

PUBLIC

GAMING

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

World's most widely read Lottery-Racino-Gaming magazine • Video, Racino, Casino, Internet, Wireless, Online, Scratch-Off

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**
September 13, 2004

SD SHOWS RESULTS FROM FANTASTIC '04. The South Dakota Lottery raised more than \$115.5 million in revenue for the state in fiscal year 2004 – a 3.3% increase over the previous year and a new record since the lottery began in 1987. Lotto ticket sales increased 22.9% overall in FY04, reaching nearly \$18.88 million in sales. Scratch ticket sales also showed a strong year, increasing 14.9% to reach \$15.26 million in FY04. Video lottery revenue grew 2.1% in FY04, and generated \$107,294,446 for the property tax reduction fund from net machine income, and \$30,000 to the state general fund from certain licensing fees. Also, MUSL sales comparisons showed that South Dakota had the highest rate of sales increase in FY04 of all participating states in all three multi-state lotto games the Lottery offers. South Dakota Powerball ticket sales increased 26.8% for FY04. Hot Lotto ticket sales increased more than 31.2%, beating sales increases for all five other lotteries that offered the game in FY03. Wild Card 2 ticket sales increased 27.8%, beating sales performance for the two other participating lotteries.

MI MAY SELL ADS, NASCAR TICKETS. The Michigan state budget is once again looking to the Lottery to fill potential revenue holes. The State is projecting a \$11 million increase from sales of the licensed NASCAR scratch ticket (\$3 million) and from revenue gained from allowing ads to be placed on game tickets and Keno monitors (\$8 million). Michigan is believed to be the first U.S. Lottery to sell advertising on tickets or display screens. Before any of these changes take place Michigan law will have to be changed to allow sports figures to market the Lottery, and officials would like to see a bill authorizing ads on tickets. A bill

authorizing ads on tickets has already been authorized by a Senate committee.

ONTARIO'S BIG GAME. Ontario's Big Game, the OLG's newest \$10.00 instant lottery ticket featuring a top prize of \$5 million, launched last Monday. The game features the largest instant top prize in the history of Ontario lotteries! The game will give out a total of \$15 million in



prizing including one top prize of \$5 million, four prizes of \$250,000, ten prizes of \$100,000 and thousands of cash prizes ranging from \$50,000 to \$10.00.

SCEL TO BROADCAST WEATHER ALERTS. The South Carolina Education Lottery will affiliate with the SC Department of Natural Resources and the National Weather Service in an effort to notify the public of hazardous weather conditions. This information will be distributed throughout the SCEL's 3,500 retailer network within minutes of being reported. This is the same system SCEL has used in the past to issue a SC AMBER Alert.



This picture has been doctored. Neither NASA nor its astronauts endorse Public Gaming International or the Morning Report

MA TO RETIRE MASS MILLIONS. The Massachusetts Lottery will celebrate the final drawing of its Mass Millions game by throwing a retirement party for the game and by unveiling the game that will be replacing it. In the end, Mass Millions lasted 17 years and paid \$898 million in jackpots.

FORTUNE COOKIE NUMBERS PAY OFF FOR VIRGINIA LOTTERY PLAYERS. They live in three different areas of the state, but three Virginia Lottery players all have one amazing thing in common: they each won \$175,000 in the July 27 Mega Millions drawing using numbers they found in fortune cookies. Kiry Enn of Richmond, Raymond Sawyer of Chesapeake and Sandra Howell of Moneta each matched the first five numbers and only missed the Mega Ball number. When they claimed their prizes, each told Virginia Lottery officials that they had selected their numbers using the lucky numbers found in a fortune cookie.

VIDEO GAMING/RACINOS

DC CASINO APPEAL. Casino proponents in DC have appealed The DC Board of Elections and Ethics ruling that deemed thousands of casino referendum ballot signatures invalid. The DC Court of Appeals heard the pro-casino case on Wednesday. Casino proponents are hoping the Court will overturn the ruling in question and that the referendum would be placed before voters in November.

PA FORMS GAMBLING UNIT. In preparation for slots at tracks, the Pennsylvania State police are forming a gambling unit called "The Office of Gaming Enforcement." The unit will operate under a two-year budget of \$7.5 million and will handle crimes including theft, assault, cheating, identity theft and money laundering. Capt. Ronald Petyak of the state police Bureau of Criminal Investigations in Harrisburg will head the new unit and is overseeing background checks on the state's regulatory board. To help minimize the impact of racinos on local police, armed troopers in plain clothes will roam casino floors.

MI COURT OF APPEALS BRINGS EXPANSION ISSUE TO THE PEOPLE. The Michigan Court of Appeals' three-judge panel unanimously ruled that Michigan's Proposal 1 will stay on the November 2 General ballot. The proposal gives Michigan voters a chance to decide future state-sponsored gambling expansions. If the Let Voters Decide - YES on 1 amendment does not pass on Nov. 2, as early as next year nine new horse racetrack casinos -- each with 2,000 or more video gambling machines -- would open in communities across Michigan without a vote of the people. The new horse track casinos would open in or near Jackson, Saginaw, Flint, Muskegon, Mt. Pleasant, Hazel Park, Northville, Lansing and Romulus.

WV CITY IMPLEMENTS VLT MORATORIUM. The Dunbar City Council has imposed a six-month moratorium on any new business that wants to offer video lottery while council members prepare an ordinance to regulate where such operations can be located. Council members unanimously approved the moratorium. One member of the Council

indicated that they would like to see the machines stay in the business districts and away from the neighborhoods.

MD SLOTS ISSUE DIES AGAIN. The deadline for putting a slots referendum on the Maryland ballot is September 20, but it doesn't look like it's going to happen. The beginning of last week looked promising, as Governor Ehrlich seemed to be willing to allow the issue to go before voters. Still, in the end, Gov Ehrlich and House Speaker Busch couldn't work out a compromise and the issue was declared dead.

COMPANY ANNOUNCEMENTS

GTECH ACQUIRES BILLBIRD. GTECH announced that its majority-owned subsidiary, PolCard S.A., has completed the acquisition of privately-held BillBird S.A., the leading provider of electronic bill payment services in Poland. The business was acquired from BillBird's existing shareholders, IIF S.A.; BRE Bank S.A.; and Alcyone Sp. z.o.o., a subsidiary of Ster Projekt S.A., for a total enterprise purchase price of approximately US\$6 million.

PRONOSTICOS SIGNS WITH GTECH. GTECH signed a six-year integrated services contract on September 6 with Pronosticos para la Asistencia Publica (Pronosticos) to provide equipment and services for a new online lottery system and associated telecommunications network in Mexico. The new contract, expected to commence on September 5, 2005, includes a two-year extension option and is the result of a competitive procurement. Under the terms of the new contract, GTECH will replace Pronosticos' existing lottery system with new central system hardware and add the Company's ES Connect(TM) software. GTECH will also provide Pronosticos with approximately 4,800 Altura(R) terminals and 3,200 Altura(R) LVT Plus terminals. In addition, approximately 3,000 Altura LVT terminals will be installed in new retailer locations. It is anticipated that Pronosticos will grow from its current terminal base of 7,500 to approximately 11,000 during GTECH's fiscal year 2006.

CASE STUDIES

HIGHLIGHT ON NEW YORK – STATE FAIR

Twelve days, one million visitors, 18 promotions, 12 media interviews and more than \$517,000 in ticket sales later, the New York Lottery has once again packed up and headed home after another successful run at the New York State Fair.

For the past 28 years, the New York Lottery has been a proud partner of the Great New York State Fair and New York Lottery Director Nancy A. Palumbo believes this partnership is a perfect fit.

"As the most widely recognized brand in the State, it makes sense for the New York Lottery to partner with the Great New York State Fair," Director Palumbo said. "Over a million people attend the Fair every year to celebrate all that is great about New York. The Lottery is one of the most popular New York institutions represented at the Fair and we make a big splash every year to salute fairgoers and our loyal New York Lottery players."

The Lottery Players' Pavilion, built in 2001, is the New York Lottery's home on the fairgrounds. From this prime location directly inside the main entrance, the New York Lottery ushered in the 2004 Great New York State Fair with a series of promotions that personified the excitement, fun and entertainment that the Lottery is all about. The Lottery took its popular NUMBERS and

WIN 4 drawings on the road, conducting the official evening drawings live from the Fair's Main Stage.

At the Lottery Players Pavilion, players purchased tickets for a variety of different Instant and On-line games. Inside the Pavilion, guests were welcomed with interactive videos and plasma screens as well as information about the Lottery's education commitment. Players were given the opportunity to trade tokens for Lottery merchandise or test their golfing skills for a chance to win Instant tickets. Visitors answered Lottery trivia questions relating to the Lottery's education mission for special prizes. Yolanda, Kevin and Michele, the popular faces of the New York Lottery, signed autographs for their admiring fans. And 25 lucky Lottery players walked away with Moo-la-Millions Instant game tickets every day just by entering the daily drawings held at the Pavilion.

This promotion was reinforced by the participation of the New York Lottery in the daily parade with its incredibly popular black-and-white cow themed truck and mascot, playing the theme song "Moo-vin' On Up" from the popular commercial promoting the successful Moo-la-Millions Instant ticket. Miniature Moo-la-Millions stress cows, the hit of the parade, were handed out to the crowd along the parade route.

In keeping with the cow theme for this year, the Lottery partnered with the local Byrne Dairy Corporate Sales Account to promote the Moo-la-Millions Instant game ticket. In addition to giving out Moo-la-Millions tickets for prizes, the Lottery also donated tickets for cheese baskets which were auctioned off to raise money for the promotion of dairy products.

Additional media attention was directed towards the Lottery Players Pavilion during a press conference to announce the Lottery's newest millionaire on opening weekend who won \$5,000 a week for life on a Set For Life Instant game ticket.

Lottery Day was Labor Day at the 2004 Great New York State Fair. The first 2,000 people to arrive at the Players Pavilion on Labor Day received free Easy Money Instant game tickets. Five additional drawings for Easy Money tickets were held throughout the day. The Lottery Day is Labor Day Sweepstakes drawing was the highlight and most exciting Lottery promotion of the Fair. A Grand Prize of \$5,000 was doubled to \$10,000 cash because the ecstatic winner was present in the audience. One winner of a Suzuki 4x4 ATV quad runner and 15 additional winners of Instant Game tickets also walked away happy with Lottery Day prizes.

Promotions at large-scale events such as the New York State Fair are an essential part of the New York Lottery's success. The Lottery reached a record-breaking \$517,000 in sales at the Players Pavilion during the run of the Fair, thanks to enthusiastic, dedicated employees, a great retail partner and a ton of hard work by all involved. These promotions at these large events work not only to create sales and player excitement but also to educate the public about the Lottery's mission.

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

Public GAMING International magazine
www.publicgaming.org



World's most widely read Lottery/Racino/Gaming magazine • Video, Racino, Casino, Internet, Wireless, Online, Scratch-Off



Racinos Hit Their Stride • Svenska Spel – Leading the Charge for Greater Revenues
• Product Innovations Preview

PGI magazine, which for the past 30 plus years has been the leading magazine in the world for *lottery* professionals, is now the *magazine of growth* that will be promoting *your growth* in gaming which is tied to lotteries, government sponsored gaming and race tracks. *PGI* has now expanded to encompass the high-growth areas of *racinos, government sponsored video gaming, mobile gaming and gaming using the Internet* ----***These are the areas where growth will be fastest over the next twenty years!***-----

Public Gaming International is the best medium for your company to use to promote your company's growth in these high-growth areas throughout the world for 2005 and the decades beyond.

Call our VP of Advertising Sales Raquel Orbeago at 425-765-4119 To help you start an ad campaign today!