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GAMING

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

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To: Lottery, Video Gaming & Racino Executives
Interested in Growth, Expansion & Added Success

Public Gaming Research Institute Inc.'s

International

Morning Report

Your weekly supplement to
**Public GAMING International
Magazine**
August 23, 2004

NJ LAUNCHES SECOND E-GAME IN 2004. This fall, the New Jersey Lottery will launch its second e-game: Tetris[®], the famous action puzzle game that has been played around the world for nearly 20 years. On November 1, Tetris[®] will appear for the first time as a lottery product. New Jersey chose Tetris[®] as a follow-up to its pioneer e-game, Cyber Slingo[®], due in part to high awareness of Tetris[®] as a strong "gamer" brand. Tetris[®] was voted the "best video game of all time" by *Electronic Gaming Monthly* magazine. Each Tetris[®] ticket will offer two e-games for \$3.00.

BIG YEAR FOR KLC. The Kentucky Lottery provided the Commonwealth with \$193.5 million in Lottery proceeds during the 2004 fiscal year. This shatters the previous record, \$180.7 million, set during fiscal year 2003 by 7.1%. The KLC had projected \$638.8 million in sales during fiscal year 2004, with \$170.5 million going to the Commonwealth. The final sales total, however, came in at \$725.3 million. This means overall sales came in \$86.5 million (or 13.5%) ahead of projections, and a \$51.8 million (or 7.7%) increase over fiscal year 2003's record sales. The dividend amount jumped \$23 million (also 13.5%) when compared to budget.

TN TO LAUNCH LOTTO 5. The Tennessee Lottery will launch its newest computerized game, "Lotto 5," on Aug. 29. The \$1 5/39 game will feature wins for matching 3, 4 or 5 numbers, and jackpots will rollover. Overall odds of winning are 1 in 100. Drawings will be held on Monday, Wednesday and Friday evenings.

TIC TAC CASH. On August 30, the Kentucky Lottery will launch Tic Tac Cash, a \$1 game with nightly, computer generated draws. Tic Tac Cash features a tic-tac-toe grid with a

free space in the middle. Each square on the grid contains five numbers, making a total of 40 numbers. To play, one number must be selected from each square. The game offers seven ways to win and prizes ranging from \$2 to \$25,000. One winning line on a card (three straight grids) pays \$2.

INSTANT REPLAY IN MA. On Friday, August 20, 2004, the Massachusetts Lottery launched its new anti-litter program, "Instant Replay", at the Marshfield Fair. The program is designed



to curb instant ticket litter in the Commonwealth and increase the Lottery's recycling efforts. "Instant Replay" gives everyone over the age of 18 the opportunity to collect twenty non-winning instant tickets and redeem them for a free \$1.00 instant ticket. The "Instant Replay" anti-litter program is planned for three major agricultural fairs this year: Marshfield Fair in Marshfield on August 20 – 29; Big E in West Springfield on September 17 – October 3; and Topsfield Fair in Topsfield, October 2 – 11.

30 YEARS FOR OHIO. On the occasion of its 30th Anniversary, the Ohio Lottery hosted a public celebration to recognize its three decades of support for Ohio's schools. With retailer promotions in every region of the state and a public celebration at Tower City Center in downtown Cleveland, the Ohio Lottery marked the 30th anniversary with remarks from past directors and a series of merchandise/prize giveaways including a game show for mall patrons.

MO HELPING MAKE FAIR FUN. During this year's Missouri State Fair, which ran from Aug. 12 to Aug. 22, fairgoers could purchase Missouri Lottery tickets at the Lottery booth. From Monday through Friday, players who purchased \$5 worth of tickets received a free Numbers Game ticket. On Saturdays and Sundays, players who bought \$10 worth of tickets received a free Lottery T-shirt. Players could also use the tickets purchased at the Lottery's fair booth to enter daily second-chance drawings for items such as: a \$3,000 shopping spree at a Missouri mall; the winners choice of an ATV or Waverunner; and the winners choice of a \$3,000 travel certificate for a trip for two to an all-inclusive resort in Cancun, Mexico, or Negril, Jamaica.

LA LAUNCHES SPEAKERS' BUREAU. The Louisiana Lottery Corporation announced that a speakers' bureau service is available to help educate citizens about how the Lottery impacts state and local communities. Executive staff and management from the Lottery's headquarters in Baton Rouge and management in the Lottery's six regional offices are now available to

conduct presentations at meetings of interested civic, professional and other organizations. The presentations will address common questions by the public, including where Lottery revenue goes, how fairness is ensured in the drawing process and how the Lottery addresses underage and problem gambling issues. Any organization wanting a representative of the Louisiana Lottery to speak to its group is encouraged to contact the Lottery's public information department at 800- 735-5825 or visit the Lottery's website at www.louisianalottery.com. The Lottery's speakers' bureau service is free of charge.

QUEBEC SUPPORTS FILM FESTIVAL. Loto-Québec is pleased to be associating with the Montréal World Film Festival. Scheduled to run from August 26 through September 6, 2004, this Festival has become an internationally renowned celebration of creativity and the cinema. Among the events Loto-Québec will be supporting, Cinéma à la belle étoile will provide Festival-goers with the chance to watch movies under the stars. In addition, throughout the course of the Festival, the Corporation will be contributing to the presentation of daily press conferences to be rebroadcast from Complexe Desjardins live on two giant screens. These presentations will run daily from 8:00 A.M. to 9:00 P.M.

INTERNATIONAL NEWS

BULGARIAN LOTTO CRAZE. The gold dust is finally settling in Bulgaria, where a player has finally won the country's biggest jackpot ever – BGN 5 million. The jackpot rolled for more than 15 weeks, causing Bulgarians, and others in neighboring countries, to wait in long lines for tickets. The second highest jackpot in Bulgarian history was BGN 2.83 million, won in 1999.

NO MORE VIRGIN ISLANDS ROLLOVER. The Virgin Islands Lottery will no longer rollover jackpots. Under new legislation recently implemented, if a jackpot is not hit, the money will be split between winners in the next tier.

SPANISH LOTTERIES RISE. Spanish state lotteries generated sales of more than €8.29 billion euros in 2003 – 8.5% higher than 2002.

VIDEO GAMING/RACINOS

RI CASINO REFERENDUM UNCONSTITUTIONAL. The Rhode Island Supreme Court has unanimously ruled that legislation passed by the General Assembly that includes a referendum asking voters to decide on a Harrah's Entertainment resort-style casino in West Warwick is unconstitutional. The court deemed that "The Rhode Island Gaming Control and Revenue Act" would represent a lottery prohibited by the state constitution.

IA EXPANSION ON COUNTY BALLOTS.

Iowa businessman Gary Kirke, working in conjunction with the Isle of Capri, got enough signatures to file petitions to expand gambling in four Iowa counties (Dallas, Madison, Warren and Polk) counties. Voters in these counties will decide on November 2nd whether to expand gaming in the area.

MD SLOT ISSUE AT A STANDOFF. The AP reported that Maryland Governor Robert Ehrlich and House Speaker Michael Busch are continuing their slot standoff. The Governor rejected Speaker Busch's proposal for a constitutional amendment allowing voters to decide the slots issue in November, and Busch and House Democratic leaders then rejected the governor's offer for a special September legislative session to consider legalizing slots with a bill that wouldn't require voter approval.

COMPANY ANNOUNCEMENTS

IN EXTENDS SCI-GAMES. Scientific Games announced that the Indiana (Hoosier) Lottery has extended its online lottery contract for three years. The contract is worth approximately \$30 million.

NEW MEXICO ANNOUNCES NEW DIGITAL DRAW SYSTEM. Smartplay International, Inc. of Southampton, New Jersey supported the New Mexico Lottery Authority (NMLA) in a press conference, August 19. NMLA announced becoming the fifteenth North American lottery with computerized systems utilizing random number generators. NMLA is the first lottery to use the new Origin TM digital drawing system manufactured by Smartplay.

OGT ARTIST SERIES A BIG SUCCESS. Oberthur Gaming, in collaboration with world renowned artists Tom Browning, Will Bullas, Norman Rockwell and Jane Wooster Scott, have created OGT's hugely successful *Artist Series*. In fact, 50 games have already featured works from these artists, with even more orders in the pipeline! "The response from our clients has been terrific, said Carla Schaefer, VP of New Business Development for OGT. "Lotteries appreciate the new dimension OGT's *Artist Series* brings to their portfolio. Plus, we are very selective about the artists we choose. They are world-renown, and their works appeal to lotteries and consumers in every market." OGT is already exploring more artists for its upcoming season. Certainly newcomers to OGT's *Artist Series* will complement the portfolio for even greater future success.

OREGON SIGNS WITH OGT. Oberthur Gaming is proud to announce that the company has signed a contract with the Oregon Lottery for the supply of instant lottery tickets and related services. The contract term is for an initial period of one year with the option to extend for five additional years.

PEOPLE

On December 1, **Mr Jesper Kärrbrink** will be the next CEO of the Svenska Spel group. He will succeed **Mrs Meg Tivéus** who successfully had headed the company for the last seven years. Mr Kärrbrink has a background in top positions – most of them in the media.

The AP reported that Oregon Lottery Director **Brenda Rocklin** has been named as the temporary head of SAIF Corp., Oregon's state-owned workers' compensation insurer that's the target of a ballot measure seeking to abolish it. Gov. Ted Kulongoski said Rocklin will review all operations of the public company and

recommend any changes needed to “to make SAIF more accountable to the public and its elected officials.”

Governor Edward G. Rendell appointed **Sandford Rivers** to the Pennsylvania Gaming Control Board for a two-year term, the second of three Gubernatorial appointees. Rivers is Assistant Vice President of Enrollment at Carnegie Mellon University in Pittsburgh.

VirtGame Corp. announced that the Board of Directors has appointed **Mark Newburg** as its new Chief Executive Officer and President. Mr. Newburg will also serve as a member of the Board of Directors. Mr. Newburg brings to VirtGame more than 25 years of extensive domestic and international business experience encompassing gaming, computer hardware, software, telecommunications, banking, financial services, and consumer products. His experiences include assignments as President, Aristocrat Technologies Inc. Prior to Aristocrat, he had a 20-year career at NCR Corporation where his assignments included Vice President, Asia Pacific/Japan.

CONFERENCES

G2E IN LAS VEGAS. Global Gaming Expo (G2E) is the only gaming trade show and conference by the industry and for the industry. Organized jointly by the American Gaming Association (AGA) and Reed Exhibitions, G2E is the pre-eminent event for



the worldwide gaming-entertainment industry. Join us on October 5-7, 2004 in Las Vegas for a dynamic show floor and conference, with the G2E Training & Development Institute on October 4, 2004. Returning to the show floor this year are the Bingo Pavilion, the Security & Surveillance Pavilion, and Interactive Gaming Pavilion. New are F&B at G2E, a culinary marketplace, and the Design & Décor Pavilion. Plus exciting keynotes and special events and networking opportunities galore.

CASE STUDIES

NEW YORK HIGHLIGHT – HOT SUMMER-LONG PROMOTION POSITIONS LOTTERY AS FUN AND ENTERTAINING *Contributed by the New York Lottery*

In an unprecedented move this summer, the New York Lottery is reaching out to all New Yorkers as part of its ‘**Sold Out Ticket Giveaway**’ promotion. The summer-long promotion program was designed to increase the relevance of the New York Lottery and to create excitement and buzz, particularly among younger New Yorkers.

“We know that younger players (ages 21- 34) comprise 29% of our Instant game business – more than any other age group,” said New York Lottery Director Nancy A. Palumbo, citing marketing survey preliminary results. “This group also comprises more than a third of our customer base for both our Win 4 and Quick Draw games. There is still significant unrealized revenue potential here. **Sold Out Ticket Giveaway**

was intended to leverage this major market segment’s affinity to music and summer entertainment venues while at the same time increasing the Lottery’s relevance and top of mind awareness for all New Yorkers. We want to reinforce the Lottery’s image as being fun and entertaining.”

So what is the **Sold Out Ticket Giveaway**? The New York Lottery designed and executed a two-phase, radio-based promotion. Leveraging its extensive media buying history with major media groups, the Lottery began a 16-week joint promotion with more than 85 targeted radio stations statewide to complete a total of over 530 exciting retail promotions and 47 concert events. Phase one of the promotion centered on a sweepstakes for over 400 hot concert tickets at three of the state’s most widely recognized summer destination venues, including Darien Lake (Western region), Saratoga Performing Arts Center (Capital Region) and Jones Beach (New York/Long Island Region). Radio partners heavily promoted these events with the estimated value of all promotional components exceeding \$2,000,000 statewide, generating an enormous amount of grassroots excitement in the local communities.

Phase one of the promotion spanned an eight-week period from May through June. The Lottery designed a special “Promotional Event Locator” tool for its Web site to help radio listeners find upcoming promotional events in their area. To strengthen listener interest, the Lottery expanded the ticket giveaway portion of the sweepstakes to include other prize levels and chances to win popular MP3 players and cool Lottery merchandise.

Phase Two of the **Sold Out Ticket Giveaway** promotion is now underway, offering players an opportunity to turn a non-winning New York Lottery game ticket into a chance to win tickets for two to the 2005 Grammy Awards. Radio promotions continue to play a key role in communicating the sweepstakes to the Lottery’s prospective audience. The Lottery is also making sweepstakes entry forms available at its approximately 16,000 retail locations statewide. To date over 26,000 entries have been received. The drawing for Phase Two is scheduled to take place on September 8 of 2004.

New York’s Director Palumbo said the results of this promotion to date have been encouraging from a new business development perspective. “Keeping the Lottery relevant is one of our greatest marketing challenges after 37 years in business. We need to continually seek new ways of generating positive buzz not only among existing customers but also creating hype to attract new customers.”

From a sales perspective the marketing group feels confident that **Sold Out Ticket Giveaway** has been part of the overall success this summer of maintaining a constant base of \$114 million weekly or a little over \$6 in weekly per capita sales despite traditional slumping summer business patterns.

Submit material for next week’s Morning Report by Wednesday of this week to Toddpgr2@aol.com

Public GAMING International magazine
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