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GAMING

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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
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CT SHATTERS TRANSFER RECORD. The Connecticut Lottery's FY '04 transfer has reached record proportions, realizing a total payment of \$280,763,000 in support of the valuable state services and programs supported by the General Fund. This year's transfer has surpassed the previous record of \$271,510,000, achieved in FY '02, and exceeds the FY '03 transfer by \$23.9 million – a 4.9% increase in sales. Strong Lottery sales of \$907,656,000 were achieved, marking a \$42,366,000 increase over FY '03. The Scratch games category accounted for the largest segment gain for the 32-year old lottery organization, with a 5.64% increase (\$29.5 million) above FY '03. Robust ticket sales for Powerball delivered \$95.2 million in revenue (\$20.3 million above FY '03). Total sales for FY '04 were \$247,000 short of the corporation's previous record set in FY '02.

MN HAS RECORD PROFITS. The Minnesota State Lottery generated a record \$100 million profit for the state in FY04. Profits are 20% higher than in FY03. The increase is a result of a combination of increased sales and cost-cutting moves.

MO MAKING CHANGES. During the next couple of weeks, the Missouri Lottery will be making some changes to its drawings and daily on-line games to add convenience, enhance security and save costs. The changes include converting to an automated drawing system for daily

Numbers Games drawings (which is expected to save the Lottery more than \$192,000 in equipment replacement costs and \$80,000 annually in production expenses), adding a midday drawing for daily Numbers Games, raising some Pick 3 and Pick 4 payouts, introducing a four-week bonus ball promotion for the midday Pick 3 drawings, and eliminating the Xtra play feature. To kick off the midday draw, the Missouri Lottery will run a four-week Pick 3



Midday Bonus Numbers Promotion, in which midday Pick 3 players will have an extra chance to win. After the regular midday Pick 3 drawing, Lottery personnel will draw from seven balls in a separate container; six of the balls are white and one of the balls is orange. If the orange ball is drawn, Lottery drawing officials will draw a second set of Pick 3 numbers, giving the player two chances to win. If a white ball is drawn, it will be held out of the next day's drawing and remain out of the mix until the orange ball is drawn. Whenever the orange ball is drawn, all seven balls will be replaced for the next midday Pick 3 draw. The promotion will end Aug. 21.

E-10 UNLEADED IS MAJOR PRIZE IN NE GAME.

As part of its popular series of \$2 Scratch games offering vehicle prizes, the Nebraska Lottery has introduced Sports Car Cash II. Along with more than 250,000 cash prizes, the game offers three top prizes of a 2004 Corvette Coupe, and five prizes of \$1,000 in E-10 Unleaded with Ethanol. Each Sports Car Cash II ticket includes three distinct games. The odds of winning a Corvette are 1 in 320,000. The odds of winning \$1,000 in E-10 Unleaded are 1 in 192,000. The overall odds of winning something in the game are 1 in 3.69. Each Corvette winner will receive \$100 in E-10 Unleaded, courtesy of the Nebraska Ethanol Coalition which is also providing the five \$1,000 fuel prizes in the game's prize structure.

TX LAUNCHES MONOPOLY. The Texas Lottery introduced Instant Monopoly to players, bringing one of the most recognizable names in the gaming world to Texas. The Instant Monopoly ticket features hotels as icons to be scratched and 10 chances to win any one of the 2.1 million prizes offered in the game. For those who

don't win, there is a second-chance drawing that gives them the opportunity to win an official Franklin Mint MONOPOLY™ Collector's Edition game board or an official MONOPOLY prize package by mailing in two non-winning MONOPOLY tickets." The odds of winning any prize are one in 4.65, including break-even prizes.

PA GOES FOR THE GREEN. The Pennsylvania Lottery will sponsor a "Go for the Green" bonus Daily Number promotion from July 19 through July 31, 2004. For 13 days, a bonus drawing will determine whether Lottery officials draw one or two sets of winning numbers for The Daily Number mid-day and evening drawings. During each mid-day and nightly Daily Number drawing between July 19 and 31, Lottery officials will conduct a separate drawing. The ball machine for the separate drawing will contain four white balls and one green ball. If the green ball is drawn, Lottery officials will draw a second winning three-digit Daily Number. The Pennsylvania Lottery will pay out prizes for both sets of winning numbers. When a white ball is drawn, it will be removed from the bonus drawing machine. White balls will continue to be removed until the green ball is selected.

OLGC RECEIVES AWARD. The Ontario Lottery and Gaming Corporation has been awarded a Project Excellence Award. The awards are designed to recognize projects in the public and private sectors that excel in the areas of technology, best practices, innovation and knowledge management. The OLGC was recognized for the way in which it upgraded aging lottery terminals.

NCPG HONORS CT. The National Council on Problem Gambling awarded the Connecticut Lottery Corporation the NCPG 2004 Government Award for its continued commitment to foster public awareness, prevention and treatment of problem and underage gambling. Ongoing efforts of the Lottery include distribution of responsible play information at lottery retail outlets and the posting of the CT Problem Gambling Helpline phone number on lottery terminals.

ONLAE SEES SALES INCREASE. Spain's Organismo Nacional de Loterías y Apuestas del Estado (ONLAE) saw a 5.7% increase in sales during FY 2003, generating more than €10.59 billion in 2003. The Lottery credits its popular Christmas lottery draw for the upswing..

MALTCO LAUNCHES IN MALTA. Maltco Lotteries Limited has successfully launched its operations as the new exclusive operator of the national lottery license in Malta and Gozo with a portfolio of games previously operated by the Department of Public Lotto. Currently Super Five,

lotto and scratchers (instant tickets) are offered while sports betting and keno will be launched in the near future.

INDIAN STATE BANS LOTTERIES. India's Karnataka Government announced that it will "immediately ban online, single-digit and other lotteries throughout the state." The government has terminated its five-year contract with the Essel group, operator Playwin Infravest and licensee Ultra Entertainment Solutions. The state is currently regulating the sale of lotteries from three other states.

ISRAEL LOTTERY EXPANDS PRODUCT RANGE OVER EXISTING NETWORK. A unique agreement between Mifal Hapayis and Cellcom will allow the Lottery to expand the range of products and services it provides. It will also allow Cellcom to offer its' clients more service centers where they can recharge their "Talkman" pre-paid cellular phones. Initially, "Talkman" customers will be able to recharge their handsets in any of about 800 Lottery points of sale, and later – all 2,300 points of sale will offer the service. The first phase will start in about two months. Mifal Hapayis Chairman Shimon Katznelson said this is only Mifal Hapayis' first step on the road to expanding its range of services. In his opinion: "this service will allow Mifal Hapayis to increase yearly income by tens of millions of shekels, all of which will of course be channeled for the good of the community."

VIDEO GAMING/RACINO WATCH LIST ME COUNCIL DEVELOPING RACINO RULES. Maine's Gambling Control Advisory Council, which is developing regulations for the operation of slot machines at Bangor Raceway recently proposed rules for racino operations. Under the proposed rules, the facility would be allowed to operate 1,500 slots, and the machines would be operated from 8am to 4am, Monday through Saturday, and noon to 4am on Sundays. The Council also agreed that players would have access to ATMs within the facility (at least 25 feet from machines). Smoking would not be permitted in Bangor Raceway, and the facility will be closed on Easter and Christmas. A consensus has still not been reached on maximum bets and advertising content. No rules can be made official until the council becomes an official state board in July.

IA'S AMERISTAR CASINO TO ADD MACHINES. The Ameristar Casino in Council Bluffs Iowa won state approval for 250 more slot machines. The additional machines could increase the Casino's annual gross by as much as \$17 million, \$3.8 million of which would go to the state, county and city in taxes. In addition to the new slots, the casino plans to remodel its hotel rooms, buffet rooms, and add 9,800 square feet of gambling space on its riverboat.

SOUTH AFRICA PROVINCE GETS SLOTS. South Africa's Eastern Cape will see its first limited-payout gaming machines within the next 18 months following the provincial gambling board's award of the first route operator license to **Vukani Gaming**. The license allows Vukani to install up to 1,000 slots in the province, with maximum stakes of R5 per play and a maximum prize of R500. While most sites will have one to five machines, select sites will be allowed to house as many as 40 machines.

COMPANY ANNOUNCEMENTS

VA LAUNCHES MUSTANG GAME. Ford's Mustang is 40 years old this year. And Virginia Lottery players from 18 to 80 now have the chance to win a 2004 Ford Mustang GT convertible. Rag Top Riches, the first lottery scratch game using the MDI-licensed Ford Motor Company's legendary pony car, goes on sale in Virginia this month. The debut of Rag Top Riches marks the third time in the past year the Virginia Lottery has introduced a \$5 vehicle game licensed through **MDI Entertainment**, a wholly owned subsidiary of Scientific Games. Ten "instant win" Mustangs will be available to win in Rag Top Riches. Virginia players will also be able to submit entries for a second-chance drawing with a Mustang convertible top prize and 1,800 Mustang merchandise prize packs. **BELIEVE IT OR NOT, WORLD FAMOUS RIPLEY'S® BRAND NOW AVAILABLE FROM MDI.** Can you name an unusually bizarre, flat-out weird or perhaps sublime freak of nature that has occurred in your lottery jurisdiction? If you haven't a clue, MDI Entertainment's newest license, Ripley's Believe It or Not, can unravel the mystery. The newest agreement with Ripley Entertainment, Inc. makes MDI the representative to negotiate license agreements on behalf of all U.S. and Canadian lotteries authorizing the use of the famous name, marks and logos of Ripley's Believe It or Not, including related extraordinary facts captured in illustrations, cartoons, files and photographs. The exclusive lottery license covers instant scratch-off and pull-tab games, as well as terminal-generated matrix games.

WIN WIN GAMING LAUNCHES SLAM DUNK

In cooperation with **Shanghai Welfare Lottery Issuing Center (SWLIC)** a division of the China government Welfare Lottery system, Win Win Gaming, Inc. launched sales of Slam Dunk instant ticket lottery games on July 11, 2004. The initial Slam Dunk ticket series includes three (3) instant ticket games offering a wide range of prizes designed to appeal to a broad market of players. The first game, Match 3 features a liberal low end prize structure. The

second game, Winning Numbers offers a higher concentration of mid-tier cash prizes and the third game, Triple 8's offers a top jackpot of 88,888 RMB. According to the terms of the cooperation agreement, Win Win Consulting Shanghai Co. Ltd., the Chinese subsidiary of Win Win Gaming, Inc. designed the tickets and game structures and is responsible for all marketing. SWLIC is responsible for distribution and retailer management.

The Slam Dunk ticket series is also tied directly to the Slam Dunk lottery TV game show to be launched in August on the Oriental TV Station in Shanghai, PRC. The Slam Dunk TV show will be produced by **Sande Stewart Television, Inc.**, a leading US television game show production company. Sande Stewart Television, Inc. also produces the Powerball Instant Millionaire game show for 14 different U.S. state lotteries.

PEOPLE

Kenneth Hensley, Albany, was elected chairman of the **Missouri Lottery** Commission during the commission's quarterly meeting on June 23. Hensley replaces Bill James of Harrisonville, whose term with the commission expired. Hensley, 69, has served on the commission since April 24, 1996, after being appointed by Gov. Mel Carnahan and confirmed by the Missouri Senate. He is the fourth person to serve as chairman since the Lottery Commission was established in June 1985. Hensley, who is now retired, formerly owned and operated Hensley Chev-Olds-Buick Inc. in Albany.

Oupa Monamodi has been appointed the new chief executive of **Uthingo**, the national lottery operator of South Africa. He has been acting chief executive of the organization since Humphrey Khoza resigned in January. Monamodi has been with the Lottery since it launched in 1999.

Aristocrat Technologies, Inc. has named **Sean Evans** Vice President, Sales to lead the Company's North American and Caribbean games sales organization. Evans is responsible for driving the sales and placement of Aristocrat's video and mechanical reel slot games, Hyperlink® progressive systems, progressive jackpot meters, and casino signage. He joined Aristocrat in 2000 and has served in various sales and marketing positions, most recently as General Manager-Gaming.

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

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