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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**

July 19, 2004

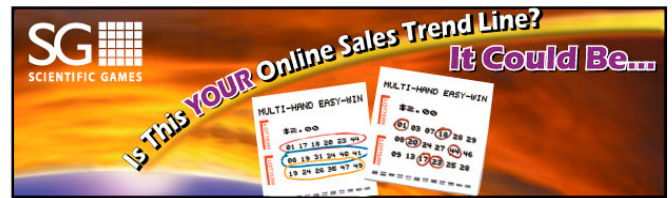
**IA SEES SALES INCREASE.** Iowa Lottery profits rose more than 16% in FY04, sending more than \$55.8 million to the state (up from \$47.9 million in FY03). Total sales for the Lottery were more than \$208.5 million in sales (up from \$187.8 million in FY03). FY04 was the first year of operations as the Iowa Lottery Authority, which turned the Lottery into a public enterprise based on a business model. This gives the lottery greater flexibility in operations, allowing for greater profits to the state.

**KS HAS RECORD '04.** The Kansas Lottery recorded a record setting FY04, with ticket sales reaching \$224.2 million. Instant scratch tickets top the list of best-selling games, with a whopping \$87.2 million for the year. Big jackpots in the Multi-State Powerball game proved popular with Kansas Powerball sales reaching \$56.8 million for the year.

**MD MAKES IT SIX IN A ROW.** For the sixth year in a row, the Maryland Lottery achieved record sales, ending FY04 with sales of nearly \$1.4 billion, an increase of \$75 million over FY03. As a result, the Lottery contributed a record \$458 million in revenue to Maryland's General Fund, besting last year's figure by \$14 million. Pick 3 was the highest revenue producer again this year and the Lottery experienced record sales in the Mega Millions game, Pick 4, Instant and the and Keno/Keno Bonus games. Maryland's lucky streak continued with the second winner of the multi-state Mega Millions game from the state in as many years.

**PA SALES RECORD.** The Pennsylvania Lottery had record sales of \$2,352,071,452.50 in fiscal 2003-04, topping the old record of \$2,132,980,838, set in 2002-03, by \$219,090,614.50 or 10.3

percent. The sales surge has been attributed to a number of new initiatives, including enhancements to both instant and online games. Instant games, which accounted for 42.1 percent of total sales this fiscal year, achieved sales of \$989,201,706, and topped last year's record by 24.2 percent. Also, the Lottery introduced a new MATCH 6 lotto game on Jan. 28, 2004. MATCH 6 has significantly outperformed its predecessor, Super 6. Powerball and PowerPlay sales were 5.3% higher than sales in FY03.



**IA TO TEST ELECTRONIC GAME CARD.** The Iowa Lottery will become the first U.S. Lottery to test an electronic version of a scratch ticket when it kicks off an October trial for Quarter Play. The Electronic Game Card will cost \$20 and offer 80 plays. The test area will cover a portion of eastern Iowa, including Cedar Rapids, Dubuque, Davenport, Waterloo and Iowa City. Gambling critics say they're concerned about the new offering. They say it's another expansion of the state's one billion dollar a year gaming industry.

**MO TO ADD DRAW.** On Monday, July 26, the Missouri Lottery's Pick 3, Pick 4 and Show Me 5 games will add a mid-day drawing in addition to the evening drawing. Drawings will now be held at 12:57 p.m. and 6:57 p.m. The Lottery expects the additional draw to increase sales by at least 9%.

**SCEL TEAMS WITH BI-LO FOR BOYS AND GIRLS CLUB.** The South Carolina Education Lottery and Bi-Lo Grocery stores are partnering up in their first Back-to-School Supply Drive. All donations from the drive will support local Boys and Girls Clubs. The public is asked to drop off school supplies to their local Bi-Lo Grocery store from now until August 8. Clearly marked cardboard bins are placed in the store indicating where to drop-off donations.

**VALDES REPLACED IN MEXICO.** The Director of Mexico's National Lottery, Laura Valdes, was replaced last week by Tomas Ruiz Gonzalez, a congressman who also served as Mexico's assistant treasury secretary. President Vicente Fox thanked Valdes for her work at the lottery, but did not specify why she was being replaced.

**POLISH MERGER SCRAPPED.** Poland's Lotteries, Totalizator Sportowy and Polski Monopol Loteryjny have reportedly scrapped plans to merge. The Lotteries were unable to work past the fact that they had signed deals for exclusive co-operation with two different online vendors – GTECH and Intralot.

**ISRAEL GAME PAYING OFF.** In March, 2004, the new lotto game of Mifal Hapayis, Israel National Lottery, was

launched. In the month of May, lotto sales reached a 3-year record high. The Mifal Hapayis income from lotto sales in the month of May climbed to a record high of 108 million shekels, a 45% increase as compared to May 2003. In the month of May alone, the lotto paid out over 70 million NIS-worth of prizes to more than 2 million customers. The new lotto proceeds (for the months of March to July) come to 326 million NIS, a 52 million NIS increase (which reflects a 20.3% growth).

**INSTANT LAUNCHED IN CHINA.** China launched an instant scratch ticket in Shanghai last week. The new instant win tickets, called Slam Dunk, were developed by U.S.-based Win-Win Gaming Inc. for the Shanghai Welfare Lottery Distribution Center. The game come in three different price points and includes a computer network that monitors ticket distribution and prize payments.

**CORRECTION – LOTTO 6/49 REVENUE RISING.**

Last week, the Morning Report reported that since raising the price point to \$2, Lotto 6/49 sales are down 33%. That story was incorrect. **Lotto 6/49 sales and transactions have increased since the game changes were introduced with the draw of June 2, 2004.** Sales are up, the number of tickets sold is up, jackpots are up, average spend is up ... the only area where there has been a slight decline is in the average number of six-number selections sold per ticket. But that was expected and is in line with the sales forecast.

**\*NEW\* RACINO NEWS**

**NY VLTs STILL LEGAL.** New York Governor George Pataki said that the Appellate Division's ruling that the state's video gaming program is unconstitutional does have a positive side. The Court didn't question the legality of operating VLTs, only the way the funds were distributed. The Court said that revenue from video gaming could only go to education. Gov. Pataki filed an appeal with the U.S. Supreme Court seeking to overturn the ruling.

**COUNCIL TO FIGHT D.C. SLOTS.** Eight out of 13 D.C. Council members signed a resolution vowing to campaign against an initiative that would authorize the placement of 3,500 slot machines on D.C.'s New York Avenue. This came on the heels of two members of the U.S. House of Representatives predicting that Congress would stop any attempt to bring slots to D.C., regardless of whether voters want the machines or not.

**JAMAICA SIGNS GTECH FOR VLTs.** GTECH signed a new contract to provide a complete video lottery solution, including a central system, VLTs, a communications network, and related services to Supreme Ventures Limited in Jamaica. The new contract is coterminous with GTECH's existing online lottery contract with Supreme Ventures, which is set to expire in January 2011. GTECH expects to generate approximately \$50 million to \$60 million in revenues over the contract term.

**COMPANY ANNOUNCEMENTS**

**IGT MEGABUCKS IN CALIFORNIA.** IGT connects gaming machines in casinos throughout California. When the jackpot is won, the progressive meter resets to the predetermined base amount. California players have won \$26.7 million this year

**playing IGT's Megajackpot games, according to Ed Rogich, vice president of marketing for IGT.**

**MA KICKS OFF SUMMER WITH CORVETTE GAME.**

Following extensive player research, the Massachusetts Lottery and MDI Entertainment, a wholly-owned subsidiary of Scientific Games, announced they are teaming up once again— offering a \$5 instant game that will give players an opportunity to win one of 30 new Corvette® convertibles. The top prize, of which there are 10 in the game, is \$1 million in cash, plus a brand new Corvette® convertible. Known as "\$1,000,000 Corvette®", the new \$5 offering features over \$115 million in total prizes, including more than 15,000 Corvette® merchandising prize packs, each consisting of a Corvette® leather jacket, leather travel bag, and sunglasses.

**OGT TEAMS WITH BELL CANADA.** Oberthur Gaming announced it will offer its clients a wider range of solutions for lottery games played on the Internet thanks to a servicing agreement reached with Bell Canada, which will include the infrastructure management of Internet lottery applications. Prompted by the resounding success experienced in New Jersey with the launch of Cyber Slingo®, in collaboration with INGENIO, and with the support of a strong and reliable supplier in infrastructure management, Oberthur will be in a position to better respond to the needs of lottery organizations that, in the coming years, will decide to add Internet games to their product mix.

**PENN SIGNS WITH GCA.** Penn National Gaming, the sixth largest U.S. gaming operator, has signed a multi-year agreement to use several Global Cash Access (GCA) products and services, including Casino Cash Plus(R) 3-in-1 ATM, QuikCash Cash Advance, QuikCash Plus (QCP) Web and TeleCheck check guarantee.

**PEOPLE**

JCM American has brought gaming industry veteran **Mark Hutchinson** to the JCM team as the company's Director of Public Gaming and International Sales. As Director, Hutchinson will oversee the company's two business segments, providing expertise and direction. Hutchinson is recognized around the world as an expert in lottery and public gaming, having lived and worked in the UK and South African lottery markets for 12 years. He recently returned to the U.S., where he worked for IGT in the company's public gaming area. Hutchinson will remain in the U.S. and will be based out of JCM's headquarters in Las Vegas.

**Submit material for next week's Morning Report by Wednesday of this week to [Toddpgr2@aol.com](mailto:Toddpgr2@aol.com)**

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For the past 30+ years, Public Gaming Research Institute has been at the forefront of promoting products and innovations that can help the worldwide lottery industry be most successful and has used its publications, Public

Gaming International magazine, PGRI's MORNING REPORT and its conferences, SMART-Tech, International Lottery Expo and the ILAC Congress for this purpose. Now Public Gaming International is expanding its editorial focus and distribution to include electronic-video lottery gaming, racinos, monitor games, electronic pull-tabs, electronic dispensing of games, electronic play stations, electronic drawings, wireless gaming and Internet gaming (and marketing) that will be getting special emphasis in PGRI publications and conferences. There is no longer a valid excuse for government jurisdictions not to have the incredible revenue, technological and management benefits of electronic gaming. PGRI will help educate government and industry executives everywhere on this technology and will actively promote the rapid adoption of these games and technologies around the world. \_

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