

# Public Gaming

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



## **Scientific Games Notches Another First** **– Wins Tennessee Lottery “Instants” Start-up**

*Also this issue: Forecast 2004 & Licensed Properties*





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- Eric Turner – Board member
- Cliff Bickell – President, Printed Products
- Lorne Weil – Chariman and CEO
- Steve Saferin – President, Ventures
- Bill Huntley – President, Systems

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# Guy Lines



## The Retailer, Partner or Pain?

When you look at it, it is a strange relationship.

by Guy Simonis

Every time I write or speak about retailers in the lottery, the remarks of H.L. Mencken, spring to mind. This famous editor/publisher of the Baltimore SUN around the turn of the 20th century often ridiculed the difference in the creation of newspapers and their subsequent distribution. He wrote that newspapers invested millions upon millions in high volume presses, staff and infrastructure. Every day stories were churned out in word volumes rivaling that of a library book. After a frantic night of rewriting, typesetting, the roaring presses would disgorge their production only to be delivered to the subscriber by a thirteen year old kid with a dead frog in his pocket.

The similarity between our business and that story is striking isn't it? We have central systems, computer terminals, instant tickets printed by the most sophisticated of printing presses. And at the end of our distribution chain we have too many of those retailers who look as if they have a dead frog in their cash register.

Some weeks ago I traveled in the Northwest through four states and four provinces by car and took the opportunity to check into as many lottery retailers as possible without going too far off my route. I did not keep any formal count of whom I thought to be good or wanting, but I would guess that one in five either need a good talking and get a final chance or face what they deserve; "dis-appointment" (to coin a new meaning of that word)

We, the lottery, invest in these places to the tune of \$5000 to \$8000 per year in terminals, peripherals, line charges, point of sale material, maintenance and delivery and they in turn give us a black eye. Let me make clear that four out of five of the places I saw handled the lottery products in a clean professional environment. But the other stores, emblazoned with the logo of the lottery, featured tickets sold in filthy places by sullen, slothful, bored people who could not care less.

Do we need these folks? You know the answer to that as well as I do. Why do we keep them? Because whatever volume these guys scrape together is gravy? Because political pressure keeps them in business? Because they are the only ones around and the best of a bad lot?

Any or all of those reasons I suppose.

I have believed for a long time that we could dump anywhere up to 20% of our retailers in our North American market and not suffer any consequences other than some significant administrative savings.

I have used a simple formula to sort of draw a "line in the sand" that says 'above this line, you are staying in; below it, you are gone!'

What you do is you take your annual administrative budget, all in, and divide it by the number of retailers. That becomes the administrative share that each retailer should bear.

To find out how much revenue is needed to pay for that share you take the retail price and deduct the commission and the prize fund allocation. For example if the average prize fund for lotto instant and what have you is, say, 52.2% and the commissions 6.3% then the gross profit is 100% less that 58.5 or 42.5 %

Now here comes the answer. If every dollar sold by a retailer pays 42.5 cents towards his administrative share, what is the magic annual sales amount needed to pay us his minimal due.

If that number is less than what the retailer sells per year, you've got a leaky boat. This guy takes out more than he puts in. In fact you would be better off to de-list him, to fire him and instead mail him a check for what he loses you than to keep him.

This line of argument, by the way, is an excellent political defense. I have had occasion to tell an elected official who came to push me around to retain a certain low volume retailer, that I would do better than to keep him. I would fire him and mail him the money he lost us each month. But in firing him I would free up a terminal and did not have to pay line charges or visit him any more. As an added jab I added that the elected official could mail out the check over his signature. (He never came back!)

Now remember, a retailer even being marginally above this line does nothing for the lottery. It is at best a neutral nothing, a zero sum. The bar should be set higher and higher each year to finally arrive at a sales network that earns it keep.

It has been said that I detested retailers when I was in the saddle in British Columbia. Far from it. We were most respectful of them and organized annual Retail Conventions where they were free to beef, suggest disagree or compliment, and BCLC was among the first to establish a formal Retailer Council to get input from those who can make us or break us.

But those slothful bottom feeders who don't care about their lottery selling privilege except when it is threatened to be taken away; that was another story. ■

Please respond to Guy Simonis at [gsimonis@telus.net](mailto:gsimonis@telus.net).

# Man-Made Wonders

ALL NEW 2004 Harley-Davidson® Motorcycles



The **2004 Sportster® 1200 Custom™** was re-designed to ensure a longer, more comfortable ride, refining the driving experience, while keeping the soul of the Sportster intact. Not since 1957 has a motorcycle so thoroughly new, worn the Sportster name.



The **VRSCB V-ROD®** rolls out in 2004 as one of the stealthiest motorcycles ever designed. Its powerful engine and black-on-black frame give it a panther-like mystique desired by riders and non-riders alike.



The **2004 Heritage Softail® Classic**, designed for driving all-day, now comes in a new Lava Red Sunglo color that blends with you from the minute you get on at sunrise, until you drop the kickstand at sundown.

Harley-Davidson motorcycles are as awe-inspiring as the Modern Wonders you can visit aboard one – the Sportster® 1200 Custom™, as majestic as Mount Rushmore; the Heritage Softail Classic®, built to bridge long-distances like the great Golden Gate; and the new VRSCB V-ROD®, as powerful as the Hoover Dam.

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## Like your next Harley-Davidson® Instant Game!

Like the retooled motorcycles of the same name, Harley-Davidson Instant Games are EVEN better for 2004. Keeping the soul intact, but refined with a new game play style or a die-cut design does WONDERS for a player's experience.

Then gas up the game with one or two or three different Harley-Davidson motorcycles. Whether you offer the traditional Sportster® 1200 Custom™, the touring Heritage Softail® Classic or the powerful new V-ROD®, your 2004 Harley-Davidson instant game will be a smoother, stronger, faster sales experience than the last.

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# Industry News

## North Dakota Chooses Scientific Games

The North Dakota Lottery Advisory Board voted to select Scientific Games as the state's lottery vendor. The decision will not become final until other tenders have been given a chance to dispute the decision.

Scientific Games will supply the lottery 325 ticket terminals, computer hardware and services needed to sell Powerball tickets, and in exchange will receive 8.98% of ticket sales.

The North Dakota Lottery also has permission to enter two other multistate lottery games, Wild Card 2 and Hot Lotto. The state hopes to launch Powerball by April 1.

## Chile Signs Intralot

Intralot de Chile, subsidiary of Intralot SA, has signed a 6-year contract with the state lottery organization of Chile, "Polla Chilena de Beneficencia", for the organization of Fixed Odds Betting games. The agreement has a renewal option and includes operational services, such as odds compiling, risk management and marketing, as well as consulting services on the promotion of the games. The launch is expected within the 1st half of 2004 and the games will be available through the already installed system and terminals of Polla's points-of-sale network, as well as via alternative sale channels (Internet, call centers and mobile phones). The fixed odds games offered will include football matches, tennis and Formula 1.

## TeleCom Signs Texas

The Texas Lottery Commission signed a contract with TeleCom Game Factory to customize and install a Random Animated Digital Drawing System for the Texas Lottery's Megaplier™ add-on feature to the Mega Millions game. Texas will use RADDs® computerized draws for the Lottery's Megaplier drawing which occur on Tuesdays and Fridays, between the live Pick 3™ drawing and the broadcast of the Mega Millions drawing currently conducted in Georgia.



## AFL Signs with MDI, Scientific Games

The exciting action of the Arena Football League (AFL), the nation's fastest-growing sports league, will be available for lottery games and promotions, due to a deal signed by Scientific Games and its wholly-owned subsidiary MDI Entertainment. The retail licensee partnership is a three-year deal.

Under the terms of the agreement, lotteries will be able to market instant scratch tickets featuring the logos, themes, marks designs and colors of the Arena Football League or, with their approval, specific AFL teams and special events, available at lottery retailer outlets.

## Intralot's Lotrom Honored

The Chamber of Commerce and Industry of Romania announced that Lotrom, Intralot's subsidiary, was awarded the

2nd place at the business competition among the best-performed companies for 2002. Lotrom received an Honor Diploma for its outstanding financial results for 2002 and its exceptional performance in the IT industry.

## Scientific Games Signs with Breeders' Cup Limited

Lotteries throughout North America now have a unique opportunity to offer their players themed lottery games and promotions tied to horse racing's biggest event – the Breeders' Cup World Thoroughbred Championships, held every October at a different North American racing venue.

The games and promotions are available exclusively through MDI. The agreement with Breeders' Cup Limited makes Scientific Games the representative to negotiate license agreements on behalf of government-sponsored lotteries authorizing the use of the name, marks and logos of Breeders' Cup Limited, including its associated race names: the Breeders' Cup Distaff - Presented by Nextel; Breeders' Cup Juvenile Fillies; NetJets Breeders' Cup Mile; Breeders' Cup Sprint; Breeders' Cup Filly and Mare Turf; Bessemer Trust Breeders' Cup Juvenile; John Deere Breeders' Cup Turf; and the Breeders' Cup Classic – Powered by Dodge. The exclusive agreement



## OGT Signs with Lotterywest, Receives ISO 9001:2000 Certification

Lotterywest has selected Oberthur Gaming as its exclusive supplier of instant tickets and related services. The contract term is for two years and includes three one-year extension options.

In other OGT news, the company announced that its Canadian facility, located in Montreal, has received the ISO 9001:2000 certification.

## MDI Signs El Santo

Scientific Games subsidiary MDI Entertainment has acquired licensing rights to EL SANTO®, the Mexican comic book, film and wrestling legend, for lottery games and promotions.

The world-wide licensing agreement is MDI's first Latin-themed celebrity icon and includes rights to motion pictures, sound recordings, literary works, musical works, dramatic works, pictorial, graphic and sculptural works and other audio visual works. The license continues through December 2006.

The Mexican-based lottery ticket supplier GAMES MART has contracted with MDI for the first EL SANTO instant lottery game. Three million EL SANTO tickets priced at 5 pesos each will be marketed in Mexico under the terms of the deal. Tickets for the game are being printed by Scientific Games Latin America. ■



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# Around the World

## Australia

Australia's NSW Lotteries wants to change a law to allow punters to use credit cards to buy lottery products. The corporation stated that they needed to keep pace with changing consumer preferences.

In other New South Wales news, The New South Wales state Government will remove a cross-ownership restriction that prevents a gaming company owning both a wagering and a gaming license.

The anticipation was mounting for the movie release of the final installation in the Lord of the Rings trilogy. In the lead up to the movie premiere, NSW Lotteries fans treated themselves to a preview of the stars following the release of a series of instant games featuring all 12 major characters from the epic movie. The 2 "Lord of the Rings - The Return of the King" instant games gave players the chance to win up to \$100,000 and also collect the twelve different tickets depicting the major characters including Frodo, Gandalf the White, Aragorn and Legolas.

## Chile

Chile's Polla Chilena de Beneficencia has signed up e-transactions portal Miscuentas to provide its customers with an online prepaid payment option. The two companies are operating under a one-to-two week trial period. Customers must register through one of the portals and charge their credit card in order to place a wager.

## Israel

Israel's Mifal Hapayis, once again held its NIS 50 million draw. The Big Draw took place on December 15, 2003 at 11:30 pm and was broadcast live on Public Channel 1 and - for the first time - on the more popular, commercial, Channel 2 as well. This year's draw was held on a 7:30 matrix, providing odds of 1:2,035,800 - the best odds ever for the annual draw. The Lottery decided to base the matrix on the fact that players tend to select dates out of the 30 days of the month - birthday, time of birth, etc. The Lottery expected the draw to yield 662,000 prize winners (anywhere from NIS 10 to NIS 50 million), and provide enough beneficiary money to set up 2350 classrooms.

On the eve of the soccer season opening in Israel, Mifal Hapayis launched the new "Goal" instant ticket. The price of the card is NIS 30, with the chance of winning up to NIS 30,000. On each ticket there are six different games from the world of soccer, with each game awarding the chance of an immediate win with prizes totaling up to NIS 300,000.

## Jamaica

After seeing a sharp fall in Lottery sales, the Jamaican Government is planning to amend its tax on lottery winnings. It's been reported that once changed, the 15% tax will only be applicable to prizes in excess of \$15,000.

## Korea

Sangoma Technologies Corporation has been selected by Korea-based Orion Worldwide to provide WAN router cards to support high-speed connectivity for Orion's Sports TOTO on-line gaming lottery terminals. Orion's Sports TOTO is a leisure game where spectators at a soccer match or basket-

ball game place the expected results of the match on a ticket before the match starts.

## New Zealand

Kiwi motorists are in for a very special Christmas with 10 MINI Cooper S cars and 10 Toyota Land Cruiser Prado RV 4-wheel drive vehicles being given away on December 27 by the New Zealand Lotteries Commission. This is a special Christmas draw building on successful special draws for other cars held throughout the year. Holdens and Volkswagen Beetle Cabriolets have been given away previously.

## Norway

EssNet Interactive has signed a contract to provide a new, state-of-the-art IVT system to Norsk Tipping. In order to replace the slot machines with less aggressive VLTs, and to control under-age gaming and limit the risk of game addiction, the government has given Norsk Tipping the exclusive right to operate VLTs in Norway. Under the terms of the contract, EssNet will deliver 10,000 terminals, a central system and games.

## Taiwan

Taiwan's Ministry of Finance announced that the chance of winning the first prize in the bi-monthly Uniform-Invoice Lottery will increase from 0.3% to 0.4% for September and October, and to 0.5% November and December. A government representative stated that the government could afford to reward more winners of the invoice-lottery, which aims to encourage shoppers to ask for invoices while shopping.

## Thailand

The Royal Thai Police Office expects to receive 4,800 million baht a year from its 2% share of sales of two and three-digit lottery tickets after on-line vending machines begin operation. All police officers will receive a share of the money. The move is meant to persuade the police force to stamp out illegal lotteries.

Thailand's Government Lottery Office is investigating investments with the private sector to open Thailand's first casino. The entertainment complex would have a casino and football betting outlets and recreational facilities. The estimated cost of the complex is at least 10 billion baht, including a five-star hotel, gambling infrastructure and entertainment facilities.

## U.K.

The U.K. government has drafted a bill to deregulate gambling laws written in the 1960s. Minimum age limits would remain the same. A single regulator, the Gambling Commission, would be created to oversee all gaming operations. The rule allowing casinos to be set up only in designated areas would be abolished. Interactive gaming would be licensed and regulated properly. Of course, the bill would change several other aspects of U.K. gambling, but in the end, it still has to pass through parliament.

## Vietnam

Vietnam's Ministry of Finance's General Department of Taxation plans to introduce a retail receipt lottery. The government, who sent officials to China to study their receipt lottery, will offer prizes between VND5,000 and VNC 1 million. ■





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Be sure to mention Smart-Tech to get reduced room rates.

# Forecast 2004

*The future belongs to those who plan for it today. While we can't truly know what the future will hold, it is important that we take educated guesses as to where our market is heading so that we can capitalize on it.*

Public Gaming International recently asked Lotteries and their suppliers to take a stab at predicting what may come to pass in 2004.

## **Anthony Molica, Chief Executive Officer, California Lottery**

As the newly appointed Chief Executive Officer for the California Lottery I look forward to leading the Lottery, in 2004, in growing sales and increasing contributions to public education. The successful fulfillment of the following projections will allow the California Lottery to achieve its goal of providing \$1 billion to public education for the fourth year in a row:

Technology, technology, technology. Technology will continue to play a huge part in our success. Technology will help facilitate providing better and more efficient delivery services to our retailers, as well as enhancing interactivity for our players. We are already taking full advantage of technology with our January, 2004 implementation of our online gaming system. This technological conversion is the largest conversion in lottery history the world over.

To keep the California Lottery successful in 2004, we will need to continue to act as a strong and progressive business, remaining focused on sales, marketing and retailers.

The California Lottery will continue its best practices of conducting constant review of games and products, ensuring that they remain fresh and new.

The California Lottery will consider if joining a multi-jurisdictional game, such as PowerBall or Mega Millions would be beneficial to our players.

Furthermore, we will meet with California legislators to pursue legislation that will allow the Lottery to have a higher prize payout, have more creative marketing approaches and explore obtaining more discretion on unclaimed prize money.

## **D.C. Lottery and Charitable Games Control Board**

For Fiscal Year 2004, the D.C. Lottery and Charitable Games Control Board is focusing on operating more efficiently in order to achieve its sales and transfer goals.

To that end, the Lottery is concentrating on operating efficiencies, conducting an agency assessment, and benchmarking its business processes. The Lottery is moving towards a computerized draw to improve efficiencies. It is also looking to purchase its Instant "scratch" tickets based on the percentage of sales.

As a mature lottery, the agency wants to ensure that it has the right functions to achieve its goals, and that the people staffing those functions are adequately equipped to meet current market challenges. Therefore, the agency will undergo an assessment designed to evaluate personnel and jobs in regards to market requirements.

Benchmarking will allow the Lottery to compare and assess its business processes by providing it with data to better address market questions, for example, market penetrations, profitability and other performance based measures.

## **ILTS**

The lottery industry will continue to explore alternative channels of distribution to boost sales. More and more lotteries will offer account betting sales to customers through the Internet and Interactive Voice Response through traditional touch-tone telephones as a convenience to players. This will allow regular players a convenient way to play their regular numbers.

The alternative distribution channel with the most promise is Short Message System (SMS) through cellular telephone networks. This method of play is inexpensive, appeals to a younger demographic, and can be spontaneous. It can offer numerous options for payment. Development of non-traditional and instant type games through SMS will make this new channel an area of significant growth potential.

## **Intralot**

Some of the main key factors that will contribute to the growth of the gaming sector, are:

- \* Development of systems exploiting alternative sales networks, such as internet, fixed and mobile telephony and digital TV, bringing the customer closer to playing games through an inexpensive sales channels.
- \* Player preferences are shifting towards new generation "Knowledge-based" games such as fixed odds betting.
- \* Traditional distribution networks are beginning to offer additional services such as bill payment, ticket issuing, money transfers etc. utilizing advanced applications.
- \* The introduction of new generation games featuring frequent draws and offering superior entertainment value and high prize pay outs is expected to increase gaming sales worldwide.
- \* The proliferation of multi-jurisdictional games, extending the market and customer base and distributing enormous prizes.
- \* New markets are opening up as Governments are realizing budget revenues could be enhanced by outsourcing the operation of games to third party suppliers. In addition, lost state taxes could be recouped by clamping down the illegal gaming market.

## **Jan Kessinger, President, HKC, Inc.**

Multi-dollar games will continue to grow, both in demand from consumers and offerings from lotteries. Along that trend, consumers will look for multi-dollar online games. LSRs will face tougher competition for shelf space and attention at retail. More of a consumer products' sales approach will be demanded by retailers.



### Jose Luis Aranda, General Manager of CIRSA INTERACTIVE

Technology will play a big and necessary role in the lottery business in 2004, the changes in the lottery industry possibly will come from the threats of the other competitors that should reduce their growing capacity or market share and costs, and the latest technology applications.

Talking about the emerging markets, it is sure that new types of commercialization will be settled. As consumers continue to adopt new technology such Internet and wireless devices to simplify their lives, their buying patterns will evolve.

In fact, the lottery industry cannot change dramatically in short periods of time. The new media applications such as Internet and interactive television are evidently here to stay and the number of mobile devices will also continue to grow where games are viewed as the potential "killer" application. Lotteries cannot afford to turn a blind eye to these developments and must consider the business opportunities of being able to offer customers the choice of whether to place their bets over the Internet, TV, mobile devices or in traditional retail outlets, or through the popular VLTs.

In that way, Cirsa Interactive is eager to invest in the new gaming opportunities, applying the latest computer and telecommunications technologies to on-line network game control systems in order to offer new ways of gaming. The convergence of the gaming, leisure, software and telecommunications industries open up a whole new range of business opportunities.



### Joseph Sullivan, Executive Director Massachusetts Lottery

Lotteries will continue to search for new ways to grow revenue for states during this slowed economy. Player activated terminals that sell online and instant games will begin to replace instant ticket vending machines. Lotteries will introduce instant games with higher price points and payout percentages as a way to increase revenue. As popularity for Keno grows, lotteries will consider the addition of additional monitor games.

### MDI Entertainment

**Special guest star predicts lottery's 2004 future:** MDI Entertainment's 2004 industry predictions come from the newest member of our licensed celebrity family, the world's foremost mentalist, star of a recent New Jersey Lottery TV commercial and now available for YOUR licensed lottery promotions and advertising campaigns – Ladies and Gentlemen, please welcome **The Amazing Kreskin!**

\* Continuing the trend of the past six years, the number of different licensed lottery games being sold 2004 will be at an all-time high.

\* Ford Mustang will be the New Licensed Lottery Property of the Year in 2004.

\* I see big news about a classic licensed lottery brand coming soon.

\* Player activated terminals that combine both on-line and instant tickets will take root in 2004.

\* The number of instant



game introductions will decrease while instant sales continue to increase.

- \* Lotteries will look to energize on-line sales through licensed on-line games and promotions.
- \* As fiscal pressures continue, lotteries will look for new ways to partner with vendors to streamline costs and improve bottom lines.
- \* Lotteries will continue to leverage the brand equity associated with licensed properties by partnering with MDI.
- \* Lotteries will take steps to add entertainment value to the traditional scratch game product with products like the electronic game card.
- \* At least one lottery will start accepting wagers over the telephone.

### Michelle Carinci, President & CEO

#### Atlantic Lottery Corporation

2004 just may be the year that industry innovators turn vision into reality.

Concerned about staying relevant to players, the industry is recognizing that "content is king." Innovators will focus their efforts on the development of games that are relevant to our existing and future marketplace. The "Innovators" may also be the ones to recognize that the whole is greater than the sum of the parts and join together to explore the next frontier.

More lotteries will extend their products and services through electronic gaming.

The appropriate balance between consumer protection and revenue opportunities will be integral to public and political approval. The industry will begin to examine and create a global approach to social responsibility.

Wish list or reality? Time will tell as 2004 unfolds.

### New Zealand Lotteries Commission

New Zealand Lotteries Commission (NZLC) Chief Executive Trevor Hall predicts continuing strong sales for the organization in 2004, with the community reaping the benefit of these strategic initiatives:

- \* Limit on Powerball jackpots raised from \$15 million to \$30 million
- \* Refined version of Lotto launched
- \* Exciting new mid-week game introduced
- \* Retail model changed and grown significantly
- \* Systems made capable for interactive gaming
- \* A new organizational identity launched, making clear the link between NZLC profits and community benefit.

### Oberthur Gaming Technologies

Competition from other forms of gaming will continue to increase, which will result in the fading of geographic boundaries and the end of the Lotteries' monopoly. More than ever, Lotteries need to work hand in hand with their vendor, invest in research and diversification, and develop new ways such as Internet and mobile gaming to expand their client base and increase their revenues.

### Ryan Lester, Clearr Corporation

In 2004 lottery suppliers will continue to explore new, innovative ways for the gaming industry to market their games. Motion displays will play a roll due to their ability to attract attention and generate interest.

### Scientific Games

Lotteries will take a closer, more serious look at the unique benefits of a *Fullline*™ single-supplier model, which is based on the premise that a lottery can optimize its revenues to a greater extent

when able to view its full range of products as a total business entity, without bias. This collaborative, unencumbered partnership model is designed to produce a system solution that minimizes the burden on consumers, retailers, and the lottery, while simultaneously giving the lottery the flexibility to capitalize on all profitable opportunities. A key benefit of the *Fullline* model is that it results in a much more effective product/promotion development effort because the lottery and its supplier can direct resources faster and more efficiently to take advantage of opportunities at the moment they become available. We believe the *Fullline* model is the future of our industry and why we continue to put the critical building blocks in place to allow lotteries to make the most of its many benefits.

Lotteries will also look more closely at creative ways to apply to the on-line category of games many of the marketing principles that have led to the instant product's steady and remarkable growth over the last 13 years. This belief is one of the primary reasons for our recent acquisition of IGT Online Entertainment Systems, which brings to us, and ultimately to our on-line customers, several exciting patent-pending intellectual property game concepts.

And lastly, we see tremendous growth potential for the instant game category in Europe and for video lottery systems on a global scale. We also believe lotteries will continue to tap into new revenue streams from alternative distribution channels, including the Internet, cell phones, PDAs, and self-service dispensing kiosks. In each of these areas, Scientific Games already has the products, technology and people in place to help lotteries begin to capitalize on this next wave of significant growth.

### Scitex Digital Printing

Looking toward the future, particularly in the scratch off ticket market, the introduction of digital full process color will be an added value feature. The complete ticket can be produced digitally. This will give the producer the ability to produce games in short runs and it will give their marketing departments greater flexibility in designing the gaming portion of the ticket because now they will have full color at their disposal and not just black.

### Virginia Lottery

- \* Daily games available via cell phone.
- \* Some instant-win games available only on the Internet.
- \* Increased multi-state collaboration on games and purchases.
- \* All new lotteries will be corporations or authorities, not state agencies.
- \* Existing lotteries will explore privatization, including new and innovative partnerships with vendors.
- \* Lotteries and vendors will explore integration of lottery equipment with existing retail equipment (cash registers, ATMs, vending, etc.)
- \* An increasing number of lotteries will offer higher-priced instant tickets.
- \* Video lottery and keno will become standard lottery products.
- \* Ability to purchase lottery tickets with credit.
- \* Development of Internet-based lottery games combining traditional lottery gaming with preferred customer club-type benefits.

### Ken Nakamura, Washington Lottery Director

Game Innovation: Online games mature quickly, and player interest peaks and wanes faster than ever. We must keep games exciting, offer variety in game styles and prize levels, and allow players to "participate" in games.

ITVM options have grown, even including online game functions. Washington Lottery continues to test options to help retailers reduce costs and sell more products. Some possible options for the future: Two-way communication with system instead of one-way; adding Quick Pick online screen; incorporating age-check function

Business Partners: Searching for the right business partners has often meant looking for a single source to provide a comprehensive package of services. We can use the RFI and RFP process to package the best cutting-edge technologies, cost-cutting efficiencies, and innovative services from multiple partners.

The Right Staff: High tech requires high touch, which means balancing technology with a strong emphasis on social software.

While I'm new to the Lottery industry, I'm not new to business, and one theme marks every industry in which I've worked. Successful businesses rely on quality staff, in the right positions, who can anticipate the needs of customers. Empowering talented employees to take risks, be creative, and listen to ideas at all levels does more to ensure success than searching for the next silver bullet.

### Wincor Nixdorf International GmbH

Customers are now flooded daily with advertising information that is inevitably filtered by rough criteria. That means that the only information that gets through is information that is tailored to the target group in multimedia form and is a direct aid in decision-making. That is why direct advertising at the point of sale has grown in importance for sales in the past years. Customers want to be informed about a product and entertained at the same time. This masterly blend has a name: infotainment. Traditional print media at the point of sale no longer meet this need. Genuine multimedia solutions such as large customer displays and TV monitors that are coordinated online by an editing system are required. Experience from the retail sector has shown that this form of multimedia sales support helps boost sales. And what is successful in retailing can be applied automatically to the consumption behavior of lottery customers.

The goal is to make it as easy as possible to make a spontaneous decision in favor of a product, in this case a game, at the widest range of locations. A clear sign of this is the trend toward self-service. Lottery products are no longer sold just at especially equipped outlets that customers must seek out separately. The lottery outlet is shrinking to become a self-service terminal that offers all the main functions and can be deployed at places that are already strongly frequented, such as shopping centers or public transport terminals and stations. Lottery comes to the customer, not the other way round. In the future, up-to-date lottery companies will be able to offer a broader range of games far more economically, address new target groups and slash their personnel costs at the same time. That's why we're convinced that self-service solutions will become established successfully in the lottery market as well.

Wincor Nixdorf has been quick to recognize these trends. We can support lottery companies with economically and technologically mature self-service and multimedia products - products that already offer options for meeting the increasing demands for customer service and loyalty in the future. ■





# Scientific Games – Full Speed Ahead

## Winner of the Tennessee Lottery Instant Games Start

*Scientific Games recently completed the acquisition of IGT Online Entertainment Systems, won the bid for Tennessee's instant tickets and related services, won the on-line contract for the North Dakota multi-state game start-up, and signed a large contract to provide instant tickets and related services to Italy. At the same time it has introduced several new products and services that could have a significant impact on the lottery industry. PGI magazine's publisher, Duane Burke, spoke with Lorne Weil, chairman and CEO of Scientific Games, in an attempt to uncover the secrets to their continuing success.*

**Public Gaming International (PGI):** *What can you tell us about Scientific Games' win of the Tennessee Education Lottery Corporation start-up and its prospects for the future?*

**Lorne Weil (LW):** The start-up of the Tennessee Lottery has attracted an unprecedented amount of attention as you know. The time frame is very short and the start-up needs to be flawless. We believe the prospects for Tennessee are pretty terrific in that they have wisely chosen a lottery director with significant lottery experience who guided the Georgia Lottery to double digit growth almost every year of her tenure. During those years we worked very closely with the Georgia Lottery to ensure their success and we are gratified to be given the opportunity to work with Ms. Paul again. This is a great responsibility and we are confident that we can deliver.

**PGI:** *Scientific Games has a rich history of lottery start-ups. Please elaborate on this topic.*

**LW:** From the mid 70's to the mid 90's we were the start-up supplier for 22 of 30 new instant lotteries in the U.S. Recently we were the Fullline™ start-up supplier (instant, on-line and related services) in South Carolina, have been named start-up supplier for instants in Tennessee and also for North Dakota's on-line lottery. This past summer we started the world's first entirely wireless on-line lottery in Peru and we are very excited about having been chosen to do the upcoming start-up in Italy, which as you know has been in the works for nearly three years.

But Scientific Games has always been known for being innovative so maybe that's one of the reasons we get chosen so often. To better serve our customers and differentiate ourselves, we are always searching for new ways to sell more tickets, more efficiently. For instance, when we started up the South Carolina on-line lottery, we deployed the first "Virtual Private Network" or VPN and in Iowa we installed a combination of ISDN and fiber optic lines, as well as using satellite technology, and traditional T1 communications.

Back in 1985, we pioneered what we call "Cooperative Services," which allows us to partner with our customers to run their lotteries at maximum efficiency. This model typically has produced significant sales growth in lotteries embracing the concept. We also started up the first multi-state game in the U.S. with Maine, New Hampshire and Vermont. Over the 30 years since we invented the

first secure instant ticket, we have been responsible for many of the industry's most significant advances.

**PGI:** *What is your background and what do you bring to the company as its CEO that you think is important?*

**LW:** In the past I was a strategy consultant with the Boston Consulting Group and a corporate vice president of General Instrument Corporation when the latter pioneered gaming technology in the United States. So my experience is a combination of strategic thinking, technology development, gaming markets, and general management, which is pretty much what running Scientific Games is about these days.

But our success is dependent on all of our 3400+ people, their experience and training, dedication to the job, and creative ability. In fact, we have about 50 people who have worked for lotteries in the past, so they know our customers first hand and exactly what they need. They realize the critical importance of creating and delivering ideas that work in the real world. Our employees are definitely our most valuable resource.

**PGI:** *The Scientific Games Corporation, as we see it today, is a much different company than existed prior to the acquisition of Scientific Games by Autotote. Please talk about the evolution of the company under your leadership.*

**LW:** Our objectives over the last three years have included increasing customer responsiveness, broadening and strengthening our product and technology portfolio, and injecting more entrepreneurial spirit into the company. I think we have done a good job in each of these, and the results have allowed the company to become much larger and much more profitable.

Looking ahead, the strategy is pretty much the same - deliver more entertainment content that attracts more players and increases per capita lottery spending so states raise more money for good causes. Some recent innovations include AccountPlay™, PlayCentral™, Convenience Central™ and our LC3™ electronic game cards, all of which could expand sales. AccountPlay is a system that lets lottery players buy a prepaid lottery card at the retailer and play the lottery from a computer or on the phone at their convenience. PlayCentral represents a new generation of self-service ticket vending machines;

Convenience Central™ is the new vending solution that brings lottery vending right to the cash register at large, multi-lane stores, without disrupting foot traffic. LC3's (electronic instant lottery tickets that are currently being tested by the Iowa Lottery) allow lottery customers to play 80 instant games on a single card, making the fun last much longer than traditional instant scratch tickets.

**PGI:** *Scientific Games has been a full-service lottery supplier for some time now - what does the acquisition of IGT Online Entertainment Systems do for the Corporation?*

**LW:** In the last several years most of the growth in the North American lottery industry has come from the instant product. Looking ahead, our objective is to generate growth in our on-line sector that parallels what we have seen in instants. The OES acquisition gives us the critical mass of customers that we need to support game and content development, and just as importantly, a tremendous intellectual property portfolio to build on.

We believe we can bring much faster growth to the on-line lottery business by applying many of the principles we use in our instant ticket business. For instance, when we convert customers to our Cooperative Services, they are able to significantly increase revenues and profits. We can do that for on-line customers, too. In addition, if we are able to apply the same kind of creativity in game design, play styles, and graphics to the on-line side, we should see greater sales growth. That's why we're so focused on research and development at Scientific Games; we know it's the best way to keep increasing our customers' sales, and, by extension, our own revenues.

**PGI:** *What has the acquisition of MDI Entertainment done for Scientific Games?*

**LW:** MDI gives us product that we can sell to lotteries outside the boundaries of the traditional RFP process, including lotteries that may not otherwise be instant ticket customers of Scientific Games. The entertainment value of the games themselves is among the important reasons that the instant market has had such healthy growth. For example, we think it is fairly significant that in spite of their long-standing position as Number 1 in instant per capita sales, the Massachusetts Lottery set a \$5 game sales record this past summer with Harley-Davidson. We are constantly expanding our portfolio of licenses to keep the lineup fresh. In the past year we obtained the rights for the National Hockey League, Beach Boys, and Ford Motor Company, among others. We also renewed the rights for the ever popular Elvis Presley and Harley-Davidson brands. We have seen great growth from MDI products this year and expect to keep the momentum going by applying licensed properties to the on-line business.

**PGI:** *What are the Corporation's primary, stated goals and how are you going about achieving them?*

**LW:** Everything starts with the customer, as we've been talking about, where the goal is to provide technology, products and services that help the customer maximize growth and profitability. By being completely focused on that objective, we achieve our internal goals to grow shareholder value.

**PGI:** *Do you see the Internet as becoming more of a factor for lotteries in 2004, and what is Scientific Games doing to serve its customers with the Internet?*

**LW:** During 2004 we anticipate introducing Internet-based electronic instant games in the United States. We think our new AccountPlay prepaid card system will have an important impact on the evolution of this segment of the market. And we see continued growth in our MDI Internet-based second-chance drawings where lottery players get a second chance to win prizes like vacations to exotic resorts, Ford cars, and Harley-Davidson motorcycles, by submitting their losing ticket identification codes through the Internet.

**PGI:** *How do the various parts of the company contribute to revenue and profits?*

**LW:** Following the acquisition of OES about 40% of our revenues will come from instant ticket products and services, 30% from on-line lottery, 20% from racing, and 10% from phone cards and other products. Profits are pretty much proportional to revenues.

**PGI:** *Where are the growth opportunities for the company?*

**LW:** We see tremendous growth in the instant ticket market outside the United States, with Italy leading the way in 2004. As mentioned earlier, we are very excited about the prospects for organically growing the revenues of our existing on-line customers through the introduction of new on-line games. We see great growth in lottery retail systems, including our recently introduced PlayCentral™ self-service lottery kiosk. We are expecting significant growth from alternative distribution channels, including the Internet, cell phones, and PDA's, as lotteries adopt our AccountPlay system. And, lastly, we are forecasting explosive growth in video lottery systems, a business that ideally marries our roles in the racing and lottery industries, and one in which we have significant experience. We have always been a company leading the way with advances in systems technology, and 2004 will be no exception.

**PGI:** *Thank you, Lorne. Your vision of growth combined with your staff, rich in experienced lottery people, and a spirit that has resulted in so many "firsts" in the lottery industry, are obviously the secrets to Scientific Games' success and portend even greater success for the future.*



As Albert Camus once said, "You cannot create experience. You must undergo it." Today, there are at least 50 Scientific Games staff members who have previously been employed by lotteries in top management positions, such as executive directors, deputy directors, sales and marketing directors, product managers and operations. This breadth of experience gives Scientific Games keen insight into the needs and wants of lotteries, and a broader appreciation of the critical importance of creating and delivering ideas that work in the real world. Pictured here are only 10 of the 50+ Scientific Games staff members who have direct lottery experience.

Back row, left to right: Jeff Martineck (Connecticut Lottery 1990-2001); Frank Graeff (New Jersey Lottery 1983-1987); Sam Wakasugi (Washington State 1982-1993, and Arizona 1993-1997); Gayle Kennedy (Florida Lottery 1987-1998); Paul Guziel (Illinois Lottery 1998-2002); Eric Turner (Massachusetts Lottery 1992-1995); and Bob Kowalczyk (Ohio Lottery 1987-1991, and Florida Lottery 1991-1995).

Front row, left to right: Kelley Wallace (Kentucky Lottery 1989-1994); John Paul Candler (Virginia Lottery 1993-1997); and Charlie Scannella (New Jersey Lottery, 1982-1986), 2003 recipient of the prestigious Powers Award.

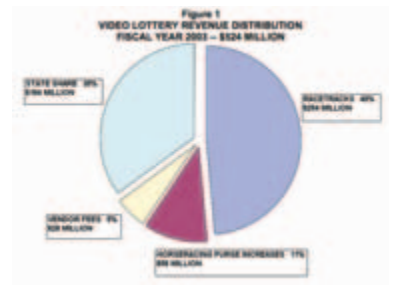


# Scientific Games Firsts

- 1973 Develops algorithmic solution that permits production of world's first secure Instant Lottery® game.
- 1974 Prints world's first secure Instant Lottery® game (25 million tickets for Massachusetts Lottery).
- 1975 Develops first back-office system for Instant Lottery® game accounting and validation (Illinois, Michigan and Maryland lotteries).
- 1975 Introduces retailer validation codes, a security method allowing retailers to confirm low-tier winning tickets and correct prize amount, safeguarding them against fraudulent attempts to cash non-winning tickets.
- 1976 Pioneers collector cards in connection with the Instant Lottery® game.
- 1976 Provides New York Lottery with its first Instant Lottery® game (125 million tickets). Quantity hastened search for technology to replace sheet-fed printing.
- 1977 Implements first computer-controlled ink-jet imagers for printing variable data in the play area; innovation would soon render obsolete the sheet-fed method of printing Instant Lottery® tickets.
- 1977 Pioneers marketing concept of keeping Instant Lottery® games on sale at all times; previously, a game was allowed to sell out before replaced with a new one.
- 1978 Introduces label games, in which self-adhesive labels are applied to various products in creative ways.
- 1978 Prints industry's first ink-jet imaged tickets (United Kingdom, Littlewoods).
- 1979 Pioneers concept of offering players multiple playstyles on a single ticket (Ladbrokes - United Kingdom).
- 1980 Introduces doubling and add-up features on instant games (Michigan).
- 1981 Introduces zip-code-based analysis as a lottery market research tool.
- 1981 Start-up supplier to Arizona Lottery.
- 1981 Develops software to meet customer demand for more system functionality; initial implementation in Arizona paves way for telemarketing (Tel-Sell) and Guaranteed Low-End Prize Structure (GLEPS) accounting
- 1982 Introduces computerized weekly analysis of sales trends as another market research tool for lotteries.
- 1982 Introduces off-line dual pass printing, significantly enhancing instant game security once tickets are distributed to retailers.
- 1982 Start-up supplier to DC Lottery.
- 1982 Start-up supplier to Washington State Lottery; implements industry's first automated Tel-Sell marketing system.
- 1982 Introduces retailer validation codes on instant tickets to further enhance security of the product.
- 1983 Introduces lottery industry to Values and Lifestyles (VALS) psychographic consumer research.
- 1983 Introduces Bonus Play, a direct mail coupon promotion based on market analysis.
- 1983 Introduces enhanced computerized accounting system for instant tickets.
- 1983 Start-up supplier to Colorado Lottery; introduces instant game progressive jackpot prize wheel.
- 1984 Introduces video instant games in Illinois.
- 1984 Introduces Instant Lottery System (ILS), the industry's first integrated software package for accounting, distribution, inventory control, marketing and validation.
- 1985 Pioneers Cooperative Services Program (CSP) concept in New York, a shared-risk concept to streamline a lottery's operations, reduce its costs and maximize its revenue.
- 1985 Debuts the first multi-state on-line lottery game in the U.S. (for Maine, New Hampshire and Vermont).
- 1985 Introduces LION, the industry's first on-line retail terminal with a built-in, animated, full-color consumer display for advertising to the consumer at the point of sale.
- 1985 Start-up supplier to Oregon, Iowa and California lotteries.
- 1986 Introduces WIN Code (Winner Integrity Number) system to detect delaminated tickets.
- 1986 Start-up supplier to West Virginia and Missouri lotteries.
- 1987 Start-up supplier to Montana Lottery.
- 1987 Develops and introduces technology enabling ink-jet imaging of bar codes on instant tickets (Vermont).
- 1987 SG system helps launch LottoAmerica, predecessor to Powerball® game.
- 1988 Start-up supplier to Florida, Virginia & Wisconsin lotteries.
- 1988 Introduces synchronized ink-jet imaging technology enabling lotteries to print play data and validation information on the front of the ticket and move the bar code to the ticket back (Maine).
- 1988 Integrates first-ever bar code system into ILS II (system) for instant ticket validation and full cross-redemption with GLEPS accounting (players no longer required to cash winning tickets at same retailer where purchased).
- 1989 Debuts industry's first open on-line lottery system, for Austrian lottery.
- 1990 Start-up supplier to National Lotteries in Mexico and Taipei, Taiwan
- 1992 Introduces industry's first bar-coded pull-tab tickets (Kentucky).
- 1992 Pioneers technology (Terra 2000®) allowing instant tickets to be printed securely on recyclable, plain paper instead of non-environmentally friendly foil-laminated card stock.
- 1993 Start-up supplier to Georgia, Nebraska and Greece lotteries.
- 1994 Start up supplier to the Netherlands and Virgin Islands lotteries.
- 1995 First industry supplier to receive ISO 9002 certification of its quality management system in the U.S.
- 1995 Introduces automatic, one-step, keyless validation of instant tickets (SciScan Technology) that eliminated retailers' required a three-step manual process.
- 1995 Start-up supplier to the United Kingdom National Lottery.
- 1996 Produces first full-function bar-coded pull-tab tickets (Kentucky) enabling them to be validated the same way as instant tickets.
- 1996 Introduces dual-color imaging on instant tickets (Delaware).
- 1996 First supplier to bring open system solution (AEGIS®) to U.S. lottery industry; previously, proprietary closed systems dominated on-line lottery operations.
- 1997 Introduces first secure instant probability games (Winner's Choice™).
- 1997 Start-up supplier to National Lottery in Zimbabwe.
- 2000 Industry's first simultaneous, dual on-line system conversion (ME & IA).
- 2002 Fullline™ start-up supplier (instant and on-line) to South Carolina Lottery; introduces industry's first Internet Protocol Virtual Private Network (IP VPN) telecommunications system to securely transmit data between central system and online terminals for greater communications cost efficiencies and flexibility.
- 2002 Introduces Colormark™ marking system so players can more easily identify winning patterns on Extended Play games (e.g., Bingo, Crossword)
- 2003 Introduces Remote Color Signoff™ system allowing lotteries to sign-off on press proofs from their own offices without travel.
- 2003 Introduces Touch-Tabs™ (electronic pull-tab games) and Touch-Tabs™ kiosk (self-service electronic pull-tab dispensing device).
- 2003 Introduces PlayCentral™, the world's first interactive, full-function, self-service lottery kiosk as a total solution for the retail automation of the sale and accounting of all lottery products, including up to 28 instant games and multiple on-line games.
- 2003 Introduces Convenience Central™, a new vending solution that brings lottery vending right to the cash register at large, multi-lane stores.
- 2003 First supplier to bring real-time on-line transaction processing to Latin America; first to deploy a fully cellular wireless lottery communications network in Peru.
- 2003 Introduced LC3™ as the first electronic game cards (testing in Iowa).
- 2003 Named start-up supplier to the Tennessee Education Lottery Corporation.

# Video Lottery

## and the Transformation of the Delaware Lottery



When lotteries, states and provinces want to find out how to run a successful video lottery operation, they often turn to the Delaware Lottery. It's no secret that the Delaware Lottery has had great success with its video lottery operations — or that the addition of video lottery in 1995 transformed the Delaware Lottery.

The most dramatic change in Delaware resulting from the addition of video lottery was a significant increase in revenue. Today, because of video lottery, the Delaware Lottery is the third largest source of contributions to the state's General Fund. This increase also dramatically changed the Lottery's profile as a state agency. According to Director Wayne Lemons, "becoming a major contributor to the quality of life in Delaware has given us a much more prominent role in the state."

### Legislating Success

The success of video lottery in Delaware is a result of many contributing factors, said Lemons. Most of these factors are detailed in the legislation that regulates video lottery in the state. Video lottery was initially approved by the Delaware Legislature when they passed the Horse Racing Redevelopment Act of 1994. In 1995, the Lottery - via a process that included public hearings and other forms of community input - finalized the Video Lottery Rules & Regulations. In 1998 and 2003, additional legislation passed that removed a sunset clause, gave the Lottery power to impose sanctions, and made other adjustments to the original Act. These three pieces of legislation, along with the Rules & Regulations, establish the framework under which video lottery operates in Delaware.

### "Racino"

In Delaware, video lottery play takes place at the state's three existing horse racing tracks, sometimes referred to as "racinos." Lemons explained that because gambling was already taking place at the tracks, putting video lottery at the same locations was more acceptable. In addition, the tracks already had age and other relevant restrictions in place, as well as systems to assure compliance with both the legislation and the Video Lottery Rules & Regulations.

When video lottery began operations in 1995, the legislation specified a maximum of 1,000 terminals per racetrack. Update legislation increased the maximum to 2,500 terminals per track. Two of the three tracks are expected to reach this limit by the end of the first quarter of 2004. Both traditional "spinning reel" and video

terminals are in use at all three tracks. Deputy Director Video Lottery, Don Johnson says that allowing both terminal types has contributed significantly to net proceeds. According to Johnson, "The mix provides both variety and a certain degree of comfort, since many of the older players are more familiar with the mechanical reel terminals." He notes, however, that acceptance of video terminals is increasing rapidly. About seven percent of the machines installed in 1996 were video terminals. Today, they represent about 36 percent of all terminals.

### Managing the Money

Delaware's Video Lottery Rules & Regulations limit wagers to a maximum of \$100 for any single game outcome. There is no maximum award limit, and prizes often reach thousands of dollars. The law also states that all games must return to the players between 87% and 95% of all wagers on an annual basis. Games can return above 95% with the Lottery Director's approval.

The Lottery collects all proceeds from each racetrack once a week. These amounts are determined by the lottery's central computer and disbursed as mandated within three days. The chart (Figure 1) shows how the funds are distributed as well as the total dollar amounts distributed in fiscal year 2003.

### Delaware Video Lottery Today

More than 2,000 jobs have been created in Delaware by video lottery operations. Higher levels of play have occurred as tracks added terminals, improved their marketing and promotions, and offered more unique,

different and attractive games. The recent addition of progressive jackpots linked between tracks (Wide Area Progressives) has further elevated both prize amounts and play levels. Delaware is currently working with West Virginia and Rhode Island to link terminals in all three states to form a "Super Wide Area Progressive" or SWAP. Prize levels for SWAP could reach \$1,000,000. Other states are expected to join as they adopt video lottery.

Sales figures for video lottery in the five states that offer video lottery are now greater than the sales figures for the 23 participating states offering MUSL's POWERBALL(r). In Delaware, the win-per-machine average is about \$250 per day, compared to about \$100 per day for machines in Las Vegas. Of course, Lottery Director Lemons points out, Las Vegas has a few more machines. ■

*Additional financial data, Rules and Regulations, and other information on video lottery in Delaware are available at [delottery.com](http://delottery.com).*

*POWERBALL is a trademark of the Multi-State Lottery Association.*





# Lotteries are Winning Big with Licensed Properties

Licensed properties are continuing to play a significant role in the product offerings of many lotteries. Public Gaming International recently surveyed North American lotteries to find out what licensed products were offered in CY 2003, and how players reacted to them.

## Arizona

The Arizona Lottery offered two licensed games in CY 2003 - Harley-Davidson and Slingo. This is the second time Arizona has offered Harley-Davidson.

The Lottery promoted both games on road trips and at popular venues such as the State Fair.

In the Arizona's first Harley-Davidson ticket, the Lottery partnered with a local Harley dealer and, as a result, experienced an escalation in the excitement level surrounding the ticket.

## Atlantic

The Atlantic Lottery Corporation offered five licensed instants in Calendar Year 2003: Monopoly, Yahtzee (2), Twister, and Price is Right. Of these, Monopoly has been offered twice as an Extended Play game; however, it was launched this year as a Quick Play game.

The prizes for these games have been cash-based - \$30,000, \$20,000 and \$10,000 top prizes have been featured. Payout for Yahtzee, Price is Right, and Monopoly were 57%, while Twister was the usual 55% payout.

Monopoly and Yahtzee received no promotional, POS, or advertising support. Price is Right is being promoted with a radio promotion, while Twister was launched with a promotion at lottery kiosks.



## California

The California Lottery offered one licensed instant in Calendar Year 2003 - NBA. This was the first offering of the game. Total prize payout for NBA was 58.08%. Cash prize payout was 52.3%. Average prize payout over all \$2 games in

FY03 was 56.8%.

The Lottery has tried in the recent past to make sure that it has location tie-ins with licensed games (Harley-Davidson, Elvis). People always seem to be enthusiastic at the locations. This didn't change with the NBA ticket, as players seemed particularly interested in the trips and tickets that were offered in the second-chance drawing.

To promote the game, the Lottery did giveaways at NBA games, as well as having a Lottery table set up in the concourse of Sacramento Kings games. Also, having second-chance drawings available on the internet ramped up participation immensely-about 60% of the entries for the NBA second-chance were done on the internet.



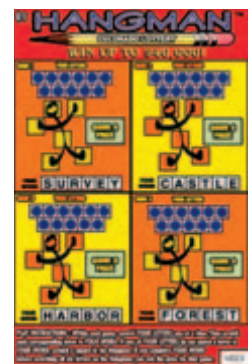
## Colorado

The Colorado Lottery offered eight licensed instants in 2003: Dilbert, Bonus Slingo, Hulk, Pink Panther, Trucks & Bucks, Will Bullas Holiday Series, Season's Greetings, and Caribbean Cash. In 2004 the Lottery has already approved Betty Boop, Price is Right, Hangman and Blazing 7s. Of these, Slingo and Trucks & Bucks have been offered on a previous occasion.

Typically the prize payout for licensed games is the same as a "normal" game. Occasionally, if a game includes merchandise, it will be increased from 1% to 3%.

The Colorado Lottery has found that cash prizes are still king with its players. The Lottery has not had great success with merchandise prizes in Colorado. Trucks & Bucks was actually a redesigned ticket resulting from the original game not selling out. And, Harley Davidson, introduced in CY2002, did not have the same success that it has had in other states.

Most Colorado licensed properties are supported with POS due to their familiarity with the public, however, they typically are not advertised through other means (TV or radio). Often licensed games are supported with promotional efforts. For Caribbean Cash (launched in Dec



## LICENSED PROPERTIES

2003), a variety of promotions are planned that will include vacation package giveaways.

The Lottery has noticed a trend where location tie-ins escalate the excitement level of a licensed instant. This is a big reason why they offer licensed properties. The Lottery tries to get as much excitement at retail, through promotions and with PR as possible. Although tough to measure, a goal of licensed games is to appeal to non-traditional players, which includes communicating with them through tie-ins. The Lottery's new strategy with licensed and merchandise properties is to lower the print runs and get them in and out of the market with as much "buzz" in the marketplace as possible.

The Colorado Lottery has had various activities at events to promote its licensed games. For example, for Cash Avalanche the Lottery bought several Chevy Avalanche vehicles, wrapped them to promote the game, and used them to raise excitement at special events all summer long. The Lottery also has two games launching in 2004 that will feature a second-chance element where players can win prizes for themselves, as well as their favorite charity. One will be called Win Win Cash (any charity) and the other Dog Gone Lucky, which has a top prize of \$5,000 going to the winner, and \$10,000 to any animal related non-profit they choose. These games are not licensed products but fall into the category of games "beyond the ordinary."

### Connecticut

The Connecticut Lottery offered 2 licensed games in CY03: #507 – Race for Cash (NASCAR theme), launched on February 20; and #502 - Slingo, also launched on February 20. It was the first run for each game, and Slingo was eventually reordered due to initial strong sales.



In Connecticut, the only prize that has been popular is cash. Slingo was cash only. With Race for Cash, winners had the option of a Trip to any NASCAR race and an entire prize package, or the \$6,000 cash equivalent. The Lottery gave away 9 "trip" prizes, and all 9 winners opted for cash.

The payout for each licensed game was right in line with the average for a non-licensed game. Slingo was more profitable than the average \$5, and Race for Cash was near the bottom of the profitability list for all \$2 games.

The Lottery did not do any additional promotion for Race for Cash, using only its standard POS. For Slingo, the Lottery had an interactive web-demo on the front page of its website and ran a radio spot.

### D.C.

The D.C. Lottery ran six licensed games FY 2003: Auto Show, Harley-Davidson, Instant Monopoly, Spicy 8's Taste of D.C., Monte Carlo, and NBA Wizards. Of these games, only Monopoly had been offered in the past.

In D.C., players have been interested in all sorts of prizes, including cash, cars, motorcycles, trips and merchandise.

The D.C. Lottery uses POS, radio and newspaper ads to promote its licensed products.

### Illinois

The Illinois Lottery offered two licensed games in CY 2003, Elvis and Slingo. Neither game had been offered on previous occasions.

The Lottery does not do much in the way of advertising, but has had some very successful PR events surrounding their licensed products. In the past, the Lottery has offered MDI's licensed Harley-Davidson instant, and the motorcycles and merchandise packages associated with the game were very popular. Trips associated with licensed products have also been very appealing to players.

### Kansas

The Kansas Lottery issued only one licensed property in this calendar year - SLINGO from OGT- but the Lottery has, in the past, worked with other companies that provide licensed product. However, the Lottery has made partnerships with a number of local businesses and feels that path, for the most part, offers better sales, creates more excitement for players and produces a considerably better bottom line.

The Kansas Lottery has worked with automobile dealers, the Kansas Speedway, motorcycle dealers, Cabela's, and are presently about to issue a ticket with a Kansas meat producer. The Lottery has enjoyed success with most of these partners and, while it hasn't ruled out licensed properties, it is still experimenting with this other road.



### Louisiana

Over the past few years, the Louisiana Lottery Corporation has averaged approximately one licensed game per year. These have included Harley-Davidson, Elvis, Caesars Palace, Beetle Bailey and Dilbert. This year, the Lottery offered one licensed instant to its players- Slingo.

The Lottery averages nearly 60% in its payout on instant games, and is unable to increase that payout for licensed games. In Louisiana, licensed games are used to add variety to scratch-off product offerings through related prizes, but cash prizes are still number one with players.

The LLC has utilized TV, radio, print, POS and outdoor advertising to promote its licensed products. They've also issued press releases on the launch of the licensed games as well as promotional events. For example, they launched the Beetle Bailey game at a reception at the D-Day Museum in New Orleans.

Louisiana is fortunate to have a variety of fairs, festivals and "seasons," from crawfish to Mardi Gras. Tickets with these tie-ins consistently sell well and are a fixture on the Lottery's instant game schedule.

### Maryland

The Maryland Lottery launched four licensed games in CY 2003: Betty Boop, Celebrate the Season, Fortune Cookie, and



Trucks 'N Bucks. Of these, only Fortune Cookie has been offered on a previous occasion.

The Maryland Lottery, which uses the same payout percentage for licensed as non-licensed instants, has found that cash is still king when it comes to prizes.

### Massachusetts

The Massachusetts Lottery ran one licensed game in CY 2003 - Harley-Davidson. It was the first time the Lottery offered the ticket.

The Harley-Davidson instant ticket launch took place at a Harley-Davidson dealership where the public and local officials were invited. The promotion attracted local media and the attendees were treated to special promotional giveaways. From July through September the Lottery held thirty Harley Davidson promotions at retailers around the state. The promotions were well received by players and retail agents alike



Massachusetts has seen success with several non-cash prizes, including Harley-Davidson V-Rods and Sportsters, Caesar's Palace vacation trips, and Chevy Blazers.

### Ohio

The Ohio Lottery offered two licensed games in CY 2003 - NBA Instant Game and Instant Monopoly. This is the first year these games have been offered.

NBA Instant Game payout is 69%, avg. payout for \$2 instant is 63%. Profit is 18% versus the avg. of 24%. Instant Monopoly payout is equal to the Ohio Lottery's avg. \$2 instant payout of 63% with profit of 24%.



In Ohio, players always respond best to the cash prizes. However, the Lottery saw excellent results from a second-chance NBA merchandise and game ticket giveaway it recently conducted for its licensed NBA product. Over 40,000 entries were received for the drawing, and the Lottery announced 220 merchandise winners and two grand prize winners.

### Oregon

The Oregon Lottery offered seven licensed instants to its players in 2003, including: Scrabble, Bahama Bonus, Twister, Harley-Davidson, Let it Ride, Fortune Cookie, and Ultimate Cool Cash (Will Bullas). The Harley-Davidson ticket is being offered for a second time. All the rest of the tickets are seeing their first time in the Oregon marketplace.

Basically, the Oregon Lottery offers the same prize payout percentage on all games, regardless of them being licensed or non-licensed games. Although the Lottery has not conducted cost/benefit analysis on these games, typically, they have a

higher ticket order. This equates to a lower production cost per ticket, which helps finance the cost of licensing and royalty fees.

Overall, on average, in Oregon, licensed games perform at a higher sales rate than non-licensed games.

In Oregon, the annual advertising budget is developed to accomplish two things. First is to retain the Lottery's core audience and second, to expand its audience. The Lottery applies its advertising budget to products, programs and promotions that will help accomplish this objective throughout the year.

As is the case with licensed games, the Lottery promoted and advertised Twister and Harley because they felt that these games would appeal to both the core audience and appeal to a younger audience (21 - 34).

### Pennsylvania

The Pennsylvania Lottery has offered several licensed instants in the recent past. I Love Lucy, Hulk, The Pink Panther, and Magic 8 Ball have all found their way to Pennsylvania retailers.

I Love Lucy prizes included the chance to win merchandise associated with the TV show.



### Quebec

Loto-Quebec offered one licensed instant in CY 2003 - Charivari. The instant lottery Charivari is based on the mechanics of Jumble, a game registered by Cathy Frost Productions.

This is the first year that the lottery game Charivari is being offered. It was launched on December 1, 2003. All Charivari prizes are in the form of cash.

Because Charivari has been on the market only since December 1 and because the sales period is not yet over, it is too early to establish a difference in popularity between this type of product and regular products.

The Lottery has promoted the launch of Charivari through posters at 10,00 points of sales.



### Rhode Island

The Rhode Island Lottery offered two licensed instants in CY 2003 - Slingo and Beetle Bailey. Neither have been offered in previous years.

The Lottery, which sees cash prizes as its players most desirable option, offers

## LICENSED PROPERTIES

roughly the same odds with its licensed products as it does with non-licensed games: \$2.00 License Game- 64.04% payout 24.5% profit; \$2.00 Non License Game-64.37% payout 25% profit.

### Texas

The Texas Lottery introduced two licensed games in CY 2003 - Harley-Davidson and Fast Tracks (NASCAR). Harley-Davidson was first introduced in CY 2002. The Texas Lottery introduced the second version in CY 2003.

In Texas, the payout/profit breakdown for a licensed product is no different than that of a non-licensed instant ticket of the same price point. For both Harley-Davidson and Fast Tracks, the payout was 65%, with the profit (revenue) being 23%.

The Texas Lottery offered instant win Harley-Davidson motorcycles on the Harley-Davidson instant game, as well as offered motorcycles and Harley-Davidson merchandise in five second chance drawings. In the Fast Tracks instant game, the Texas Lottery offered NASCAR racing trips and merchandise in five second chance drawings.

The Lottery received great feedback from those players who have won second chance drawing prizes, particularly the merchandise, because of the perceived value and the uniqueness of the prize for an instant game.

In addition to TV, radio, print and point-of-sale advertising, the Texas Lottery ran retailer promotions for both the Harley-Davidson and the Fast Tracks games. Texas received extra merchandise prize packages from the two games, and for each pack of tickets that was activated, the retailer received an entry into a random drawing for these prize packages. This helped stimulate excitement for these games with the retailers.

The Lottery also ran a radio promotion for the players for the Harley-Davidson game. Each radio station involved in the promotion submitted their plan for approval for giving away tickets on air.

The second-chance drawings for both licensed games added a different element that made them unique and set them apart from other instant games. This was most true of the first Harley-Davidson game that was introduced by the Texas Lottery. The second version of that game, and the Fast Tracks game, did not experience the same impact.

### Virginia

The Virginia Lottery ran four licensed games in CY 2003: Harley-Davidson, Slingo, Corvette Summer, and Price Is Right. Harley Davidson has been offered on a prior occasion.

For \$5.00 games launched January 1 - September 30, 2003: average payout for the three licensed games, including merchandise prizes, was 68.4%; average payout for the nine non-licensed games was 68.7%.

In general, the profit on licensed games is lower than that of non-licensed games, since the licensed games often have advertising associated with them. Since the Lottery has a limited ad budget, advertising is the biggest factor in promoting the licensed product. Virginia uses no other method or activities to promote them.

Tickets offering vehicles as prizes have been particularly pop-



### Licensed Games: Great Plans/Great Sales

*Bob Kowalczyk, MDI Entertainment*

Almost without exception, every licensed lottery game from the portfolio of Scientific Games' subsidiary MDI Entertainment has indexed over 100 in one or more lotteries. Every licensed property game has the potential to be a best-seller. Maximizing that potential comes from carefully planning all of the elements of a licensed game.

Where do the sales come from? Mostly from core players, just like any other lottery product. Planning against that group requires that the licensed game be as similar as possible to other games at the same price point. If a core player is accustomed to seeing a particular top prize or the frequency of a particular prize in a \$2 game, the licensed property version needs to mirror those game elements.

Fans of a licensed brand will buy tickets just because they like the property. Core players increase their lottery budget to buy more of the game they like. Other consumers move toward or into the core, sometimes playing scratch games for the first time, because of their attraction to the brand and any related promotion.

Promotion via second chance drawings for merchandise and experiences related to the licensed property is a key element to the sales success of a licensed game among the value-driven segment of scratch players. Do not underestimate the power of the second chance in driving sales. MDI has seen as many as 40% of a game's non-winning tickets get returned as entries for value-added bonus drawings.

One thing to remember about games that include a schedule of desirable second chance drawings - once a player has been drawn in as a drawing participant, the notion that the instant ticket is bought purely on impulse goes out the window. Value-driven players plan these purchases and will go out of their way to hunt for tickets, if they can't find them at their regular retailer. ■





ular with Virginia Lottery players, as are tickets with a second-chance opportunity to win the top merchandise prize.

### Washington

The Washington State Lottery sold six different licensed games in CY 2003: Corvette Cash; TABASCO Hot Cash; Trucks & Bucks; NBA; SLINGO; and Betty Boop. None of these games have been offered on previous occasions. The Lottery provide in-store POS, outdoor advertising, radio advertising, and where appropriate, radio remotes at dealerships (Ford and Harley-Davidson) and promotions at summer fairs and events.

The average payout on a licensed game is 69.6% versus 63.0% for the average payout on games of the same pricepoint. At initial look, the licensed games provide less profit, but they usually sell-out faster (allowing for a replacement game sooner), they bring in new and/or lapsed players, and they create excitement about the Lottery and Scratch games overall.

In Washington, it seems like the less attainable the prize the better. For instance the 100th Anniversary Harley-Davidson and the Corvette Convertible were more attractive prizes than a Ford F-150 Truck. The truck is too attainable to the everyday person, where not everybody will go out and buy a Harley-Davidson or Corvette.

Also, the Lottery has found that off-beat games do well (e.g. TABASCO) - something fun, familiar to the public, but not necessarily connected to the Lottery.



### Wisconsin

The Wisconsin Lottery offered four licensed instant games in 2003: Harley-Davidson, Bonus Slingo, The Price is Right, and Holiday Gift Tag featuring artwork by Will Bullas. Harley-Davidson, launched in spring 2003, is the third Harley game offered in Wisconsin and Bonus Slingo was preceded by Slingo in 2002. The Price is Right is a new offering in Wisconsin and Holiday Gift Tag is a seasonal holiday ticket.

Cash prizes remain the most popular prizes on licensed tickets with Harley-Davidson motorcycles as the most popular merchandise prizes. Cash prize-only games like Bonus Slingo and The Price is Right have payouts similar to standard games while games with merchandise prizes like Harley-Davidson have lower instant cash payout, but a higher overall payout when the merchandise value is included.

The Wisconsin Lottery typically selects licensed products with high brand value, so the games "sell themselves", although an occasional licensed product will have ad or point-of-sale support. Licensed products tend to generate high player excitement without such support.

Location tie-ins have a significant effect on player excitement about a game. In celebration of Harley-Davidson's 100th anniversary in 2003, the Wisconsin Lottery appeared at dealerships to showcase the Harley ticket, with very positive results.

Other tie-ins, such as special events and celebrity appearances, have increased player excitement about past licensed products. To showcase the Elvis licensed ticket, the Lottery appeared at an oldies music event with an Elvis tribute artist and as an accompaniment to a NASCAR licensed ticket, the Lottery arranged appearances by NASCAR leader and Wisconsin native Matt Kenseth. ■



# Lotteries with a Heart

## More than Just Cash Cows!

**J**oe Public sees the Lottery providing many things: money to the state, chances to win, hope, fun, etc. Still, Lottery customers often forget that behind the scenes, Lotteries are being run by individuals that truly care about people.

Sometimes Lotteries are able to make this facet of their presence known to the public. What follows are stories that prove that lotteries are more than just cash cows - they do have a heart.

### Arizona

During the summer of 2002, the Rodeo-Chediski fires raged for six weeks, ravaging more than 450,000 acres in northeastern Arizona, devastating communities, residents and businesses. Every Arizona Lottery employee willingly assumed additional responsibilities in order to provide assistance.

To help area retailers, the Lottery suspended account sweeps, waived NSF charges if a sweep occurred, and issued full credit for destroyed Scratchers tickets. When the fires were contained, the Lottery worked with the retailers to reinstate billings. Sales Reps quickly delivered necessary supplies and staged a special "back-in-business" road trip, providing each retailer with three free packs of tickets and give-away items.

The Sales Reps delivered 1,000 t-shirts to the Salvation Army for distribution to front-line firefighters and the Communications Department organized an employee donation campaign that netted several hundred dollars for area victims. These actions illustrate Lottery employees' care, compassion and belief that community service is part of its daily business.

### Atlantic

ALC returns its profits to the general revenue fund of its shareholders, the four provinces of Atlantic Canada. ALC does, however, believe in giving back to communities through an extensive corporate sponsorship program. The Lottery is a proud sponsor of community events-both large and small-across Atlantic Canada. In fact, Atlantic Lottery contributed nearly \$1.4 million last year to fundraisers, festivals, and cultural, sporting and community events throughout the region.

This enthusiasm for "all things Atlantic Canadian" is true to Atlantic Lottery's values. ALC has supported Atlantic Canadian athletes since 1977, providing specially designed sports bags in addition to other financial contributions. They have also sponsored

the East Coast Music Association's annual conference and awards gala, which celebrates the achievements of Atlantic Canada's talented artists, since 1996.

While sponsorship of events and programs is a long-standing corporate tradition, ALC's employees also make substantial contributions. They participate as volunteers in the community and help raise funds for a number of causes throughout the region. In addition to the United Way-ALC's charity of choice-employees can book a special kiosk for fundraising events at lunchtime. Jean's Days, raffles and 50/50 draws are just some of the ways employees have raised funds. Local children's hospitals, medical research, amateur sport teams, youth groups, the kids helpline, food and toy drives, and sponsoring needy families at Christmas are just a few of the causes to which ALC employees devote their time.

### California

*As written by Ellen Montgomery, Outreach Consultant, Dos Rios Elementary School*

Dos Rios Elementary School, in the North Sacramento School District, is very fortunate to be neighbors with the California Lottery. The Lottery "adopted" Dos Rios over ten years ago and through that time the employees at the Lottery have shared various gifts with our children, our families and our school in many different

ways, be it food, material gifts, or just their time. Every week Lottery employees come to Dos Rios as lunch buddy mentors. They share lunch and a little bit of themselves with their "buddy" working on goal setting and problem solving. These mentors form a positive relationship and plant seeds of hope for the future. Lottery employees tutor our students weekly in reading to help students catch up to grade level.

The families of Dos Rios struggle with poverty. In fact, Dos Rios students had never been able to go to 6th grade camp because it was too expensive. The Lottery, their vendors and retailers went to

work fund raising and offered to sponsor the entire class! And they didn't stop there; they even designed custom sweatshirts for the kids and provided them each with their own camera for the trip!

During the holiday season the Lottery employees work together to put Thanksgiving Turkey baskets together for some of our families. This year, they brought over 27 full baskets



*"For the fifth consecutive year, California Lottery employees, along with their vendors and retailers, sent the entire class of 6th graders from Dos Rios Elementary School to Wolf Mountain, an outdoor educational camp."*



with turkey and all of the trimmings. The employees also participate in our Adopt-a-Family program for Christmas. Lottery employees and their families shop to meet the needs and wishes of some of our schools neediest families. The Lottery employees say they get as much joy as those receiving the gifts when they bring all the presents in for the families and see the looks on the children's faces.

The generosity of the employees of the CA Lottery has transformed our school. The most compelling testimony is the children who have been fortunate enough to form a bond with their mentor or tutor from the Lottery. This relationship will change the way the future plays out for that child. Maybe the student will be more hopeful about their future, or maybe they will be a more confident reader, or maybe they will just know that there is someone out there who cares about them.



### D.C.

Maylin Stephens just happened to pick up an unsigned ticket at the D.C. Lottery Claims Center on August 13, while he was making his daily runs. The ticket - it turns out - was worth \$5,000.

"The ticket was half folded, so I didn't know it was unsigned," said Stephens, a motor vehicle driver for the D.C. Lottery and Charitable Games Control Board, so he turned it over to Claims Center Teller Cheryl Malone.



Earlier that day, Charles

Smith of Northeast Washington had been at the claims center to cash in four DC-4 winning tickets worth \$5,000 each. He was unable to find the fourth ticket and assumed that he left it at home. He told Malone that he would come in the next day with the ticket to claim the remainder of his money.

Malone thought the unsigned ticket was probably Smith's lost ticket. She compared the agent identification number and agent terminal number to the other three tickets he turned in and saw that all of the information matched. He didn't leave a phone number, so she asked her supervisor, Claims Center Manager, Ann McPherson how they should contact him.

McPherson called information, but Smith's number is unlisted. Yet, she was determined to reach him. "I asked to speak to the supervisor, and I explained the situation to her. She told me that she would contact him for us, and ask him to call us back. She did that and we were able to have the check ready for him when he returned to the claims center."

"I'm very happy with how the situation was handled," McPherson said. "It was very nice that Maylin turned the ticket in."

Stephens, who is very modest about the situation, said that as a Lottery employee he is prohibited from playing in the District anyway, so he just did what he thought was right. "Anybody with a loving heart would have done the same thing Stephens said. "It is always good to be a Good Samaritan."

## Kentucky

On a chilly October evening, about 20 Kentucky Lottery Corporation (KLC) employees left the office after a full day of work. They transformed their corporate attire to garments that made them look more like characters from the Wizard of Oz. And no... they weren't off to see the Wizard, but instead, they were off to bring Halloween cheer to kids in trouble. Run-aways, pregnant teens and children removed from their home are often sent to a Louisville, KY agency called the Home of the Innocents. KLC employees decided to host a Halloween carnival for the children at the Home of the Innocents.

This is just one example of the many ways KLC employees give back to the community. There is a corporate volunteer initiative on a monthly basis. Employees also volunteer for various agencies individually. Here are a couple of groups or agencies KLC employees have helped through the years: Habitat for Humanity, March of Dimes walk, Alzheimer's Association Memory walk, Juvenile Diabetes Walk for a Cure, Dare to Care Kids Café and various Adult Day Care services. Employees have also held clothing and food drives for families in need during the Holiday season and hosted blood drives for the American Red Cross.

On a corporate level, the Kentucky Lottery Corporation gives back to the community by sponsoring a variety of events with a community focus. From Business and Professional Women to the Roots and Heritage festival. The KLC wins by making winners of the community.

## Louisiana

The Louisiana Lottery is a member of the Corporate Volunteer Council (CVC), a program of Volunteer Baton Rouge! The CVC is a coalition of local businesses that actively promote corporate volunteerism in the community. Lottery Accounts Receivable Manager Paula Plaisance is the 2003 chairman of the CVC. Under Plaisance's direction, Lottery employees participate annually in such events as the "School Tools Program," the "Angel Tree Campaign" and the "Alzheimer's Services Walk/Run to Remember."

The "School Tools Program" supports Baton Rouge area elementary children by providing essential supplies. Over the years, Lottery employees have contributed such items as paper, crayons, glue, scissors, rulers, pencils, pens, folders, notebooks, and Kleenex and paper towels.

Sponsored by the Salvation Army, the "Angel Tree Campaign" offers participants the opportunity to buy Christmas gifts for needy children. Over the last four years, Lottery employees have adopted 92 "angels."

"For some children, the gifts provided through the program may be the only gifts they receive for Christmas. It's a good feeling to know you are helping to make a child's Christmas brighter," said Plaisance.

In October, Lottery employees volunteered at the Alzheimer's Services fund-raiser "A Walk/Run to Remember." Volunteers helped participants register for the walk to raise awareness of Alzheimer's disease.

"It was only a couple of hours out of our day, but the time we spent helping was so appreciated, not only by the people from the Alzheimer's Society, but also by the families that have been affected by Alzheimer's," Plaisance commented.



### Massachusetts

In January 2003, a Massachusetts State Lottery employee named Donna Walsh sent an "all staff" email asking for help. Donna asked her Lottery co-workers to contribute to her son's Cub Scout project, which was shipping care packages to US troops in Iraq. Since two Lottery employees had already been deployed to Iraq a few weeks earlier, the response was both immediate and overwhelming.

Almost immediately, the donation drop-off table teemed with paperback books, cases of bottle water, candy, cookies, playing cards, cans of tuna and baby wipes. In addition to the hundreds of sundry items, Lottery staff brought in shoeboxes by the dozens for shipping. Thanks to the surplus of donations, what started as a small project for a few lucky soldiers grew into a community outreach project whereby people everywhere added names of loved-ones to the care package list.

Donna designated one day as an Adopt-A-Box day where over sixty Lottery employees paid over \$587.20 to ship 104 boxes. Soon after the first boxes were shipped, thank you letters poured in from troops stationed in Northern Iraq, the Prince Sultan Air Base in Saudi Arabia, and the US Nimitz. Family members of troops who had received a package sent cards of appreciation as well.

When the Care Package Project ended in April the staff at the Lottery raised a total of \$3,124.78 to ship 434 packages to service men and women in the Middle East - and all because of a simple email.

### Minnesota

Minnesota State Lottery employees have participated in an "Adopt-a-Family" program every year since the Lottery began in 1990. Employees raise money by holding special events (e.g., bake and craft sale, silent auction) during the lunch hour. All money raised (approximately \$1,500 each year) is used to purchase items needed by families the Lottery has "adopted" through a social service agency. Employees gift wrap the items, which are then delivered to the families.

In May 2003, the Lottery joined the statewide Amber Alert system. When an Amber Alert is issued, each retailer will receive information about the missing child, the suspect (if known) and the suspect's vehicle (if known). When photos of the missing child or suspect become available, they will also appear on the terminal screen.

The Minnesota State Lottery worked with the Minnesota Department of Veterans Affairs on a joint fundraising effort to build a Minnesota World War II Veterans Memorial on the State

Capitol grounds. The Lottery and its advertising agency produced and distributed special donation materials to all retailers and to 1,000 veterans organizations throughout Minnesota. A full-page ad was also placed in the Minneapolis Star Tribune. In addition, more than 300 radio stations across the state agreed to broadcast PSAs to encourage support of the Memorial.

Due in part to the Lottery's efforts to raise awareness of the fundraising campaign, the Department of Veterans Affairs reached its initial goal of \$150,000. This amount was matched by a \$150,000 grant from the State of Minnesota. Groundbreaking for construction of the Memorial is scheduled for September 2004.

### New Zealand

This Christmas, New Zealand Lotteries Commission (NZLC) staff showed their support for the charity Barnardos, a major lottery grant recipient, by donating five car trunks full of Christmas gifts.

Lotto draw presenters Hilary Timmins and Russell Harrison delivered them in the cars that are up for grabs in a special Lotto Christmas promotion.

Most of the gifts will be given out to young people who are unable to spend Christmas Day with their families.

NZLC Chief Executive Trevor Hall said NZLC was thrilled to support Barnardos. "The presents some of these children get from us may be the only gift they get this Christmas. Barnardos has received more than \$3 million of lottery money to help run the 153 Barnardos sites around New Zealand. Donating these gifts reinforces the links that we have with the organization.

"NZLC staff are pleased to be able to show their support for Barnardos' vital work and hope the gifts will help bring happiness to some Kiwi kids on Christmas Day."

Barnardos Chief Executive Murray Edridge thanked NZLC staff for their generosity. "Their big hearts will make a big difference to young people in care with Barnardos this Christmas."

For more than 30 years Barnardos has worked to help New Zealand children receive the support they need to grow and reach their potential. In addition to providing early childhood care and education services, Barnardos works with abused, disadvantaged and at-risk young people.



### Ohio

Since 1974, the Ohio Lottery has transferred more than \$12 billion to help fund public education within the state. For the past sixteen years, Ohio Lottery employees have also made two other contributions just as important to students: time and knowledge.





*This mural was painted by art department students from Thomas Jefferson Middle School, Cleveland, one of the Ohio Lottery's adopted schools, in appreciation for its commitment to students.*

Such assistance is coordinated through the state's Partners in Education/Adopt-a-School Program. Each of the Lottery's nine regions and its central office participates in the program, with over 50 volunteers donating time state wide.

Adopt-A-School volunteers participate in a variety of activities. Some tutor students in preparation for proficiency tests required to advance to the next grade level. Others function as teacher's aides using their personal areas of expertise to assist students. Lottery employees also support clothing and book drives, provide job shadowing experiences, act as pen pals, and plan promotional ceremonies for students moving on to high school.

**Ontario Lottery and Gaming Corporation**

"We are staunchly committed to the Adopt-a-School program and consider it our obligation to assist with the development of our young people," says Lottery Director Dennis G. Kennedy. "These youngsters are our future leaders; we are committed to helping with their educational pursuits and personal growth."

The Ontario Lottery and Gaming Corporation not only has its employees and customers best interests at heart, its successful on-site defibrillation program literally puts their hearts at best interest. Each of OLGC's eight corporate sites in Ontario has an Automated External Defibrillator (AED) on site as well as trained security staff in Emergency Medical Response. With a total of 29 locations across the province, including 21 gaming sites, OLGC's Emergency Response Program is the first multi-site Public Access Defibrillation program in Ontario.

In addition to being the first in the province, the OLGC recently received an award for the best on-site AED Program internationally. The University of Pittsburgh National Centre for Early Defibrillation presented the Achieving Excellence in Defibrillation Award to the OLGC in recognition of its exemplary emergency response for the treatment of sudden cardiac arrest.

The success of OLGC's program was highlighted by its impressive survival rate of up to 72%. The normal resuscitation rate for outside of a hospital is 5%. A patient's chances of surviving cardiac arrest drop 10 per cent with each passing minute. The average response time of OLGC's Emergency Medical Responders is 2 minutes.

In a continued effort to provide the best possible care, OLGC is soon to introduce two symptom relief medications for all OLGC sites. Training is currently underway in the use of Oral Glucose for diabetic emergencies and Epinephrine via EpiPen for anaphylactic patients. There is also a move to encourage more non-

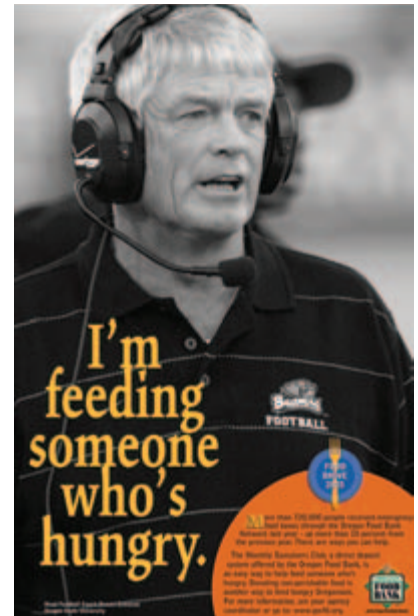
security OLGC staff to attend and obtain certification at the Standard Level of First Aid and CPR.

**Oregon Lottery**

The 2003 Governor's State Employees Food Drive campaign was coordinated by Larry Trott of the Oregon Lottery as the Statewide Coordinator. As a result, the Oregon Lottery became the food drive's host agency, and played an instrumental role in raising a record amount of food in 2003.

In addition to Trott's role as volunteer coordinator, the Lottery:

- \* Provided material support in the form of postage and supplies for statewide mailings and space for statewide team meetings.
- \* Sponsored the website for the 2003 Food Drive, and then went a step further by re-designing it to be far more eye-catching and user friendly. Consequently, the website became a much more useful tool and was utilized more than ever before.



- The marketing department staff developed the theme of the event, "I'm Feeding Someone Who's Hungry", designed posters and table tents, re-designed the food drive's logo of many years, and designed lapel pins and logos for promotional items that were sold to raise money and awareness for the Food Drive.

Marketing also helped draft and coordinate production of Public Service Announcements (PSA's), which were performed by two of the state's most recognized public employees, head football coaches, Mike Bellotti of the University of Oregon and Dennis Erickson of Oregon State University, and now with the San Francisco 49ers.

The 2003 Food Drive raised a record 3.7 million pounds, more than any other Governor's State Employees Food Drive. In recognition, the Oregon Food Bank presented awards to the Lottery's entire Marketing Department; and Oregon Governor Ted Kulongoski presented a special award to Trott.



*Pictured with the Achieving Excellence in Defibrillation Award is (from left to right) Vincent N. Mosesso Jr., Medical Director for the National Centre for Early Defibrillation, Dr. Eddie Wasser, Medical Director for the OLGC, and Robin Souchuk, Manager, OLGC Emergency Medical Response Program.*

**Texas**

It's no secret that Texas Lottery Commission staffers have Texas-sized hearts. Community outreach was a major focus for the agency in FY '03 under the new leadership of Executive Director Reagan E. Greer. This fall, the agency gave "a lot of



*The Texas Lottery Commission's Lottery Operations Division collected a crib-full of donated items for a local nonprofit organization.*

TLC" to the State Employee Charitable Campaign through its Choosing to Care... Shoot for the Stars initiative. In a month's time, Texas Lottery Commission staffers achieved 174 percent of their goal to raise \$5,000, reaching a total of \$8,710.00 in charitable contributions. More than 46 percent of the agency's staff members participated in the campaign.

"The purpose of the campaign was to send a positive message that we are a caring organization and that our community is important to us," said Mr. Greer. "Our contributions can have a positive effect on people in ways that we can't even begin to imagine."

In addition to the agency-wide campaign, staff in the TLC's Lottery Operations Division led a donation drive for the local nonprofit organization, Any Baby Can. It wasn't long before a donated crib in the division's common area was chock full of infant and toddler necessities, clothing, and other items for the cause. The drive was just one more way of demonstrating how public service employees in Texas can play an important role in helping local communities.

## Virginia

The Virginia Lottery has a jackpot's-worth of caring employees. In fact, the Lottery has become a leader in the Commonwealth of Virginia Campaign, which raises money for charitable causes across Virginia. Lottery employees held fundraising events and donated from their paychecks to raise more than \$38,000 for the cause in 2003. An impressive 86% of Virginia Lottery employees contributed.

Virginia Lottery employees also value teamwork and events that help those who have suffered misfortune. One fundraising event was a silent auction, in which all the money raised went to a fund to provide relief for victims of Hurricane Isabel, which cut a deadly and destructive path through Virginia in September of 2003. More than \$5000 was raised in just that one event.

Some employees also used time allowed by the state for community service to help with construction of a Habitat for Humanity house in the Richmond area. Although some were less-than-handy with a hammer and saw, all benefited from the teamwork involved in such a project.



*Virginia Lottery employees constructing a Habitat for Humanity house in Richmond.*

## West Virginia Lottery

West Virginians have long been known for their giving hearts and caring hands. With fewer than two million residents, the familial touch is pervasive. Folks genuinely care for and about each other. That feeling is just as pervasive — and just as genuine — among those in the lottery family.

For 18 years now, West Virginia Lottery employees have been the first to step up to the plate. From joyous occasions such as the birth of a child or a wedding to the crisis of a home fire or family illness, the gift of sharing, of lifting to a better place, is at the ready. There is a long list of outreach that comes to mind. The Lottery's office has been a collection center for both in-office and out-of-office donations for food drives, clothing drives and Secret Santa toys. There was even a time when an instant ticket promotion encouraged the spaying and neutering of pets, along with donations of needed items for animal shelters. In November, the West Virginia Lottery sent over 2,000 T-shirts and CDs of music compiled by West Virginia artists to members of the West Virginia National Guard serving in Iraq or awaiting deployment.

Recently, West Virginians have been the victims of severe flooding, two already this year that have devastated homes but not the lives and spirits of those within.

In the midst of disaster are the neighborly gifts of food, shelter and services for victims. The West Virginia Lottery employees, however, have

been among those who dig deep to help their neighbors. The Lottery has a Deputy Director who, as a Reservist, is working from 7:00 p.m. to 7:00 a.m. to help with disaster recovery — in addition to his full-time Lottery duties. Another employee is a certified Red Cross volunteer who, under a special agreement with the State, is allowed to assist in organization, as well as family services and damage assessment during the initial days of a disaster. The Lottery's collection of nonperishable food prior to Thanksgiving netted hundreds of items for distribution by charitable organizations.

Likewise, those who have been jackpot winners have displayed the same gifts of heart. Quick to mind, of course, is the charitable foundation established by Jack Whittaker, winner of the world's largest single-winner jackpot last December. But there are also the lesser heard stories of those who prefer no recognition — the winner who, for nearly nine years, has supported the widow of a young firefighter who lost his life battling a blaze in the winner's grocery store. The same jackpot winner paid the salaries of his employees while a new grocery was being built. Another jackpot recipient donated an organ to her church. Still another paid for the medical expenses of a neighbor. ■



## ILC to Change Lotto 6/49

The Interprovincial Lottery Corporation, which represents all of Canada's five government-run lottery corporations, announced upcoming changes to LOTTO 6/49, Canada's longest-running and best-known national lottery game. The changes will go into effect following the May 29, 2004 draw.

The new LOTTO 6/49 will still be based on the popular match-six-of-49-numbers format but will offer: Bigger jackpots more often; Better overall odds of winning; and a new \$5 prize category. The ILC announced the game changes after extensive consumer research across Canada indicated players wanted bigger jackpots more often. Under the new LOTTO 6/49 game, jackpots are expected to start around \$4 million and grow to \$10 million or more on about half of the draws annually. The jackpots are also expected to reach \$25 million during the year, a rare occurrence today. To support these changes to the prize structure, the cost of the new LOTTO 6/49 will be \$2 per selection.

## North Dakota Sets Powerball Date

As per Scientific Games' suggestion, the North Dakota Lottery will reportedly begin selling Powerball tickets on March 25. Later in 2004, the lottery will begin offering MUSL's Hot Lotto and Wild Card 2 tickets.

## TELC Continues Progress

The Tennessee Education Lottery Corporation named First Tennessee Bank as the winning bidder to handle millions in banking services for the Lottery. FTB was not only the lowest bidder, at \$51,000 over three

years, it also scored highest in geographic coverage and service considerations. Under the contract, FTB will provide basic banking and weekly electronic sweeps of ticket sales from retailers.

The TELC also approved the first authorized retailers. On Friday, Dec. 5, officials gave final approval to 26 independent retailers that now are authorized to sell lottery tickets when the games launch. Of course, the number of approved retailers is expected to grow daily. The Lottery will be working with GTECH to install terminals and satellite dishes as fast as retail locations are approved. Regional retailer training sessions are being planned for mid-January.

## Wisconsin to Stop Broadcasts

The Wisconsin Lottery stopped broadcasting its lottery game show and its live drawing on TV on Dec. 31. The drawings are now conducted off-the-air, but will continue to be monitored by the Capitol Police and an independent auditing firm. Savings that accumulate as a result of this move will be sent towards property tax relief.

## Kansas to Study Expanded Gaming Options

Kansas officials have hired Christiansen Capital Advisors LLC to conduct a market research study on whether expanded gambling would be right for Kansas and how much money it could generate for the state. The consulting agency is expected to complete the study by late January or early February. The state is also looking for the research to determine whether Kansans support expanded gambling. Funding for the study is reportedly coming from money GTECH paid to the state for market research. ■

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# On the Internet

## Uthingo Launches Online Sales

Successful negotiations between the eBucks Rewards Program and Uthingo Management, have resulted in the first online partnership for the Licensed Operator of the South African National Lottery. Members of the leading rewards program will now be able to use their eBucks rewards to purchase LOTTO tickets via the eBucks.com website.

Various Lotto ticket options are available through the eBucks shop, starting at a minimum of four sets of numbers for both draws for 13 weeks at a cost of 2,600 eBucks. Directly after the purchase, the customer will receive e-mail confirmations from eBucks and Uthingo. A printed certificate to be used for claiming prizes will be posted to the purchaser.

In its first week, the eBucks site was responsible for 95 sales, generating a reported income of R34,294.

At launch, Uthingo committed to adding further access channels for LOTTO purchases and Humphrey Khoza, CEO of Uthingo has said that the eBucks programme with its online channel was an appropriate partner for the operation.

"We have very stringent regulations in place in order to protect the privacy of potential winners and the eBucks online channel has the technology and expertise to cater for that. We are also pleased to be able to add a new

access channel, making the purchase of tickets easier and more convenient."

There are currently 640 000 registered eBucks members and R158.5m worth of eBucks in circulation. eBucks are in essence earned for free, by offering LOTTO tickets as a redemption option.



## EGET Delivers to Sperospel.se

European Game & Entertainment Technology Ltd Ab (EGET), has successfully delivered an Internet gaming system and three instant games to the newly established Swedish gaming operator Sperospel.se.

Sperospel.se is the first Internet gaming operator to be licensed by the Swedish National Gaming Board (Lotteriinspektionen). Sperospel.se will initially offer three appealing instant Internet games: Femman – Sweden's cheapest scratch card, the Sperolotten scratch card, and Casinolotto, a new product on the Swedish market. All games also offer a double-or-nothing bonus game in which the player can double winnings and win even more money. ■

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## British Columbia

The BCLC scratch ticket featuring a number of popular Canuck players has been a huge success for the Lottery and the NHL team. The original 400,000 tickets were sold out in the first three weeks of October. Another 200,000 tickets were produced, and now there are only a few hundred left. Sales have been 50% higher than projected.

## D.C.

The DC Lottery and MUSL teamed to offer a new promotion POWERBALL® SUNDAY. DC Lottery players will have a chance to win a super trip to experience pro-football's biggest weekend, January 30, 2004 through February 1, 2004. To enter, the players must purchase a single ticket with \$5 worth of Powerball and \$5 worth of Power Play. Four prize packages each valued at \$26,000 will be awarded. Each includes airfare for two to Houston, an invitation to attend the "Lynn Swann MVP Party" Saturday night prior to the main event, \$500 spending cash per couple, and a commemorative leather jacket.

D.C. Lottery Executive Director Jeanette Michael encouraged WHUR Adult Mix Morning Show listeners to come down to the Old Post Office Pavilion, 12th Street and Pennsylvania Avenue to participate in Project Harvest, which feeds needy families, primarily during Thanksgiving and throughout the holiday season. Michaels presented \$1,000 to Project Harvest for the food drive, and Lottery employees contributed two bins of non-perishable items.

## Delaware

The Delaware Lottery is rocking with its new outdoor campaign launching at the end of December 2003. This campaign is sure to be "Totally" fun.

The new designs extend the brand promise that Delaware Lottery Games are fun and exciting to play, and add a little humor.

The campaign will feature three different billboard designs that will be posted at select locations: Games to Flip Over, Games that Rock and Fun Games...Totally Fun. Players can expect to see images of people flipping, rocking and just having fun. As an extension of the campaign, these same designs will be carried through to transit tails. Visit delottery.com.

## Illinois

The Illinois Lottery entered a new era of communication and commitment when it held two well-attended retailer meetings in November. About 1,200 retailers attended the two "Lottery Excels At Partnership" (LEAP) meetings on Nov. 12 and Nov. 20. The retailer LEAP meetings are believed to be the best attended in industry history, and were bolstered by eight \$25,000 prizes given away at the gatherings (four prizes per meeting).

Illinois Lottery Superintendent Carolyn Adams and a panel of industry experts provided attendees with a glimpse of upcoming changes to the Lottery's product lines. In addition, Lottery officials heard first-hand numerous suggestions from retailers on ways to

# Lottery People

**M**ark A. Zamarripa, Director of the Colorado Lottery, retired from the Colorado Lottery. Zamarripa has a long history with the Colorado Lottery, holding the distinction of being the Lottery's first paid employee hired in August, 1982. He was named Director in May, 1994. **Tom Thornburg** has taken over as acting director.

**Angela Young-Ja Kim**, the D.C. Lottery and Charitable Games Control Board's Deputy Director for Corporate Affairs was honored with a Corporate Diversity Award from the Minority Business Coalition (MBC), a regional trade association for more than 2,000 small and minority entrepreneurs. During her 17-year tenure at the D.C. Lottery, Kim has played an integral role in developing and overseeing multicultural affairs activities and has been recognized by many businesses and organizations for her commitment and dedication to many endeavors. MBC held its first annual Corporate Diversity Awards Banquet to honor individuals who have been committed to making diversity a number one priority within their organizations on October 30 at the Hyatt Regency, Capitol Hill.

**Shaul Schneider** was nominated by the Board of Directors as the new Director General & CEO of The Israel Sports Betting

Board. **Schneider**, 35, has successfully fulfilled significant jobs as Director General and VP of some of the leading telecommunication companies in Israel. He is also a Member of the Board of a number of public educational organizations. **Schneider** says that the main target of ISBB is to increase the annual turnover to one billion NIS and to maximize the revenues on behalf of the sports teams and organizations.

**George Demaree, Jr.** was unanimously voted in as the new vice chairman of the KLC board. **Demaree** has served on the KLC board since 1999. He is in management with Clear Channel Communications. This follows the resignation of vice chairman **Ted Colley** from the KLC board of directors.

Sportech PLC, owner of Littlewoods Gaming, announced the appointment of **George Rushton** as Managing Director, taking over from **Colin McGill**. **McGill** decided to retire from the Company to return to Scotland.

California Gov. **Arnold Schwarzenegger** named former California Lottery Director **Chon Gutierrez** as the Department of Motor Vehicle's interim director. ■

improve everything from ticket design to product distribution and point-of-sale strategies. The two LEAP meetings are the first of a series of on-going meetings designed to improve communication and strengthen the Illinois Lottery's retail partnerships.

The Illinois Lottery's "Boleto Gigante" promotion began December 8, 2003 and will award a holiday party for the winner and 20 guests at Rumba Restaurant in Chicago and \$4,000 in cash. To enter, a player must be at least 18 years old and submit a minimum of \$5 worth of current non-winning Illinois Lottery holiday instant tickets.

To celebrate this year's holiday season, the Illinois Lottery offered Pick 3 players a chance for two sets of winning numbers for every drawing. For every Pick 3 game drawn in December, the Lottery held a special Double Draw promotional drawing with ten white and one green ball. When the green ball was selected, the Lottery held an additional Pick 3 drawing and paid out on both sets. When a white ball was selected, it wasn't included in the next promotional drawing. Removal of the white balls continued until the green ball was selected.

## Louisiana

The Louisiana Lottery Corporation has reached \$4 billion in revenue since it began operations 12 years ago. Revenue for October totaled over \$30.4 million, bringing the Lottery's total revenue since inception to \$4,022,236,033. The total equates to more than \$1.4 billion being transferred to the state's treasury, \$10.6 million of which was transferred as a result of October's revenue.

## Maryland

The Maryland State Lottery began its traditional shopping mall tour to showcase how the agency benefits the citizens of Maryland through its contributions to the state's General Fund. The exhibit features a 20-foot showcase and an exciting array of Lottery games including holiday-themed scratch-off tickets.

Lottery officials were on hand to answer questions about Lottery facts and figures and to register shoppers for free Lottery VIP Club memberships. Shoppers also enjoyed playing the Lottery's "Spin & Win" wheel for a host of prizes, including Lotto gift subscriptions, scratch-off tickets, and holiday goodies.

The Maryland Lottery is considering the purchase of 100 pairs of round-trip, first-class tickets on British Airways for travel between Baltimore-Washington International Airport (BWI) and London to offer as prizes on a January scratch ticket. The ticket not only benefits players and British Airways, it will also help BWI keep British Airways as a customer. The airline had been considering dropping the number of U.S. airports it serves, and BWI was among those being considered for termination. The airline felt BWI was a good market for coach and business-class travelers, but was low on first-class traffic. Players who win the tickets will also receive enough money to pay the taxes and cover the cost of the vacation. The complete package is worth approximately \$20,000.

## Massachusetts

The Massachusetts State Lottery kicked off its first advertising campaign in seven years on Monday, December 15, with a series of radio and print spots promoting instant tickets and season tickets as holiday presents. The two radio ads are spoofs of the movie "It's a Wonderful Life", with Jimmy Stewart and Donna Reed sound-a-likes starring in the skits. In one spot, the characters are making a run on George Bailey's bank, only they are looking for instant tickets instead of making withdrawals. The other spot is a takeoff of the film's climatic final scene with characters

bringing instant tickets to George's house instead of money. A print ad features a model with miniature holiday instant tickets as earrings and the tagline "This Gift's Got Potential". Created by Hill Holliday Connors Cosmopolous of Boston, the holiday advertisements are the MA Lottery's first campaign under a \$5 million ad budget approved by the Legislature for FY04. A broader ad campaign featuring television commercials, as well as radio and print, will debut in January.

## Michigan

Three lucky Mega Millions players correctly matched all six winning numbers in the November 11, 2003 drawing. The three lucky winners each won a portion of the announced \$70 million jackpot prize, making each ticket worth \$23.3 million. One of the lucky players was from Michigan – In Ro of Battle Creek chose to collect his prize in one lump-sum payment of \$13,333,333 – the present cash value of the jackpot prize before taxes.

Instant tickets for January include: the \$10 "Million Dollar Mania" offering a \$1,000,000 top prize; the \$2 "Kisses and Riches" offering a \$14,000 top prize; the \$5 "Super Red Hot Cashword" with a \$300,000 top prize; the \$3 "Wheel of Fortune" with a \$50,000 top prize; the \$1 "Instant Daily 3" offering a \$3,000 top prize; and the \$5 "Wild Crazy 8s" with a \$200,000 top prize.

## Pennsylvania

The Pennsylvania Lottery added a \$5 Holiday Surprise Package to its complement of holiday-themed instant games. Just for You – a pre-wrapped foil gift pack of five, \$1 instant tickets – went on sale Tuesday, Dec. 2, 2003. The five tickets are designed with wrapped packages or gift bags and feature tree ornaments, bows, candy canes, snowflakes and holly leaves in the Play Area. The Lottery also launched Bring Home the Bacon, the Pennsylvania Lottery's 2004 Farm Show commemorative instant ticket. The game features a whimsical ticket design and a top prize of \$1,000.

## Quebec

Loto-Québec launched a brand-new CD-ROM lottery called Caméléon. This is the eighth multimedia game designed and developed by Ingenio, Loto-Québec's research and development subsidiary. It was made available at all of the Corporation's retailer locations starting Monday, December 8th. Like its predecessors, Caméléon combines the enjoyment of multimedia entertainment with the exciting possibility of winning cash prizes of up to \$25,000. The game is offered at a cost of \$4. Each Caméléon game invites players to explore an environment whose carefully ordered disorder conceals 12 objects to be uncovered. Players are challenged to use their observational skills to detect variations in color, texture, size and direction in order to pinpoint the camouflaged items. When three of the same item concealed in an image are uncovered, the player wins the prize corresponding to that object. Each of the different visual environments was created from photos taken at actual merchant locations (gift boutique, antique shop, bicycle repair shop, etc.), thus providing for a very realistic visual appeal.

## Texas

Texans purchased more than 3.4 million tickets for their first Mega Millions draw. During the draw period, sales for the new game more than tripled those for Lotto Texas. The first day for sales was December 3. ■



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