks the facility's revenue share for up to ten years while promising that the owners will be compensated for any lost revenue from any new competitor located within the state.

In all, Newport Grand will see its number of VLTs increase from 1,070 to 2,101 once this, and previous machine expansions have been implemented.

Newport Grand estimated the VLT parlor expansion will cost approximately \$20 million. To finance the project, the owners considered multiple options, including selling the facility or entering into a joint venture.

NYRA Given Financing Proposals

The New York Racing Association is considering a proposal from Governor George Pataki that would give the organization a \$5 million loan from Empire State Development Corp. The loan would be conditional upon racing continuing at Aqueduct, Belmont and Saratoga.

Another proposal would give the NYRA as much as \$30 million

in installment loans which could be repaid via VLT revenue from Aqueduct. The offers were made in an attempt to keep the NYRA from declaring bankruptcy.

Lincoln Park Unveils Renovations

A ribbon-cutting ceremony at Lincoln Park allowed visitors to see the facility's newly renovated second floor. The renovation represents the first phase of Lincoln Park's complete expansion plan.

The first phase included converting the grandstand building to simulcast racing, the renovation of the southern section of the main building's second floor and the installation of 600 new VLTs.

Over the next 18 months the park will continue renovations, including the addition of two new wings which will add 160,000 square feet, a new gaming area, a "high-energy feature bar," a 350-seat buffet, several restaurants and a new 2,000-seat multipurpose room for marquee entertainment. The Park's owner, BLB Investment, is putting \$125 million into the renovations.

Hoosier Park Concludes 2005 Thoroughbred Meet

Hoosier Park concluded its 11th season of Thoroughbred racing Friday, Nov. 25, with a 30.8% increase in total wagering. The meet offered 57 full days of action, beginning Sept. 3. Hoosier Park was scheduled to offer 60 live racing dates, but was forced to cancel two race cards prior to their completion due to inclement weather. A third race card was cancelled prior to the evening's first post, also due to weather conditions.

Total wagering for the 57-day meet reached \$100.6 million, an increase of 30.8 percent over the \$76.9 million wagered during the 59-day meet in 2004. Average daily handle from all sources increased by 35.4 percent, as \$1,764,065 was wagered nightly on Hoosier Park's race card compared to an average of \$1,303,110 in 2004. Hoosier Park enjoyed strong support for its simulcast signal in OTB facilities around the nation, as off-track wagering on the 2005 Thoroughbred Meet grew by 33.3 percent to \$95.0 million. Average daily on-track wagering fell 1.6 percent, as \$75,118 was wagered nightly by customers at the racetrack in 2005. An additional \$22,229 was wagered nightly on the Hoosier Park card by patrons at the track's OTB locations in Indianapolis, Merrillville and Fort Wayne, an increase of 19.8% over the \$18,550 wagered in 2004. Average daily attendance at the racetrack in Anderson, Ind., was 1,178, an increase of 23.4 percent over last year's average of 955.

Churchill Downs Sees Wagering Rise in Fall Meet

The 21-day Fall Meet at Churchill Downs, the first at the historic track since the completion of its \$121 million renovation and the first since 2002 that was not limited by construction, concluded on Saturday, Nov. 26, with gains in both on-track and total wagering and on-track attendance. Additionally, average daily wagering from all sources topped \$8 million for the first time in Fall Meet history.

Total wagering on the Churchill Downs meet, which includes

RACINO NEWS

. . . continued from page 26

both on-track and off-track betting, rose to \$182,214,993, an increase of 11.3% over 2004. Total wagering averaged a record \$8,676,904 per day, which marked the first time that daily average Fall Meet betting from all sources surpassed the \$8 million mark. The daily average in 2004 was \$7,798,867 and the previous record was the daily average of \$7,995,667 established in 2003. On-track wagering totaled \$24,483,358 during the meet, an increase of 6% over last fall. Daily attendance at the meet averaged 7,820, a gain of 4.7% from 2004 and the highest average attendance figure for a Churchill Downs Fall Meet since 2001.

MTR Gaming Group Receives Management-Led Acquisition Proposal

MTR Gaming has received a non-binding proposal from a newly-formed entity, TBR Acquisition Group, LLC, which is controlled by Edson Arneault and Robert Blatt, MTR's Chief Executive Officer and Executive Vice President, respectively, both of whom are also directors, to acquire all of the outstanding shares of MTR for a cash price of \$9.50 per share.

The management-led group has tentatively proposed a two-step transaction: a first step public tender offer for not less than 90 percent of the outstanding shares of common stock for \$9.50 per share in cash, followed by a second step "short form" merger in which the remaining public stockholders would also receive \$9.50 per share in cash. The Board of Directors has established a special committee consisting of four independent, disinterested directors to act on behalf of MTR with respect to the proposal or alternatives in the context of evaluating what is in the best interests of MTR and its stockholders. The special committee is authorized to retain independent financial, legal and other advisors.

Arkansas Gambling Expansion Challenged

Arkansas' Oaklawn Park (horse track) and Southland Greyhound Park are anticipating a lawsuit seeking to halt its recently approved "electronic games of skill".

Anti-gambling groups were unable to stop the gambling expansion bill at the ballots, but have since filed a lawsuit in Crittenden County and are reportedly planning to continue their offensive with another suit in Garland County. Racetrack officials in both cities said the expanded video game options were necessary to develop the economy and to prevent players from slipping away to nearby gambling meccas like Tunica, Mississippi.

Both tracks already offer a game called instant racing, which allows players to wager on the results of past races from around the country.

At Hot Springs, 50.5 percent of voters approved the extra games; at West Memphis, 63 percent approved.

CBT Simulcasting to South America

Charlson Broadcast Technologies entered into long term agreements with AmTote International, Inc. and BLB Inc./Wembley

USA to simulcast into South America. AmTote will provide the gateway necessary to commingle wagers from international simulcasting outlets and BLB will provide content rights to U.S. horse and greyhound racing.

Beginning with South America, CBT secured exclusive agreements with racetrack operators in Venezuela and Brazil and will begin simulcast wagering in partnership with Carnegie Cooke and Company, Inc. at the Campos racetrack and its OTB network in Brazil. CBT and its partners will provide horseplayers in these countries the opportunity to wager on international horse and greyhound racing with unlimited wagering, track odds, and all available host track wager types with true track payoffs. All foreign currencies wagered will be converted into U.S. dollars before being fully placed into the host track pools.

CBT developed its International Wagering Terminal that functions as a point of sale terminal accepting and cashing wagers as well as generating multiple video displays of odds, exotics, results and changes and printing translated licensed Equibase® programs from a single PC. The IWT will also interface with popular sports and lottery systems where legal. CBT currently streams more than thirty channels of broadcast quality video to its international locations using a secure VPN over the internet and satellite.

Sona Mobile Announces mWager

Sona Mobile Holdings announced the debut of mWager™, a full-service mobile application that extends the experience of horse race wagering to wireless devices. By using mWager, subscribers can place wagers, watch races in real time, conduct pre-race research, receive immediate access to post-race information and a variety of other tasks on the application and the phone. Sona's Mobile Multi-Threading Technology allows users to wager on the application while still be able to send email and receive voice calls.

MTR Subsidiary Acquires Interest in Michigan Track

MTR Gaming Group announced that its wholly owned subsidiary, Jackson Racing, Inc., acquired a 90 percent interest in Jackson Trotting Association, LLC, a Michigan limited liability company that operates Jackson Harness Raceway.

Jackson Harness Raceway conducts live harness racing (mid-April through mid-June) and year-round simulcasting with pari-mutuel wagering in Jackson, Michigan. The facility is located on I-94, approximately 35 miles from Lansing, 40 miles from Ann Arbor, 70 miles from Detroit and 70 miles from Toledo, OH.

Rapid Bet Live Goes to Palms Casino

Progressive Gaming International Corporation reached an agreement with the Palms Hotel and Casino to field trial the Company's newest product, Rapid Bet Live, which allows for real-time, in-game wagering on sporting events. For more information on Rapid Bet Live, visit: <http://www.progressivegaming.net/pages/games/rapidbetlive.html> ♦

Video News

Florida Legislature Passes Slot Bill

The Florida House passed House Bill 1B on a 110-8 vote, requiring Broward County's four pari-mutuel facilities to pay a 50 percent tax on the 1,500 gaming machines they can install sometime next year. The Senate later passed the bill.

The House and Senate essentially split the difference in the bills they had coming into the special session. The Senate had proposed a 45 percent tax rate and a 2,000 machine limit. The House proposed a 55 percent rate and a 1,000 machine limit.

The venues will be able to operate 16 hours a day, seven days a week. Each facility would have to pay a \$3 million license fee. The state expects to see around \$200 million a year in gaming machine revenue. Governor Bush, an opponent of the machines, said he would sign the bill because he doesn't have much choice. The courts were prepared to let the gaming machines be installed without state action, because of the Broward voters' approval. The machines should be installed by summer.

GTECH Signs The Game of Life

GTECH and The Hasbro Properties Group announced a pact that would grant GTECH the exclusive rights in the United States and Canada to develop and market slot machines and VLTs featuring THE GAME OF LIFE property brand in the casino and government-sponsored environments. Spielo, a GTECH subsidiary, will develop the games on its platforms and manufacture and distribute the games to the government-sponsored gaming markets.

Atronic has been pre-approved by Hasbro to be one of GTECH's sub-licensees, granting Atronic the right to develop the games on its platforms and manufacture and distribute the games to Native American and commercial gaming markets.

Game development plans include linked progressive games and stand-alone dedicated games themed to THE GAME OF LIFE. The first GAME OF LIFE branded slot games are expected to be available to the North American gaming market in the second half of calendar 2006.

Nova Scotia VLT Report

The Nova Scotia Gaming Corporation recently surveyed 545 VLT players and found that only 12 percent of regular after-midnight players who play at bars and taverns have been switching to casinos, now that new regulations have been implemented requiring VLTs in bars and taverns to be turned off at midnight.

The survey, which included 60 identified problem gamblers, also found that 18 percent of the problem gamblers surveyed claim to be spending less money because of the new restriction.

Oregon Video Retailers Face Commission Cutting Measure

Members of the Our Oregon coalition have filed a measure for the November 2006 ballot to reduce the region Lottery's payouts to bars and taverns with video gambling machines, with the money going instead to schools and other programs. If it gets on the ballot, the initiative likely would face strong opposition from the Oregon Restaurant Association.

The initiative would reduce the average video commission rate from the current 24.8 percent to 18 percent of net sales, beginning with

contracts signed by retailers after November 2006. The 24.8 percent rate would remain in effect for retailers who now have five-year contracts with the state but would fall to 18 percent after current contracts expire. State lottery revenue jumped by 20% since the slot-styled games were added in summer.

Wyoming Gaming Update

Wyoming's Joint Travel, Recreation and Wildlife Interim Committee passed a bill that would establish a gaming commission.

The Committee also made some other decisions regarding gaming in the state. The Committee removed elements of a bill that would have allowed electronic bingo aids (even if allowed, the aids would not have been able to simulate slots, they could only display bingo cards), and declared that 75 percent of proceeds from bingo games must be used for a charitable purpose. The Committee deleted a portion of the bill that would have allowed organized poker tournaments in bars, but added a provision allowing for informal poker games in bars.

G2S Revealed

The Gaming Standards Association announced the new name of the combined Best of Breed (BOB) Version 1.1 and IGT's SuperSAS™ protocols. The new protocol will be known as the Game-to-System, or G2S, protocol.

The name was chosen to give an accurate description of the protocol, bringing clarity to the industry as to what the protocol encompasses. Engineers have been working steadily over the past few months to combine the best elements of the BOB and SuperSAS protocols to create G2S, and the new combined protocol is expected to be released in April 2006 as a single industry solution.

Paltronics Chosen by Blue Chip, Licensed in Three More States

Paltronics Inc. has been awarded manufacturer and distributor licenses in Mississippi, Indiana and Iowa. As the third largest gaming state in the U.S., Mississippi is a key jurisdiction for Paltronics, as are the thriving riverboat states of Indiana and Iowa. The licenses were authorized by the Mississippi Gaming Commission, the Indiana Gaming Commission and the Iowa Racing & Gaming Commission, respectively.

Paltronics Inc. also announced that Boyd Gaming's Blue Chip Casino, a newly constructed vessel located in Michigan City, Indiana, has purchased a Paltronics OneLink slot and media system with the latest RGB in-machine meters and EFX table displays. The Paltronics systems, meters and table displays will be installed on the 65,000 square foot gaming floor of the new property in December. The Blue Chip Casino will open in the first quarter 2006.

Atronic Inks King Kong

Atronic announced a new agreement with Universal Studios Consumer Products Group to develop slot machines based on the Universal Pictures' December 14th film, King Kong, from three-time Academy Award®-winner Peter Jackson (The Lord of the Rings trilogy). Atronic plans to launch the new slots in 2006. ♣

on the internet

Antigua to Continue Internet Gambling Development

Antigua will continue developing its Internet gambling industry despite pressure from the United States to prohibit the practice. At least ten new online gambling companies will open on the Caribbean island next year, joining 14 that already have been granted operating licenses. The new companies are expected to generate some 500 new jobs and more than \$2 million in gambling licenses fees.

News You Can Use

Derbyshire's Evening Telegraph website, www.thisisderbyshire.co.uk, has linked up with Camelot to bring readers the U.K. National Lottery results plus the chance to play the game online. Visitors can check games as far back as August, and can also play as many Lotto lines as they want.

Slingo-2-Go Debuts

Slingo, Inc. and Kayak Interactive, Inc. have jointly released the United States' first multi-player web-to-wireless community games, Slingo-2-Go and 5-Card Slingo-2-Go. Based on the original Slingo, an exciting mixture of bingo and slots, Slingo-2-Go enables players to enjoy fun Slingo action wherever they go, while playing with their online friends at Slingo.com simultaneously.

Players will be able to play in real-time against the Slingo players on Slingo.com. All of the original game features exist on the mobile version, including the ability to earn Slingo Coins, chat with other players and have scores recorded at Slingo.com. Players are encouraged to visit Slingo.com to see their score totals and see where they rank in the Slingo.com community.

Maryland Extends Games, Inc.

Games, Inc. announced that its VIP Club and Related Services Contract with the Maryland Lottery has been extended for another year, through November 9, 2006.

The contract was originally awarded through a bid process on October 21, 2004, and covers services provided for the creation and implementation of an Internet-based VIP Club. These services include database management, e-mail and text messaging services and other customer relationship management services.

Irish Bingo Site Launched

Ireland's Rehab Lotteries' has reportedly launched the country's first online bingo site. The Lottery hopes to attract international visitors with www.rehabbingo.com in order to help finance Rehab's community-based training, education, employment and social care services. ♦

RoundUP

Arizona

Congratulations to the Arizona Lottery on their successful holiday scratch-ticket campaign. It's been reported that their \$1 holiday tickets, which included a gift envelope, completely sold out.

In other news, an Arizona ophthalmologist has collected more than 122,000 signatures in an effort to put a bill on the ballot that would direct uncollected Arizona Lottery winnings to fund a voting lottery. His plan would award a \$1 million prize to some lucky Arizona voter.

California

At a hearing in Sacramento Superior Court, Judge Connelly decided to take under advisement a lawsuit questioning California's participation in the MEGA Millions game. In the meantime, MEGA Millions tickets will continue to be available at Lottery retailers, and Californians who win prizes will continue to be paid and that proceeds from MEGA Millions tickets will continue to go to public schools in California.

DC

D.C. residents will hear a familiar voice hyping the District's newest lottery game: local legend Chuck Brown. The father of the distinctive D.C. sound known as "Go-Go" is providing music for and appearing in TV ads for the Rolling Cash Five game.

Illinois

Illinois officials have placed a \$500,000 cap on the amount of money a retailer can collect from selling a winning Mega Millions ticket. The state used to pay retailers a jackpot bonus of 1 percent for selling a winning Mega Millions ticket. There was no limit on the payout. The 1 percent bonus will remain in effect up to \$500,000.

Indiana

On October 13, 2005, the Hoosier Lottery announced the Hoosier Millionaire television show would end with a \$1,000,000 Grand Finale scheduled for late December. In addition to automatic seat winners,

potential contestants had until December 21, 2005 to send their mail-in entries to the Hoosier Lottery for the Grand Finale drawing. On Thursday, December 22, 2005, 10 semi-finalists were drawn to join two automatic seat winners for Saturday's Hoosier Millionaire Grand Finale. And, finally, the show filmed its final episode on Saturday, December 31.

The Hoosier Millionaire show debuted on October 28, 1989 and has created 190 millionaires throughout its 16-year history.

Kansas

The Kansas Lottery tapped into the popularity of the World Series of Poker® and the Texas Hold'Em® game with a new instant ticket that offers players a chance to win a seat in a World Series of Poker® Tournament.

The Kansas Lottery's \$5 Texas Hold'Em® instant ticket went on sale featuring a top instant prize of \$25,000 and the chance for players to win their way into the actual World Series of Poker® by entering their non-winning Texas Hold'Em® tickets into a second-chance drawing.

In the second-chance drawing, to be held May 26, 2006, the Kansas Lottery will draw three grand prize winners. Each will receive a prize package that includes up to a \$5,000 tournament buy-in, round-trip airfare for two, seven days and six nights lodging for two, ground transfers, two tickets to the World Series of Poker® final event for that tournament (or just one ticket for the winner's guest, if the winner advances to the final table at the tournament), \$1,000 cash, a poker merchandise prize pack for two, and mandatory federal and state income withholding taxes on the prize package.

"We expect our players to really enjoy the Texas Hold'Em® ticket," said Kansas Lottery Executive Director Ed Van Petten. "It's a fun ticket to play, and one of our grand prize winners could actually end up on television playing in the World Series of Poker®."

The Kansas Lottery also held its "Power Play Shopping Spree" drawing giving one lucky player a grand prize of a \$10,000 VISA gift card. Four other players won \$2,000 VISA gift cards. The winners can use their gift cards anywhere VISA is accepted. Their prizes also include all state and federal mandatory withholding taxes.

Kansas Lottery players, who added Power Play to their Powerball purchase from Sept. 4 to Dec. 3, automatically received an entry form for the drawing. The Lottery received nearly 132,000 entries.

"We consider this promotion a great success," said Lottery Executive Director Ed Van Petten. "A lot of players who were not familiar with Power Play tried it during the promotion, and sales of Power Play increased by 50 to 60 percent."

Maine

The Maine Lottery has become part of the state's Amber Alert network. The messages will appear on electronic lottery advertising display units and can be printed out for display in stores.

Manitoba

Manitoba Lotteries has been honored internationally for the evaluation techniques it has used to develop Dimensions In Leadership, one of its innovative corporate learning programs. On November 1, 2005, MLC was one of only two companies honored in the evaluation category at the Corporate University Best in Class (CUBIC) Awards, presented during Corporate University Week in Lake Buena Vista, Florida.

Dimensions In Leadership is a four-level development approach offered to MLC supervisors and managers. Each level of the program

builds on existing management competency levels. It is one of many in-house educational programs developed for the MLC corporate university.

The Manitoba Aboriginal Music Host Committee and the MLC announced their partnership for the First Annual Manitoba Aboriginal Festival and the 8th Annual Canadian Aboriginal Music Awards, which will be hosted in Winnipeg. These events will honor the achievements of Aboriginal people working in Canada's music industry. The Manitoba Aboriginal Music Host Committee will be the first organization to host the awards outside of Toronto.

The MLC is also partnering with the Manitoba Games Council for the upcoming 2006 Power Smart Manitoba Winter Games in Beausejour, Manitoba, March 6 – 12, 2006. MLC has been a long time supporter of the Manitoba Games and is proud to continue its partnership as one of the Games presenting Sponsors.

Michigan

Michigan Club Keno fans were invited to help celebrate Club Keno Kicker, the Michigan Lottery's newest prize winning opportunity. The celebration took place at three different event locations across the state. The event featured the Michigan Lottery's prize wheel where players had an opportunity to spin and win exciting Lottery prizes! To earn a spin, players had to purchase a \$10 Club Keno ticket or a \$5 Club Keno ticket with the Kicker option.

New Jersey

Oberthur Gaming partnered with the New Jersey Lottery, along with Paul Teutul Sr. and Paul Teutul Jr. of Orange County Choppers™ ("OCC"), Saturday, December 17, 2005 at the Meadowlands Stadium to award a New Jersey

lottery player his custom Orange County Chopper. The player won the bike by entering the Lottery's 2nd chance drawing from its OCC instant game. Paul Teutul Sr. and his son Paul Jr., the stars of OCC, presented the winner of the drawing with a custom autographed bike on the football field before the start of the Giants-Chiefs football game. The New Jersey Lottery was the first to launch an OCC ticket, OGT's exclusive licensed brand, in April 2005.



Oklahoma

The Oklahoma Commission for Human Services reportedly approved a rule to institute a system of cross-checking winners for unpaid debts to the state. The new rule will allow greater enforcement and an appeals process. The Department of Human Services (DHS) is also reportedly talking with horse racetracks and American Indian casinos.

Pennsylvania

Tickets for the Pennsylvania Lottery's groundbreaking Millionaire Raffle sold out in less than two weeks. Sales of Millionaire Raffle's 500,000 tickets began on Tuesday, Nov. 22, and were to continue until Dec. 31 at 5 p.m., or until the tickets ran out. The last Millionaire Raffle ticket was sold at 2:42 p.m. on Monday, Dec. 5.

The drawing for the game, which features four top prizes of \$1 million, was held on New Year's Eve. Millionaire Raffle ticket sales generated approximately \$4.3 million for programs that benefit older Pennsylvanians.

Quebec

Loto-Québec celebrated Christmas over the course of four magical evenings with Noël dans le parc. From December 1 to 31, l'Auguste théâtre recreated a universe where aboriginal culture and shared folklore come together, giving a new flavor to well-established traditions. The Noël dans le parc event took place on three Fridays – December 9, 16 and 23 – and Saturday, December 31. The gatherings provided spectators with an opportunity to see and hear both well-known and newer artists.

South Carolina

The South Carolina Lottery recently celebrated sending its 1 billionth dollar to state coffers.

Here's a look at the lottery's finances, by the numbers: \$3.4 billion - Total sales from the S.C. lottery since Jan. 7, 2002; \$2 billion - Total amount paid out to winners since Jan. 7, 2002; \$1.15 billion - Amount since Jan. 7, 2002, that the S.C. lottery has deposited into the state's Education Lottery Account, which lawmakers divvy up among more than three dozen education programs; \$791.6 million - To higher education, including HOPE, LIFE, Palmetto Fellows and other scholarships; and endowed chairs at research universities; \$330.8 million - To K-12 education, including math, reading, science and social studies programs; homework centers, textbooks and school buses; \$31.2 million - To other educational programs, including ETV, county libraries, Boys and Girls Clubs, and the Department of Alcohol and Other Drug Abuse Services; \$14.3 million - Amount the state has earned in interest on lottery funds.

Go to www.thestate.com to see more details on how South Carolina has spent lottery income since 2002.

Texas

The Office of the Controller of the Texas Lottery Commission has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2004. The prestigious national award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management. This is the third consecutive year that the Texas Lottery Office of the Controller has been recognized by GFOA.

The Texas Lottery Commission is rapidly approaching its January 15 deadline to find a new executive director. Acting Director Gary Grief took over for Reagan Greer in July after Greer resigned. Texas law only allows Grief to be acting director for a six month term. He did not apply for the permanent position.

Virginia

To increase awareness of where all profits from the Virginia Lottery go, Lottery officials are launching a new effort to get the message out to Virginians – the “Schools-Win-Tour.” The tour consists of a speakers program in which Lottery officials visit civic organizations, school groups and chambers of commerce to speak about how Lottery profits are distributed to Virginia's public schools. The “Schools-Win-Tour” kicked off on November 29.

Wyoming

A legislative committee is reportedly taking a look at a bill calling for a non-binding referendum on whether Wyoming should join a multi-state lottery. The bill would not have to go before a public vote. Governor Freudenthal said if the bill passes he will sign it into law, even though he doesn't like the idea of a lottery. ♦

Sporting Promotions . . . continued from page 18

northern region of the state, take advantage of the winter climate by snowmobiling. Invented in the state some 80 years ago, snowmobiling is an important part of Wisconsin's economy, recreation and tourism.

As the “Snowmobiling Capital of the World,” Eagle River, Wisconsin hosts the snowmobile industry each year for the World Championship Snowmobile Derby. The snowmobile track there is such a significant part of the state's recreation industry that Governor Jim Doyle presented the track's owner with a “Putting Wisconsin on the Map” award, the state's highest honor for contributions to tourism. And in 2006, the Wisconsin Lottery will join the fun.

The Lottery has teamed up with the Derby for a new scratch ticket called “Cool Winnings” that features original snowmobile artwork. The \$2 ticket offers a top prize of \$4,000 and has been selling very well since its November launch. The ticket's popularity extends beyond the point of sale; “Cool Winnings” has generated a lot of interest in the snowmobiling world too.

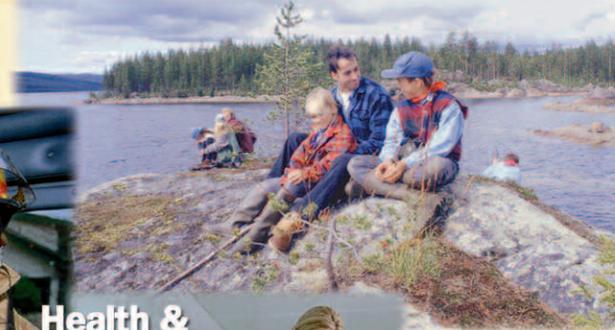
Both the Lottery and the Derby are supporting the ticket with local advertising, press opportunities, website links and prize giveaways. The highlight? One lucky Lottery player will enjoy a VIP weekend at the Derby, complete with premium lodging and event tickets. And all Derby attendees can purchase “Cool Winnings” and other Wisconsin Lottery games throughout the 10-day event. It's a cooperative effort that offers extensive value, especially because snowmobiling has such a connection to the state.

“Snowmobiling is a very popular Wisconsin winter activity that generates millions of tourism dollars in the state each year,” explains Wisconsin Lottery Director Michael Edmonds. “This is a great opportunity to support an important part of the state's identity and to get out to a part of the state where we don't always have a lot of exposure. And it's a lot of fun!”

The 43rd World Championship Snowmobile Derby runs January 6 – 15. For more information, visit www.wilottery.com and www.derbytrack.com. ♦

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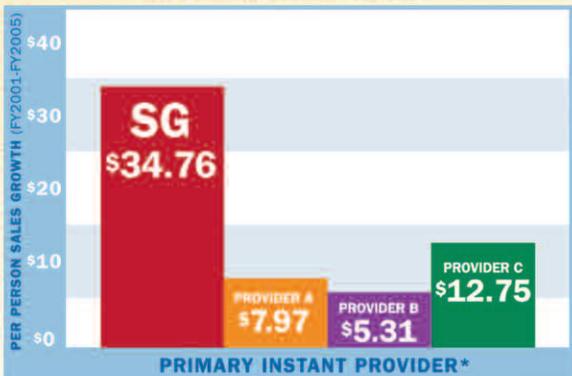


Senior assistance



Good Choice.

Total Five-Year Per Person Instant Sales Growth by Primary Instant Provider*



* The term "primary" means the provider supplies 80% or more of the lottery's instant games.

Between Fiscal Year 2001 and 2005, the per person instant sales growth of U.S. lotteries whose primary instant ticket and services provider/partner was Scientific Games was approximately 173% higher than the instant sales growth posted by our nearest competitor in a similar role.

To our many customers, thank you for choosing us to be your primary provider/partner. We appreciate the opportunity to work with you in support of your many good causes.



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