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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**
September 20, 2004

TX POSTS HUGE YEAR. Fiscal Year 2004, which ended August 31, was the second-highest sales year in the history of the Texas Lottery, with unaudited sales figures of all products totaling nearly \$3.5 billion. These sales resulted in a contribution of \$1 billion to the Foundation School Fund, which helps support public education in Texas. The transfer is \$115.1 million, or 11.4% higher than last year's. Sales of instant tickets in FY 04 were more than \$2.3 billion. Lotto Texas™ sales came in at \$477.8 million, and Cash Five accounted for \$122.3 million. Texas Two Step brought in \$49.1 million. Pick 3™, with two daily drawings, posted sales of \$277.2 million. Mega Millions™, the multi-state lottery game the Texas Lottery joined in December 2003, registered sales of \$189.8 million. Players also paid \$45.5 million to purchase the Megaplier™, a feature of that game that is exclusive to Texas.

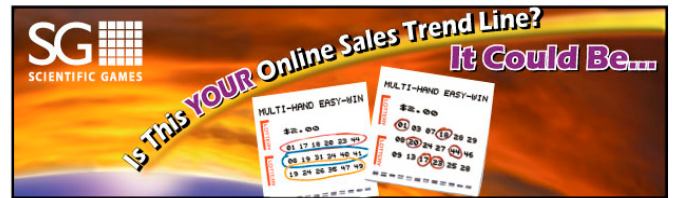


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MA WINFALL LAUNCHED. The first drawing for the Massachusetts Lottery's new \$2 game 'CASH WinFall' was held last Monday, followed by a Thursday draw. The goal of the new twice weekly draw game is to allow more players to win.

LIVIN' LARGE IN NY. How much would you pay for one of the Carnegie Deli's famous overstuffed sandwich creations? What if the sandwich was worth a cool \$5,000,000? Those were the questions being posed to the lunch crowd at the famed Midtown eatery as the New York Lottery launched its new

Livin' Large game, which offers players (and diners) a chance to win \$5,000,000, instantly. Lucky Carnegie Deli patrons were given the opportunity to receive a free Livin' Large Lottery ticket with the purchase of one of Carnegie owner Sandy Levine's cured meat concoctions. The Livin' Large ticket will retail for \$10. Carnegie was offering its limited-time Livin' Large lunch special for a mere \$19.99. The sleek new, Livin' Large ticket is one of the biggest new product launches for the Lottery in recent months. Key features of the new Livin' Large



Instant ticket include: Four \$5,000,000 top prizes; Ten \$100,000 second prizes; More than 3.9 million other prizes ranging from \$10 to \$5,000; and Fifteen chances to win.

NJ EMPLOYEES EXCEED GOAL FOR BLOOD DRIVE. For the fourth straight year the New Jersey State Lottery has coordinated a blood donation drive for the Community Blood Council of N.J., Inc. of Trenton. This year's turnout of 50 was the highest yet. The lottery's participation, along with its corporate neighbors, Certified Steel Co., GTECH Corp., Nexus Properties and Empire Medicare Services, resulted in 37 units of usable blood. The Community Blood Council of New Jersey, Inc. has been providing blood support in the Mercer County area for over 30 years.

TX SELF SERVICE TERMINALS OFFER CONVENIENCE. Thanks to a new customer service enhancement from the Texas Lottery, more players can now use a self-service terminal (SST) to buy tickets for the Texas Lottery's on-line games. The games include: Lotto Texas™; Mega Millions™ with Megaplier™; Pick 3™ (Day and Night drawings); Cash Five™; and Texas Two Step®. Over the summer, nearly 700 SSTs were installed in retail locations

Adapted photo from the National Oceanic and Atmospheric Administration/Dept. of Commerce.

across the state. For added convenience, many of these SSTs were placed at grocery stores providing "one-stop shopping" for customers who enjoy playing the Games of Texas. With the SSTs, players have the option of using a playslip, or a touch screen, to quickly and easily choose specific games, pick the numbers they want, or play Quick Picks.

INTERNATIONAL NEWS
TRINIDAD AND TOBAGO CELEBRATE 10 EYARS ON-LINE. Trinidad and Tobago's National Lotteries

Control Board recently celebrated its tenth anniversary of on-line gaming. In the past ten years the Lottery has contributed over \$9 billion to the economy,. The Lottery is currently responsible for the employment of 2,700 people. .

ONCE ON-LINE. Spanish Lottery operator ONCE has contracted with Telefonica Moviles for online terminals. ONCE hopes to eventually have 23,000 of the wireless terminals in operation.

LOTO FOOT 7&15. On September 1, La Française des Jeux introduced a new sports betting game formula, Loto Foot 7&15, which replaces the former Loto Foot. Two new formulas are now offered to players: 7 or 15 predictions. With the first one, the player can often win. With the second, the player can win more than before. A player that bets on both game formulas on the same playslip will be given two receipts, one for the 7 and one for the 15. The new game also offers a quick pick feature.

VIDEO GAMING/RACINOS

IVAN CAUSES CLOSURE OF 3 PENN NATIONAL CASINOS. Penn National Gaming closed its Casino Rouge property in Baton Rouge, Louisiana, its Casino Magic - Bay St. Louis casino, in Bay St. Louis and the Boomtown Biloxi casino in Biloxi, Mississippi at the request of the authorities in each area. The Company intends to re-open all of the affected properties as soon as practicable once the storm has passed and following any required consultation with regulatory authorities.

YONKERS VLT DELAY. It's been reported that VLTs at Yonkers Raceway in NY have been delayed by an environmental review of raceway expansion plans. Construction may now be delayed until next year.

SAZKA, CYBERVIEW CONCLUDE AGREEMENT. SAZKA, a.s. and Cyberview International concluded the Agreement on the Operation of Betting Games through the Central Lottery System with Interactive VLTs. The term of this contract is ten years. SAZKA has been preparing this product since November, 2001 when it opened a tender and addressed several leading international technology manufacturers and suppliers for the gaming industry. SAZKA plans to put several hundred interactive VLTs into operation before the end of 2004 and increase their number up to 10,000 in the future. SAZKA, a.s., deploys its interactive VLTs at traditional casinos, gaming clubs, sports bars and other gaming centers.

PONG SLOTS. Alliance Gaming will be showing a 'Pong'-themed slot at the 2004 G2E. The Pong title falls under an agreement between Bally Gaming and Systems and Atari Interactive that allows the use of classic titles from Atari's extensive video game library. Other Atari-themed games in the deal include Asteroids, Centipede and Breakout.

SLINGO RELEASES ADDITIONAL SLOT TITLES. Slingo Inc. announced that two of their latest slot machine products are now being distributed throughout the U.S. by

IGT. The company already has two popular slot machine games, Slingo Video Slots and the Slingo Bonus Game. The updated Slingo Video Slots is played on a Game King "Premium Series Video Slot" and is available in a 180-Coin Penny-Slot format. According to Slingo CEO Sal Falciglia, the decision to develop new penny-slot machines was based on the "growing appeal of the penny-arcade concept by slot machine players." The new Slingo Video Slot features include "EZ-PAY" readiness and Multi-Denominational capabilities, providing even more flexibility to casino operators.

ARISTOCRAT'S LONE RANGER AND PELE SLOTS.

Aristocrat Technologies announced that it will showcase a large portfolio of new slot games and gaming products at the 2004 G2E, October 5 - 7 at the Las Vegas Convention Center, including two new wide-area progressives and America's first 50-line video slots. The 50 line game is a new Zorro-themed multi-site progressive. Also in the spotlight is Pele's Legendary Goals, which combines the excitement of four-level, random second-screen progressive jackpots with 50-line base games that offer more winning combinations. The game is inspired by the legendary Brazilian soccer player Pele, who will make an appearance at Aristocrat's G2E display to sign soccer balls.

COMPANY ANNOUNCEMENTS

EGC UNVEILS TWO NEW GAME CARDS. Electronic Game Card unveiled its two latest XOGO GameCards targeting the \$150 billion + global sales promotion and direct mail markets at the UK's National Incentives Show. The two new XOGO GameCards, Treasure Hunt and Shoot Out, continue the XOGO approach of delivering high and enduring levels of awareness to brands by providing versatile and compelling gaming experiences that fully engage the consumer. Originally launched in June 2004, the initial range of XOGO credit-card-sized GameCards featured the popular instant win card (Match & Win), a points accumulator based card (Points Mean Prizes) and a destination driver card that lets a specific number of plays occur on a daily basis for up to a month (Play a Day). The newly introduced Treasure Hunt GameCard now brings a skill element to the XOGO range, consumers having to guess where "treasure" is hidden on the touch-pad based, credit-card sized cards. Meanwhile, the XOGO Shoot Out card has been developed by Electronic Game Card to meet the significant interest from brands, sponsors, and media owners for a soccer themed Game Card.

SCI-GAMES EXTENDED BY VT. Scientific Games Corporation announced that the Vermont Lottery has extended its online lottery contract. The contract is estimated at \$12.3 million over its four-year term. In addition, the Vermont lottery is adding 175 new EXTREMA® lottery terminals to its network making the lottery more accessible in areas that had no on-line lottery terminals previously.

MN EXTENDS GTECH. GTECH signed a three-year contract extension with the Minnesota State Lottery to commence on February 10, 2008. Under the terms of the

contract extension, GTECH will install and maintain approximately 112 Expandable Dispensing System Quad Burster™ (EDS-Q) 24-bin ITVMs. The ITVMs will also allow the Lottery and retailers to combine management reporting of both online and instant-ticket vending activity for the first time. In addition, GTECH will install approximately 100 Express Point Plus™ terminals and will continue to provide ongoing services to the Lottery including central system and communications network management and maintenance; terminal maintenance; marketing support; field service; and hotline management.

ORION TO LAUNCH ON-LINE LOTTERY IN NIGERIA. Nigeria's Lagos State Government has signed an agreement with Orion Technologies Limited, to start the first on-line lottery in the country. Orion has been granted an exclusive ten-year license to operate the on-line lottery.

SALES ENGINE TO CALL FOR GERMAN LOTTERIES. Cape Town, South Africa's Sales Engine won contracts to provide telesales services to two state lotteries in Germany (NKL and SKL). Sales Engine will run a telemarketing campaign selling subscriptions to German citizens in both Germany and South Africa. Sales calls are followed by a control call from an administrator who ensures that the customer wants to proceed.

SCI-GAMES EXTENDED BY SD. Scientific Games announced that the South Dakota Lottery has extended its online lottery contract. The contract is estimated at \$8 million over the term of three years. In addition, the South Dakota Lottery is upgrading the entire retailer network to newer, faster technology.

PEOPLE

Outgoing chairman of Barclays Bank, **Sir Peter Middleton**, will become the next chairman of U.K. National Lottery operator Camelot. Michael Grade, the previous chairman, left Camelot when he became BBC chairman in May. Sir Peter will formally take over the post on September 23.

CASE STUDIES

HIGHLIGHT ON NEW YORK RETAILER LICENSE APPLICATION ON THE WEBSITE

New York Lottery Director Nancy A. Palumbo recently announced the availability of a printable version of the Lottery's official retailer license application on the Lottery's web site, nylottery.org. Interested New York business owners may access the application by clicking on the "Retailer Info" link at the bottom of the Home page. Director Palumbo said the on-line application will make it more convenient than ever for prospective retailers to initiate the licensing process.

"We wanted to make the application process as efficient as possible for the more than 3,200 business owners and chain retailers statewide who inquire about our licensing standards and request an application every year," Director Palumbo said. "By making this form available on our Web site, we are allowing all prospective retail outlets the

opportunity to view our licensing criteria in real time and determine if they want to submit an application. We are pleased to be able to offer this service as part of Governor Pataki's ongoing efforts to make government more accessible to all New Yorkers."

The New York Lottery currently has close to 16,000 licensed Lottery retailers statewide, including approximately 5,900 in the five boroughs, 2,400 on Long Island, 1,400 in the Hudson Valley, 1,800 in the Capital/Adirondack region, 2,500 in the Central/Finger Lakes region, and about 1,900 in the Western region of the state. New York Lottery retailers earn six cents on the dollar for every Lottery ticket they sell. In Fiscal Year 2003 – 2004, the Lottery paid out more than \$356 million in commissions to its retailers statewide.

The license approval process typically takes 30 to 60 days to complete once an application is received by the Lottery's licensing unit based in Schenectady, NY. All Lottery license applications are initially reviewed by licensing staff in Schenectady before being sent to the appropriate regional office for a thorough site review to determine its feasibility. The Lottery issues licenses based on a number of factors, including the potential for substantial incremental Lottery sales, existing sales performance in the immediate market area, volume of store traffic, business location and the proximity of other pre-existing Lottery retail locations, among other criteria. Once an application is approved, the installation of terminals may begin.

In addition to printing an application from the Lottery's Web site, Lottery retailer applications are available by calling the Lottery directly at 518-388-3415 or emailing pcr@lottery.state.ny.us.



Email submissions to Todd Koeppen at toddpgr2@aol.com by Wednesday.