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To: Lottery, Video Gaming & Racino Executives
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Public Gaming Research Institute Inc.'s
International

Morning Report

Your weekly supplement to
**Public GAMING International
Magazine**

December 27, 2004

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COMPANY ANNOUNCEMENTS

AWARD TO SCIENTIFIC GAMES IN ME. Scientific Games Corporation announced that it was awarded the central monitoring system contract by the Maine Gambling Control Board for its new gaming machine network, subject to the negotiation of a final agreement. The contract is valued at \$2.6 million over the initial five-year term of the contract based on one racetrack location. If an additional racetrack is added to the central monitoring system as expected, revenues could reach \$4.2 million. Contract extensions are available for an additional five years. The new Scientific Games AEGIS® Video central monitor system will begin operation in 2005 and will initially

monitor 1,500 gaming machines at Bangor Historic Racetrack.



3 New monitor games
to excite your players
and accelerate
your online revenues.

INTRALOT TO OPERATE MOSCOW LOTTERY.

INTRALOT has entered an agreement to undertake the operation of on-line lottery games in Moscow in cooperation with the Malaysian group Tanjong (owner of Pan-Malaysian Pools). The two companies will assume the management of the project and will participate with 49% in Yuvenga, the company that has the exclusive license for on-line lottery games of the "Moscow Olympic Lottery" in the broader area of Moscow. The investment will be equally undertaken by INTRALOT and Tanjong, and will include the provision of INTRALOT's integrated on-line system. The business plan provides for the gradual installation of Coronis terminals in 3,000 points of sale, as well as the installation of the LOTOS software platform for the operation of numerical games, KENO, Bingo and instant games. INTRALOT and Tanjong will be remunerated on a percentage of games sales for the technology and related services provision. The remaining 51% of the company that operates Moscow's Olympic Lottery consists of important Russian businessmen with activities in the industry of high technology and aircraft manufacturing.

LICENSE TO GLI IN SOUTH AFRICA

GLI Africa has become the first SANAS-Accredited Test Laboratory in South Africa with a National License. GLI achieved the honor after the Gauteng Gambling Board converted GLI Africa's Certificate of Suitability to a National License for Testing Agent earlier this month. The testing lab has already received a number of submissions from South African manufacturers for both the Casino and Limited Payout Machine jurisdictions. The office is testing those submissions against the monitoring and control systems for both jurisdictions.



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MDI
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MUSL CHOOSES GTECH FOR WAP. GTECH was selected by the Multi-State Lottery Association to supply equipment, software, services, and communications network for the first ever multi-vendor, multi-state video lottery Wide Area Progressive solution. GTECH's multi-vendor concept allows VLTs from multiple vendors to be linked in a single progressive

game. Upon successful completion of a four-year contract with MUSL, GTECH will provide MUSL with the Company's Enterprise Series(TM) Video central system solution. The three MUSL jurisdictions to initially participate in the WAP are Rhode Island, Delaware, and West Virginia, where the lotteries in each of these jurisdictions currently regulate the operation of the VLTs installed at the nine racinos located in these states. All VLTs involved in the WAP network will participate on a percentage of net machine income, beginning with approximately 250 VLTs in the three jurisdictions and growing over time.



SACHSEN ANHALT CHOOSES ESSNET. EssNet was chosen as the successful vendor to provide new lottery terminals and related services to Lotto-Toto GmbH Sachsen-Anhalt in Germany. As a result of the award, EssNet will replace Lotto-Toto GmbH Sachsen-Anhalt's existing terminal base with approximately 900 new E6 terminals. Further details will be released upon the signing of a formal agreement.

SUPPLIER, DREAMGATE, HIRING. Dreamgate, Asia's largest supplier of gaming machines to casinos outside Japan, will reportedly hire up to 30% more workers in 2005 to prepare for rising demand as countries consider casino projects. Dreamgate has distribution rights to half of the 20 active slot machine brands in Asia outside Japan.

TELIA TO BUILD NETWORK FOR SVENSKA SPEL. TeliaSonera Sweden (Telia) has won the contract to build Sweden's largest IP communications network in 2005. The network would link all 3,650 Svenska Spel retailers. The value of the order was estimated at SEK200m.

THURINGEN SIGNS WITH GTECH. GTECH signed an agreement to provide a new online and instant lottery central system, POS terminals, and ongoing services to Lotterietreuhandgesellschaft mbH Thuringen (Thuringen Lottery) in Germany. GTECH will replace the Lottery's existing system with the Enterprise Series(TM). As part of the ES platform, the Lottery will also receive ES Connect B2B(TM) allowing Thuringen to implement new channels of distribution for its online products by providing a defined messaging interface. GTECH will also offer ES Connect(TM), approximately 820 GTECH Altura® POS terminals with AccuTherm® Supreme printers will be installed in addition to Customer Display Units (CDUs), and the Lottery will also receive the Company's GWARE(TM) product.

TRADEDOUBLER DRIVING UK TEXT CAMPAIGN. Camelot, operator of The UK National Lottery, has selected TradeDoubler to implement an affiliate marketing program to drive online registrations for the new 'Play by Text' service. Play by Text allows players to purchase tickets by text message through their mobile phone for Lotto, EuroMillions and Daily Play - once they have registered online. The affiliate program aims to drive online registrations to the National Lottery site (www.national-lottery.co.uk) where users can register for a

National Lottery account and choose to play via the Internet, Sky Active or their mobile phone.

TRANSACT PRINTERS FOR IGT SLOTS. TransAct Technologies Incorporated and IGT announced that they have signed an agreement for the integration of TransAct's Epic 950™ printer to become a standard option on all IGT slot machine platforms. The companies expect availability of IGT's slot machines with TransAct's integrated printer to commence in the second quarter of 2005. As part of the agreement, TransAct expects to incur approximately \$500,000 in costs mostly in the fourth quarter 2004 and the rest in the first quarter 2005.



VEIKKAUS SIGNS WITH GTECH. GTECH signed a five-year contract with Veikkaus Oy, the operator of the Finnish national lottery. The contract also includes automatic provisions for two, two-year extensions which would extend the contract until 2013. GTECH will replace Veikkaus Oy's existing gaming solution with a new integrated gaming system based on the Company's Enterprise Series(TM) architecture. This will include an Interactive Gaming solution as well as a new integrated online and instant lottery system, and the latest generation of GTECH Altura(R) terminals.

PEOPLE

Veikkaus' CEO **Risto Nieminen** has been elected to the Executive Committee of WLA. The Board continues to be chaired by Reidar Nordby Jr., CEO of Norsk Tipping, the Norwegian State Lottery. Mr. Nieminen is also a Vice-president of the Executive Committee of European Lotteries (EL).

VIDEO GAMING/RACINOS

OR LINE GAMES BY JULY? (AP) The Oregon Lottery indicated that July 1 is being targeted as the start-up date for the lottery's new video line games. A formal vote to go ahead with slot-styled games won't come until next month, but Lottery Commission members made it clear that they intend to proceed with the expansion as quickly as possible.



WV TABLE GAMES WOULD CREATE JOBS. A study funded by the West Virginia Racing Association found that in addition to keeping gambling tax revenues from decreasing, the introduction of table games at WV's four racetracks could create more than 1,700 jobs. The report, created by the Innovation Group, was created under the assumption that there would be no betting limits on the tables, and that the tracks would receive 80% of the revenues. The WV racing industry currently employs 4,600 people (up from 1,200 in 1994) and generated \$323 million in state revenue in FY 2004.

YOUBET GIVEN ACCESS TO MAGNA TRACKS.

Youbet.com, Inc. signed an agreement with Magna Entertainment Corporation that gives Youbet customers live video and wagering access to all of the horse races staged at Magna tracks in the next year.



LOTTERY NEWS

NEBRASKA LOTTERY TO ISSUE RFP. The Nebraska Lottery will be issuing a Request for Proposals (RFP) for Advertising and Marketing Services on January 5, 2005. The Request for Proposals (RFP) is being issued by the Nebraska Lottery in two distinct Phases. Phase I is open to all interested bidders. Responses to Phase I will be due on February 4, 2005. Phase II is limited to the top scoring bidders from Phase I. Responses in Phase II will be due on March 18, 2005. The successful bidder will be notified by April 11, 2005 and the contract will take effect on July 1, 2005. It is suggested that agencies read the RFP in its entirety to better understand the bid process, as well as the scope of services and capabilities the Nebraska Lottery is seeking in its agency of record and the requirements that agencies must adhere to. To request a copy of the RFP, call 800-587-5200 during normal business hours, or email your request to lottery@nelottery.com.

FL TO ADD RETAILERS. The Florida Lottery is planning to add 1,500 new Lotto retailers by early 2005, bringing the number of Lotto retailers to a total of 12,000. The new Lotto retailers will come from current Lottery vendors who only sell scratch-off tickets. The Lottery expects the move to increase Lotto sales by more than \$91 million per year, and add more than \$32 million annually to the state's Educational Enhancement Trust fund. The Lottery is also exploring a second phase to the Lotto build-up that would require the recruitment of 3,000 additional retail locations.

EL GORDO TO GIVE AWAY BILLIONS. Spain's El Gordo Lottery will give away a record 1.66 billion euros (\$2.22 billion) in prize money this year. The Lottery sold 2.378 billion euros of tickets for the draw.

CHANNEL ISLANDS SELLS OUT. The Channel Islands Christmas Draw has been a resounding success. The Lottery sold out of all 825,000 tickets for the game. The success has the Lottery considering the prospect of ordering additional tickets for the Easter and Summer draws.

VIRGINIA MISTLEDOUGH FOR THE HOLIDAYS. We have all heard of Mistletoe, but what about Mistle dough? It is a common word around the Virginia Lottery this holiday season, because of the jolliest retailer

incentive program around. The eight-week program gives retailers the chance to earn a ½% bonus commission on all activated Scratchier product sales once retailers reach and surpass their individual program goals. Best of all, the Virginia Lottery will pass out thousands of \$20 gift cards to retailers, in order to give clerks who sell lottery products a special holiday gift. A total of 675 retailers will each receive ten of the gift cards for their employees.

PA OFFERS COMMERCIAL APPEARANCE AS A PRIZE. Keep on Scratchin', a new \$1 Pennsylvania Lottery instant game on sale Dec. 28, features a second-chance drawing that will award three winners with an appearance in a future Lottery television commercial. The three winners will appear in a commercial alongside Gus, the second-most famous groundhog in Pennsylvania and the inspiration for the new instant game. Keep on Scratchin' will offer players a top prize of \$5,000 and five chances to win on each ticket. The game will offer more than \$7.5 million in cash prizes and feature four pictures of Gus for players to collect. To be entered into the second-chance drawing to take place the week of Feb. 7, 2005, players must send 10 non-winning Keep on Scratchin' instant tickets to the Lottery. The Lottery will provide two nights' lodging for each winner and his or her guest, meals and \$500 spending money. Also included will be transportation from anywhere in the state to and from the commercial production, either in Pittsburgh or Philadelphia.



"4 THIS WAY" STILL A WINNER. Less than three months after the New Mexico Lottery launched its newest drawing game, players are still winning thousands of dollars weekly. Lottery officials announced today that since "4 This Way!" was introduced in late September, the game has averaged more than three top prize winners a week. To date, 37 players from across the state have won the game's \$4,000 top prize by matching all four winning numbers in the order they were drawn.

TX SCRATCH-OFF SALES SOAR. Sales of scratch-off tickets for the week ending December 18, amounted to \$56.4 million, the third highest weekly total in the history of the Texas Lottery®. The top-two weekly scratch-off sales totals date back to the first weeks of Texas Lottery sales in June 1992. Texas Lottery scratch-off sales have been trending upward for the last month.

OH RFP. The Ohio Lottery is currently accepting Requests for Proposals on instant ticket and gaming supply warehousing and distribution services. Proposals will be accepted through 8 a.m. Feb. 18, 2005. For more information, log onto the Ohio Lottery's Web site at www.ohiolottery.com. Go to the navigation bar on the left side of the homepage. Click on "Resources," which will open up a sub-menu. Click on "Do business with us" for more information.

**NEW YORK CASE STUDY
HOLIDAY SWEEPSTAKES 2004 PROMOTION**

This holiday season, the New York Lottery brought a popular Instant Game ticket icon to life and took him...shopping? That's right, holiday shoppers in malls throughout New York State were greeted by the guy with the big top hat and the carrot nose...Frosty the Doughman.

Dubbed Frosty the Doughman Holiday Sweepstakes promotion, the New York Lottery took its show on the road to promote their line-up of Holiday Instant Game products: Stocking Stuffer, a \$5 ticket with 3 games to play and a top prize of \$333,000; Dashing Through the Dough, a \$1 ticket with five different gorgeous scenes and a top prize of \$2,500; Frosty's Jolly Bonus, a \$2 ticket with an auto win feature and prize multiplier for a chance to win up to \$25,000; and Winter Winfall, a \$2 ticket sporting a charming log cabin scene with the opportunity to win 10 times and a top prize of \$25,000.

The Sweepstakes kick-off took place on November 24, 2004 at New York City's Times Square on the ground floor of ABC Studios. As busy New Yorkers scurried about doing last minute pre-Thanksgiving holiday shopping they were greeted with a sight they never thought they'd see in Times Square, three life-sized Frosty the Doughmen! The Times Square marquis and news ticker broadcast holiday announcements from the New York Lottery as popular Lottery Personality Yolanda Vega and New York Lottery Director Nancy Palumbo enthusiastically encouraged passers-by to have a free holiday photo taken, enter the Frosty the Doughman Holiday Sweepstakes Grand Prize Drawing and enter hourly drawings offering a chance to win Holiday Instant Game tickets. All participants also received a free Frosty stress ball.

"The Frosty the Doughman Holiday Sweepstakes was a tremendous success," said Palumbo. "We brought the Lottery to thousands of our players in packed malls once again demonstrating the fun and entertainment positioning of the New York Lottery. We received such a positive response from holiday shoppers as we made our way across the state in two short weeks visiting twelve major shopping malls."

All entries from the statewide promotion were entered into the Grand Prize Drawing held on December 13, 2004. The Sweepstakes Grand Prize consisted of a trip for two (2) to New York City complete with accommodations at the Plaza Hotel, Sunday brunch, tickets to see the Christmas Spectacular show at Radio City Music Hall, Dinner at Nino Positanos (a \$300 voucher), limousine service around town to see the sights and \$500 spending money, a total prize package valued at over \$3,000. The jubilant Jill Greene of Deer Park, NY was randomly selected as the Grand Prize winner.

The Frosty the Doughman Holiday Sweepstakes promotion appealed to a broad base of players. It was supported by numerous radio promotions, live and taped television and radio interviews and announcements in every New York market, print and on the heavily trafficked New York Lottery website. The 2004 Holiday Instant Game sales are at record levels. Over \$66 million have been sold over an 8

week period which represents almost 15 percent of the \$443 million total Instant sales for the same period. The New York Lottery's Instant game sales are tracking over 10 percent ahead of last year.



Please submit material for next week's
Morning Report by Wednesday of this week to
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