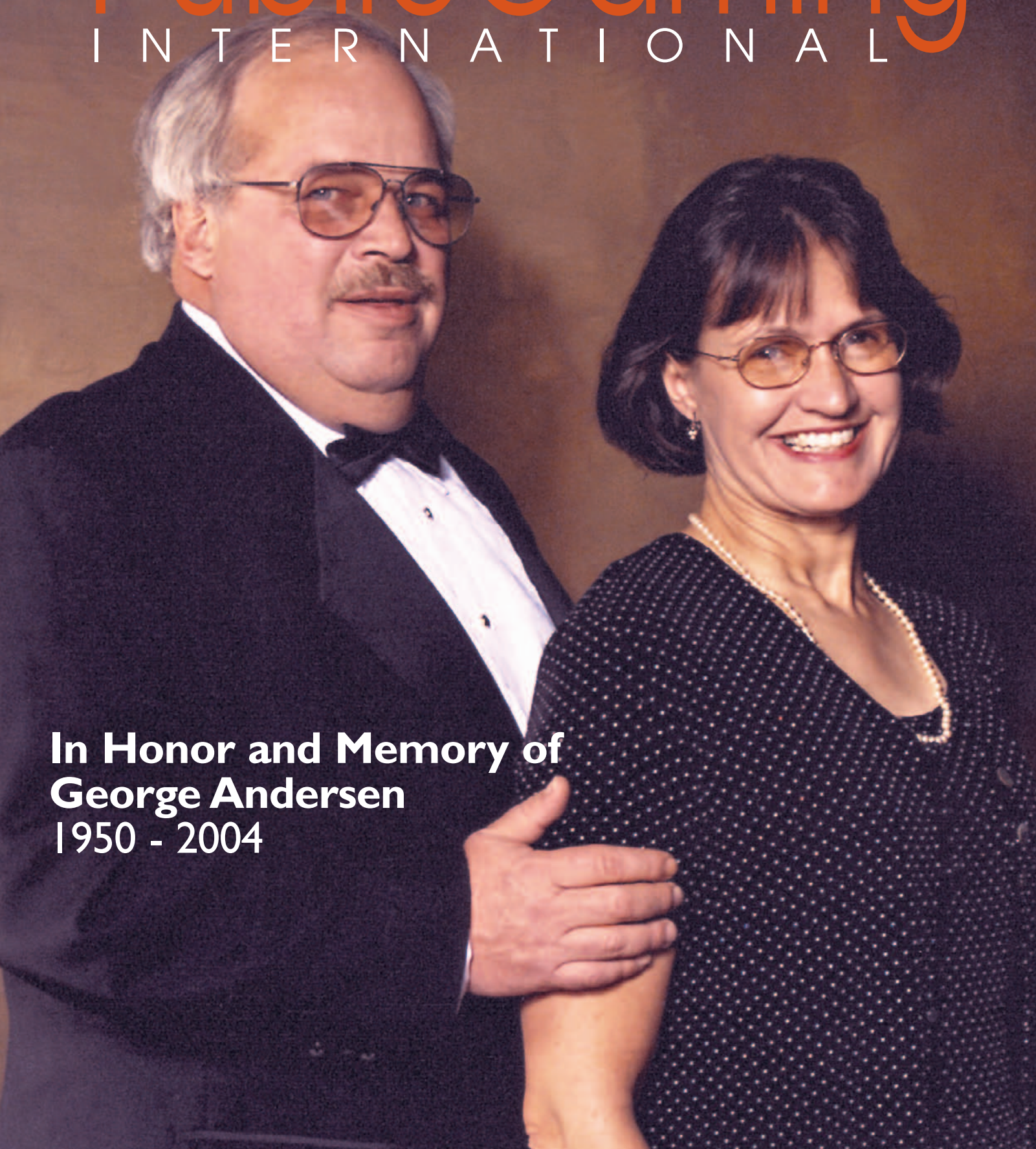


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ON THE COVER:
George and Darlene Andersen

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PUBLIC GAMING RESEARCH INSTITUTE, INC.
P R O F E S S I O N A L

A Letter to George

by Kate McCarthy

We are gathered today to remember you, George, a beloved husband, father, son, brother, uncle, boss colleague and friend.

We remember you as a wry and witty man, and the larger-than-life Lottery director who left your indelible mark on all of us – your family, your friends, your employees, your business associates, your neighbors.

You were bright and complicated, stubborn and generous, extravagant and shrewd, but in many ways, very private. You tried to keep most of your cards close to the vest.

But that crusty, gruff exterior failed to camouflage a compassionate and caring heart.

We were on to you, George.

We knew.

We knew how tender you were at the core.

We knew how painful it was for you, when budget cuts left you no alternative but to lay off 34 Lottery employees last fall. We knew you called your human resources director early and often, asking her if those folks had found jobs, that you worried about their families and how they were faring.

We knew how much you loved the Lottery and defined yourself by its success. We knew how much you cared about everyone from Rudy Perpich to convenience store clerks; everyone has a hilarious example of your wit as well as a story about a special kindness, thoughtful phone call or small consideration, courtesy of George Robert Andersen.

We remember the thrill of start-up, the fun and the sense of purpose resonating among your just-hired employees at the launch of this exciting new agency. We remember your brilliant idea for and execution of the loon logo; we remember you hiring people at the Centennial Office Building. We remember Official Launch Day, April 17, 1990-how people jammed into Town Square, the IDS Center, and all parts out-state in Marshall, Duluth, Brainerd, Mankato, Rochester, St. Cloud, Owatonna, Virginia, and Detroit Lakes to witness the birth of the Lottery. We remember you setting up first-time promotions in the parking lot of 2645 Long Lake Road; and we remember how proud you were of that building; how your second-floor corner kingdom crammed with coffee cups, loon artifacts and memorabilia reflected your one-of-a-kind personality. (The mold is broken.)

In an era of business clichés, you in fact did give those thrilled state employees a sense of purpose, mission and, yes, teamwork at building the Lottery – the sum of which was far greater than their individual jobs. Many of us can still hear you tease us in that extra-extra large gravelly bass voice. But your teasing was welcome; in fact, it was a badge of honor

because your fondness for people generally could be measured exponentially with how much grief you gave them.

We remember you as The Most Hands-on Manager in the History of Time, that no lottery business was ever conducted until the famed "OK/GRA" was inked on a document with that expensive fountain pen.

We knew how you adored your lifelong sweetheart and wife of 31 years. (Her calls went through to your extension no matter what was going on.) Ever since you first laid eyes on Darlene Coates in your seventh-grade homeroom at Corry Junior High in Corry, Pennsylvania, she was The One.

Although you two affectionately argued over who was more obstinate, Darlene the German or George the Dane, we knew that you won the match, albeit a dead heat. We knew she was the first on your short list of Those Who Mattered Most.

We knew she would be the last person you would ever mean to hurt.

We knew how proud you were of Mark and Beth and how you were always there for them-and we're glad that Mark is staying with Darlene now. We knew how much you loved them both. We knew you were devoted to your mom and mother-in-law, brothers and sisters-in-law.

Though you could and did mingle well with heads of state, we remember how great you were with the common folk on every level (your rapport with the new Holdingford millionaires exemplified it) – how you loved to lay checks on winners big and small, how you enjoyed dropping in on retailers to chew the fat. We knew how important you thought small radio stations were to Greater Minnesota. How you supported those broadcasters with Lottery advertising when demographics might say it was more prudent to run ads only on the Twin Cities-based giants (which you supported, too).

We knew that, along with broadcasters, you were a friend to lottery directors, legislators, lottery players, industry leaders, your board members, those who helped compulsive gamblers, your neighbors in the homeowners association, tribal leaders, Special Olympians and anybody aiding and abetting Minnesota's beautiful outdoors.

We knew – and it is so very hard to use the past tense when speaking of you – that just a few of your favorites were Willy Wonka, bass fishing, fireworks and Bald Eagle Lake. That you loved science fiction, hosting lottery conventions, the Four Tops, ginger ale, Sadie the Golden Retriever, a juicy steak, those abhorrent Kools and coffee so loaded with sugar and simulated cream it was white.

What we wish we had known – and now, it's too late – is how much you were suffering. All of us, every one of us,

wishes we could have been with you Monday, to tell you how much you meant to us – and how much your family, friends and employees needed you. We wish we could have reminded you of the great things you accomplished, the wonderful mark you have made on the Lottery and Minnesota.

We wish we could have told you that things would have blown over.

Presidents, governors of Minnesota, congressmen from South Dakota – yes, even agency heads and Martha Stewart – can come under attack for their actions. Sometimes it's justified, sometimes it's not. We wish you could have withstood the criticism, or let us help withstand it for you.

Today we are all a mix of emotions.

Predominant among them? Sadness and regret. All of us are second-guessing ourselves. None of us really knew just how upset you were, that you weren't eating or sleeping, that your soul was being devoured with worry. We wish that

soft heart had not been so wounded.

As a consequence, today our hearts are broken that you cared so much, hurt so much, that you took a permanent action in response to what was a temporary problem. We are kicking ourselves today for not knowing how much pain you were in – and not helping you more to deal with it. We know that you weren't yourself, that it wasn't the real George, the pragmatic lawyer George, who felt so desperate on Monday.

And today, on Saturday, it tortures us and makes us cry to know that you, so dear and kind to so many of us, did not die in peace.

But we want you to rest in it, forever.

We love you George and we will never forget you.

Never.

This magazine is dedicated to the memory of George Andersen. More photos and memories begin on page 6.

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Bling Bling the Next Lottery Thing

MDI signed a three-year agreement with THE GAMEOLOGIST GROUP, LLC for the worldwide lottery industry licensing rights to the name and marks of Bling Bling™. The agreement extends through December 2006 and covers instant and on-line lottery games and promotions.

Bling Bling is a four-year-old expression traced to hip-hop music and the young adult, urban market, which today comprises about 45 percent of the U.S. population. Recently, the term has made its way into mainstream culture and, as a result, has begun to attract more and more advertising dollars from Fortune 500 consumer goods companies looking to appeal to young adults.

The term has its commercial roots in a 1999 song by a New Orleans musical artist named B.G., a member of the rap group Cash Money Millionaires. Originally used to describe diamonds, jewelry and other forms of showy style, Bling Bling has since broadened to include all things "cool, in vogue or over the top." Bling Bling gained mainstream traction in 2001 when the words were inscribed in diamonds on the NBA championship ring of the Los Angeles Lakers.

Smartplay Business in Tennessee, Ireland, Virgin Islands and Quebec

After the successful launch of four instant games, the Tennessee Lottery is gearing up for online games. New Jersey based Smartplay International, Inc. has been awarded a contract to provide Revolution gravity-pick drawing equipment for the upcoming launch of a three-digit game.

Smartplay recently supplied a custom bank vault machine for the New Year's Eve edition of National Lottery of Ireland's Winning Streak Millionaire game.

Also, the Virgin Islands Lottery has contracted with Smartplay to produce a custom drawing machine for their traditional passive game. The new design incorporates a classic sphere-shaped mixing chamber, as had been used in Saint Thomas prior to 1990. The device will comprise approximately 200 square feet and mix 50,000 numbered beads. Proceeds from the lottery benefit disabled persons and the general fund.

Finally, Smartplay supplied a custom Halogen machine to present up to twenty winning balls at Loto-Quebec's Celebration 2004 Grand Draw in mid-January.

Tennessee Signs Schafer

Schafer Systems has been awarded the Instant Ticket Dispenser contract by Scientific Games. The dispensers will be used for the Tennessee Education Lottery. Schafer Systems initially provided 32,000 Dual Dispensers and 8,000 Dual Locking Mounts to assist the lottery in meeting its goal of a January 20, 2004 ticket launch.

Pollard Enters Licensed Market

Pollard Banknote has created a strategic business unit devoted to licensed products, and signed its first licensed property with DaimlerChrysler Corporation. Pollard will offer DaimlerChrysler lottery games featuring the well-known brands Jeep® and Chrysler®. The deal includes the rights to market lottery games based on the popular Jeep Grand Cherokee, Liberty and Wrangler vehicles as well as the Chrysler Crossfire and PT Cruiser vehicles. The DaimlerChrysler deal also gives Pollard Banknote the rights to feature Chrysler 300, Pacifica, Sebring and Town & Country vehicles on lottery games.

Central Europe Contracts for WinTV

WinTV, the Drawing Department of Editec SA, delivered new machines to Translotto in Bulgaria, and to Loteria Romana in Romania. The delivered air-breath machines include 1 Venus and 3 Topaze in various versions. All the models are PC-operated and with many optional features such as the ARS (Automatic Recognition System), plasma screens, balls presentations and animation software. Further deliveries in Central Europe are planned for WinTV during the coming weeks.

Provo Adds Fantasy Soccer

Provo International has added the popular "Futbol Fantastico" (Fantasy Soccer) card to its extensive network of 20,000 retail outlets in Mexico. Participants in "Futbol Fantastico," (which operates much like the fantasy sports leagues in the U.S., can play the game by purchasing a prepaid card offered by Provo. The "Futbol Fantastico" is intended to be followed by a number of other new and exciting products.

Editec Launches Keno in Suriname

On January 30, Editec, in Joint Venture with SNAK, one of the two lottery operators in Suriname, launched Keno 4, a daily game basically combining a Pick 4 with a roll-over Jackpot based on 2 additional numbers. The launch was done with an installed network of about 100 TPM 3000 terminals, with 50 more to be deployed in the course of February. The launch has been very successful with over 300,000 entries in the first 6 draws. The system is fully operated by Editec.

GTECH Signs in China, Spain and Mexico

GTECH signed a new contract to supply the Beijing Welfare Lottery Center (BWLC) with equipment, software, and technical services to operate a computerized keno game in Beijing. As a result of the new multi-year contract, which is expected to commence on April 1, 2004, BWLC also extended GTECH's original online lottery services contract for an additional three years through December 31, 2012.

GTECH will provide a turnkey system to BWLC, including keno equipment, monitors, and game software for the Club Keno® game. The Company will also install an additional 500 Altura® terminals. GTECH will provide ongoing services to BWLC including upgrades and maintenance for the keno and lottery central systems; software support; game design; marketing consultation; and terminal spare parts. An alliance arrangement has also been agreed upon whereby BWLC can become the hub operator for neighboring jurisdictions in China.

GTECH also signed a product sale agreement to provide new online lottery terminals to Sistemas Tecnicos de Loterias del Estado (STL), the operator of the online system for the National Lottery in Spain. Under the terms of the agreement, STL will replace 2,500 existing Spectra online lottery terminals with 2,500 Altura terminals. In addition, GTECH will continue to provide STL with terminal maintenance and repair services.

Finally, GTECH has been selected by Pronosticos para la Asistencia Publica (Pronosticos) to provide equipment and services for a new online lottery system in Mexico under a proposed six-year contract. RFP calls for the replacement of Pronosticos' existing system with new central system hardware and software. ■

Europe

Tickets for EuroMillions went on sale in France and the UK on Saturday, Feb. 7, and in Spain on Monday, Feb. 9. The draw will take place each Friday with the first draw on Friday, Feb. 13th February.

EuroMillions tickets will initially cost £1.50 in the UK. The UK price point is designed to account for currency variations with the 2 Euro price in France and Spain – with any difference shared between UK winners on the eleven lower prize levels.

Camelot is backing the launch with a massive £5 million advertising campaign for the first eight weeks, which takes in outdoor, radio, press and TV activity. Point of sale material was in stores from February 6, highlighting the large jackpots on offer.

To win the EuroMillions jackpot, players need to match five main numbers from one to 50 – and two Lucky Star numbers from one to nine. In addition to the jackpot, there are 11 other prize levels available.

Belgium

The Belgian National Lottery closed its financial year 2003 with sales of 990.2 million Euro – an increase of 4.61% compared to 2002.

These results confirm the success of the Lottery's recent change from parastatal institution to limited company of public law. The positive results can almost be fully attributed to the online lotteries.

China

Statistics show that welfare lottery sales in China exceeded 20 billion yuan (some US\$2.4 billion) in 2003, a rise of 3.2 billion (US\$390) over the previous year or up 19.05%, generating 7 billion yuan (over US\$840) for the country's public welfare fund.

Of the total raised funds, 3.47 billion (US\$418 million) would be used to help the elderly, disabled and poor people, according to officials with the China Welfare Lottery Distribution Center. Another 3.5 billion (some US\$420 million) went to the central treasury, which would be mainly used for needy urban residents or running other welfare projects.

The China's Sports Lottery Administration sold 7.914 billion yuan's (US\$965 million) worth of soccer lottery tickets in 2003. This is approximately 848 million yuan (US\$103 million) more than in 2002.

Czech Republic

SAZKA opened another round of sale of tickets for the 2004 Ice Hockey World Championship on Monday, 26th January 2004, at 05.00 p.m., this time through online terminals. The Championship will take place in the cities of Prague and Ostrava, Czech Republic, on 24th April through 9th May 2004.

In Prague, the national teams will play in a new, modern, state-of-the-art multipurpose SAZKA ARENA, which is currently being completed by SAZKA. SAZKA ARENA is scheduled for opening on 27th March 2004.

India

Martin Lotteries owned Smart Win Online Lottery and Shapoorji Pallonji Group's Forbes Infotainment owned DhanDhanaDhan Online lotteries in India are joining hands to market and promote Online Lotteries together on a revenue sharing pattern.

The Forbes Infotainment's DhanDhanaDhan has set up large network of 1200 terminals across Mumbai, Maharashtra, Kerala, Karnataka and West Bengal. Martin Lottery operates an Online lottery under the brand 'Smart Win' is the second largest Online lottery player with 1400 terminals spread across Kerala, Karnataka and Mumbai.

Ireland

Ireland's An Post National Lottery will be joining EuroMillions soon. The game recently launched last week in Britain, Spain and France, and Ireland expects to begin play on the game by the end of the year.

Israel

Israel's Mifal Hapayis has chosen two underwriting firms to manage its bond issue: Gmul Sahar Securities Brokerage Services and Discount Capital Markets and Investments. The bond issue is aimed at raising NIS 500 million from institutional investors. This is Mifal Hapayis' first-ever bond issue.

Italy

Lottomatica is hoping to double its instant sales to in 2004 by increasing its points of sale from 15,000 to 35,000 and investing 10 million in advertising.

Nepal

Nepal's recent introduction of a receipt lottery, similar to the ones operating in China and other parts of the world, has received a warm response from consumers. In its first three days the venture, which is aimed at getting consumers to ask for their value added tax receipts, has collected receipts that will ensure Rs 439,000 in the tax. The Lottery offers 16 cash prizes between Rs 3,000 and Rs 100,000.

Philippines

The Philippine Charity Sweepstakes Office (PCSO) has been given an executive order from President Arroyo to provide a P250-million standby fund for the government's fight against bird flu.

Poland

Poland's State Treasury has decided to merge the country's two biggest lottery companies: Totalizator Sportowy and Polski Monopol Loteryjny. Both organizations have confirmed the merger, but gave no further details.

U.K.

It is looking like Camelot will report an end to their slide in sales and profits. Lotto is still reportedly declining in the country, but the Lottery has created many new games, and has seen non-Lotto sales grow 18% over the last year, and now accounting for 30% of overall sales. The launch of EuroMillions is expected to boost sales even further. ■

The Lottery Industry Loses a Friend and a Pioneer

In Memory of George Andersen: 1950 - 2004

The Lottery industry lost a true friend and pioneer on Tuesday, January 27, when Minnesota State Lottery Director George Andersen died at the age of 53. Andersen was more than just a friend to the Lottery industry – he was a friend to all

Andersen, a graduate of the University of Notre Dame and The Dickinson School of Law, was appointed as the first Director of the fledgling Minnesota Lottery by former Governor Rudy Perpich in 1989. At the time of his death he was the second most senior lottery director in the nation and was widely regarded as brilliant and knowledgeable in his field. A Pennsylvania native, he first served as deputy executive director of the Pennsylvania Lottery.



George Andersen was important to the Lottery industry, and as such the Lottery Industry honored him in return. He received the Major Peter J. O'Connell Lifetime Lottery Achievement Award from Public Gaming Research Institute in 1999, was president of the executive board of the Multi-State Lottery Association from January 5, 1993 until June 30, 1994, and was president of the North American Association of State and Provincial Lotteries (NASPL) from 1998-1999.

Andersen, who lived in White Bear Lake, Minnesota, is survived by his wife Darlene and grown children, Mark and Beth. ■

All accounts describe George Andersen as friendly and jovial – winning over nearly every person he came across. He loved to make people happy. It's been reported that one of his favorite duties was handing out the oversized checks to big winners – that may be because during the process of performing that duty he could infect dozens of people with joy and laughter. It's been reported that on the days of the check ceremony he would stand outside the Lottery office chain-smoking and joking with reporters.

He seemed equally adept at playing politics, forging the kind of relationships with leaders around the state that allowed him to survive in his position longer than nearly every Lottery leader in the country. In an industry where the average director lasts 16 months, he reigned for 15 years. Andersen was also a man who took his job seriously, and was always concerned with the integrity of the lottery. Some have credited him with setting the standard for lottery operations in the U.S.

Basically, the man lived and breathed Lottery. So, it's no surprise that when a Government audit turned critical he took it personally. Friends of George have speculated that the pressures of the audit, coupled with a severe bout with sleep deprivation may have ultimately led to Andersen's untimely death.

George Andersen may have passed away, but nothing can erase what he accomplished in his life. Andersen's friends describe him as a devoted family man. Nothing is more important than family, yet many people in less demanding work situations don't find enough time for their loved ones. The fact that so many friends and co-workers can vouch for the love he had for his family says a lot about the man.

We should also look at the tremendous good he accomplished for the state of Minnesota, and for the Lottery industry as a whole. He launched and defined the Minnesota Lottery, and in the process helped shape the \$50 billion North American Lottery industry. Under his leadership, the Minnesota Lottery contributed \$1.1 billion in accumulative Lottery proceeds to six Minnesota programs, chief among them the General Fund and the Environment and Natural Resources Trust Fund. At the same time he handed out more than \$2.1 billion to Lottery players.

Remembering the Family

There is nothing that can replace our loved ones when they pass on. But those of us who are left can try to ease the suffering of the family with donations to help them through the day-to-day challenges of carrying on without their loved one.

A family trust has been established for this purpose to which some companies have already made pledges; some of these companies are recognized below with the deep appreciation of the George Andersen family:

In Commemoration

Oberthur Gaming Technologies
Scientific Games Corporation

In Memoriam

GTECH Corporation

In Admiration

International Game Technology
TeleCom Game Factory

In Appreciation

Public Gaming Research Institute
Sande Steward Television
Sunshine Electronic Display Corp.

Those companies that have not yet pledged a donation may do so by sending an email to duaneburke@aol.com committing your pledge. You will be sent an invoice for your pledge on behalf of the family fund.

Those companies and individuals who wish to, may send their donations directly to the family fund account as noted below:

Darlene Andersen, Trustee account
Affinity Plus Federal Credit Union
175 West Lafayette Road
Saint Paul, MN 55107

Please note if the family may acknowledge your pledge or donation. Amounts of pledges and donations will be confidential.

Lottery Industry Leader: Remembering George Andersen

By Iowa Lottery CEO, Dr. Ed Stanek

Lotteries are about winners and losers.

With the passing of George Andersen, everyone becomes a loser.

We, the industry seniors, lose a great peer. We, the industry workers, lose a great leader. Lottery customers lose someone dedicated to their happiness; and all citizens of Minnesota lose a dedicated public servant who spent sleepless nights trying to make Minnesota better for them. Minnesota politicians, perhaps looking for a more full cup, will find one more empty.

Before I talk about the winners, let me mention the friendship between George and me.

How good of friends were we? He told me that when he came to my house there was no place for him to sit because he was afraid that he would break my delicate antique chairs. So I bought the biggest, tallest, sturdiest, strongest chair that I could find. I did it because his once-a-year visits to Des Moines were from the biggest, tallest, sturdiest, strongest friend that anyone could ever have.

The day that I heard of what had happened to George, I shed the biggest, tallest, sturdiest, strongest tears of my life.

For more than a decade we traded phone calls almost daily and e-mails so often that our Internet providers would have perhaps been richer than Bill Gates if they had charged us \$1 per contact. There are two speed-dial numbers programmed on my office phone. One is to George's office. At the office, we plotted business strategies, security details, and ways to make our industry more successful. We jostled over the next best money making ideas for our respective states. At other times, we shared humor on a two-way street. We seriously debated mathematics, relativity, politics, religion, law, and anything else that two consenting adults could disagree upon. And disagree was what we did most often – and without exception in the friendliest way. George always deferred to me on statistics. I always deferred to him on the law. Everything else was fair game in our verbal chess matches. On the most important issues, we almost always agreed. Despite the hours and years of conversation, his major challenge to me was his way of supplying a minimum of detail sufficient to raise an important issue and then requiring a psychic to read his opinion between the lines. One of my most serious flaws is not being able to read at his level in those spaces. He asked me to review his resume a few months ago. It was on one page with a lot of white space. I told him that his successes should fill four pages and he should spend more energy selling himself. He told me: "They'll be able to read between the lines."

In lotteries, George was a winner by virtue of his accomplishments as documented by the industry offices he held and the many contributions he made with the new ideas for which he was willing to take a risk: Former president of our North American Association of State and Provincial Lotteries. Former president of our Powerball business, the most successful lottery game in the world. Chair of the Committee that developed the most rigorous computer security requirements in the world. He hosted professional conferences for thousands of attendees in addition to his daily work. He won the Lottery Lifetime Achievement Award and led the lottery to raise more than a billion dollars for Minnesota. In the lottery industry George was like the sage in the old E.F. Hutton television commercials: When he talked, everybody listened.

Even with George's passing, the rest of us are winners to have had him as long as we did. Those who really knew him really loved him. Those who did not really know him really respected him. He had an imposing persona to match his imposing physical appearance. But make no mistake, he was known and respected before he entered a room.

He was chairman of my heart and the hearts of countless others who worked behind, below and next to him – there were none above. George, if you can hear us, we will now and forever miss you. I may not forgive you for making me come to Minnesota in January. But for the first time ever, I will forgive you if you do not answer my e-mail tonight. ■







Contributed by Chuck Strutt, Executive Director of the Multi-State Lottery Association

It was probably cold on that early Tuesday morning in late January, but most of us were already numb as we tried to accept and make sense of the phone call about George. Meetings were cancelled and, like many others, I sat in my office, while the lottery world was put on hold.

George was everywhere in my office. There were notes reminding me of questions he had; answers that he wanted. A web cam sends a picture of my desktop to the world. George dubbed it "Chuckie-Cam" and he was a frequent viewer – calling to ask about a new package sitting on my desk or sending an email with a witty remark about a visitor's shirt while I tried to continue a serious conversation.

George had a way of becoming a part of your life, sneaking in until you one day realized that the two of you were good friends and had been for some time. On that Tuesday morning, there was a great ring of ice crystals around the Sun with two bright Sun dogs. I remember thinking that George would have enjoyed the display. That was just my first "George" moment. People live on through the lives they have touched and George will be felt in the lottery industry for a long time to come. ■

Eulogy for George Andersen

This is the Eulogy Dan Bower presented at George Andersen's memorial service.

Can you all see the picture of George? I just leaned over to Marilyn and said "I've seen him just like that before. It's his 'I finally got you Bower' look."

About two years ago, George and I gave eulogies at the funeral service of our dear friend, Lynn Swede Nelson, former lottery director of Pennsylvania and George's mentor. That was a tough day, but George and I had each other for support. Today will be tougher.

George Andersen was like a brother to me, the little brother I never had, but to call George little is a misnomer. Perhaps I should have said younger.

George was a bear of a man. To those who did not know him well, he was a gruff old bear. But to those who really knew George he was a Teddy Bear, with a heart of gold, a brilliant mind, and a dry wit that would come out at the most unexpected times.

Over the years George and I developed the habit that I would call him approximately every two weeks to chat and check in. In those early lottery days when I missed the schedule, I would start getting calls from various people in the lottery industry asking me "Have you talked to George lately"? I knew George was talking to them! Today I just get an e-mail – Where are you? Are you sick? George was the master of short e-mails. If I didn't call him promptly after that my partner got the e-mail, Where's Bower?

In 1989 George called me with the good news that he had applied for and had been selected to be the lottery director to start the Minnesota Lottery. I was stunned, George always discussed things with me but he never even told me he had applied for the job. I told George that I would come to Pennsylvania and we would celebrate. I was worried because George was no Beau Brummel or fashion plate. When I got to Pennsylvania, I discussed with George that he was going to be a very public figure, meeting with legislators, the press, Governor Perpich etc, and that he frankly needed to improve his wardrobe. Luckily, I had the morning news paper and the biggest men's store in Harrisburg was going out of business. I convinced him he needed 3 new suits and this was the time to buy. Though he grumbled a bit, my appeal to his frugality won out, he bought the suits and headed to Minnesota. I wouldn't be surprised if they are still here. Come to think of it, I don't remember seeing them after they were fitted. With George's legal and lottery experience, he was the perfect choice for the job. He hired an outstanding staff and they, along with George's passion for perfection, made the Minnesota Lottery an instant success. George was very proud of his Minnesota Lottery employees.

George Andersen was a passionate person. He had four great passions. I call them George's 4 "F's".

The first "F" was family. In almost every telephone or personal conversation, we would have, whatever the original subject or subjects we were discussing, at some point our talk would turn to family. He would relate what Mark, Beth and Darlene were doing and he loved talking about family vacation plans – George was very proud of his family.

The second "F" was friends. George had a passion for his friends. He was fiercely loyal to his friends and was always available to counsel when they had troubles or wanted to discuss anything with him. He was always the first to congratulate them on their accomplishments. His employees were his friends. Recently he had to dismiss 34 of his friends because of budget cuts. It was a very tough day for George.

The third "F" was his passion for food. Dinner with George was an awesome experience. He loved food in great quantities and savored every bit. George had a daily plan for food – at breakfast he would plan lunch, at lunch he would plan dinner and at dinner, when eating out, he would order more food than he could eat. That was part of the plan. He always took a box home for snacking in case he got hungry.

The final "F" George's passion for fishing. I tried to get George interested in my passion – Golf. He even bought golf clubs. I never saw him swing one but those who did, told me he was surprisingly good, but his passion won out. I believe George loved to fish because it was his release from the stress of his lottery job and the many challenges he faced keeping lottery sales improving. The happiest day of each year for George was the day when the weather was warm enough to put his boat in the water. He would talk about it until it happened and he would always call to report that the day had arrived when the boat was launched.

Recently George and I had more frequent conversations, 2 or 3 times a week. He was very stressed and I attempted to get him thinking in a more positive mode. About 10 days ago I said "George, the night is always darkest before the sun starts to rise and a new day begins and chances are that the new day will be better than the day just passed."

So George, your long dark night is over, your sun is beginning to rise and you are beginning a long journey into the bright sunlight and one thing of which I am sure when you reach your destination – Heaven will be a better place.

I love you George! Your family loves you! All of your friends in this building love you! All of your friends across the United States and around the world love you!

George, Bon Voyage and God Bless! ■

Oregon's Video Lottery Program *by Don Robison*

If sales and transfers are a true measurement of success, then the Oregon Lottery's Video Lottery program is extremely successful. The program, which began in 1992, has shown steady growth, including record sales and transfers over the past 5 years.

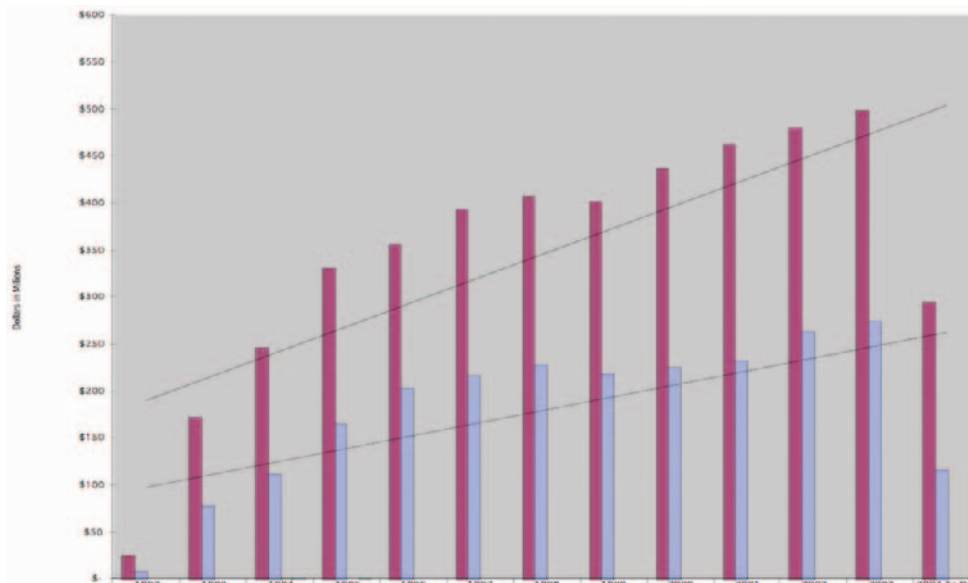
Oregon currently manages a Video Lottery program that has approximately 2,000 retail establishments and over 9,600 Video Lottery terminals (VLTs). Each establishment is limited to no more than 6 VLTs (two race tracks may have up to 10), but most retailers have 5 VLTs. Oregon offers up to 35 versions of poker on four different VLT models. In fiscal year 2003, the average weekly net sales per VLT was \$1,030 and the average weekly net sales per capita was \$2.81.

While there is no single reason to attribute this success, one thing is clear. By adding new equipment and games, the Oregon Lottery has been able to keep its Video Lottery program fresh and exciting. The net result has been a steady increase in play levels among current players, while also bringing new players into the fold.

A key strategy in maintaining the program's success has been the replacement of its oldest VLTs. Many of these VLTs have become obsolete, either from a new game design, or a maintenance support perspective. Player reaction to the new equipment has been generally positive. This is important since any substantial changes are usually noticed by our players, who will sometimes have an emotional reaction when the Lottery replaces an old machine with a new one. Interestingly, some players automatically migrate toward the remaining older and more familiar equipment, rather than first trying the new one. Research tells us that players will sometimes resist new equipment because they don't want to learn about the new equipment or they're concerned that the payouts will not be comparable to the old machines. In any case, in Oregon, we have found that replacing old machines with new ones does stimulate sales in most establishments.

The Oregon Lottery has also committed its resources to evaluate new equipment and companies that can help support Oregon's Video Lottery program. For example, a recent test of equipment from Spielo manufacturing has provided important information regarding potential opportunities for the future.

In addition to replacing old equipment, by installing new games onto its already-installed base of terminals, the Lottery has been able to grow additional net revenue. New games such as VLC's Ace in the Hole poker have demonstrated that even in a "poker only" jurisdiction such as Oregon, you can still find innovative new ways to package the product enhancing its overall appeal. We are learning that there are still new ways to play poker that have yet to make their way onto the VLT screen. After more than 12 years



offering games from the same family of poker games, we are now seeing a new commitment among existing suppliers for new and innovative poker games. The future is looking bright with the introduction of new games and play styles that are attractive to our players.

Maintaining a fresh and exciting Video Lottery program is critical since the program contributes almost 80% of the Lottery's overall transfers to the state that help fund important programs such as public education, economic development and natural resource programs. The Lottery's current challenge is to seek ways to ensure its contribution levels in terms of transfers, but in a way that is acceptable from a policy perspective, and in the eyes of the public.



Looking ahead, the Lottery has a few key initiatives for its Video Lottery product including: Continued planning for the replacement of aged or obsolete terminals; adding new poker games that will appeal to our current players; adding new poker games that appeal to light, lapsed or non-players; and seeking new ways to teach interested non players how to play Video Lottery games

Don Robison is the Video Product Manager for the Oregon State Lottery and has worked in that capacity for nearly the past 12 years. The Lottery opened in 1985 when it offered its first scratch-it ticket. Later, online games such as lotto and Keno were added into the mix before expanding to offer Video Lottery in 1992. ■

The Lottery has added nearly 2000 new VLC model 8828 upright terminals and is in the process of adding at least 1500 WMS model 3601 slant top terminals.

Changing the Game What's Up Online?

In the last year there have been many changes to North American online games. Some of the more significant changes include a new breed of "instant win" online games that are aimed at running a new revenue stream through existing online terminals. There are other changes as well, including matrix adjustments, added draws, new games and more.

Most of the online changes are in familiar enough forms as to provide reliable data concerning the changes. Unfortunately, the new "instant win" games are still in their infancy – we'll have to monitor them a little longer before any concrete findings can be announced.

Florida

The Florida Lottery has changed the payouts of its Mega Money game to increase jackpots to a maximum of \$2 million spread over 20 years. Jackpots will start at a minimum of \$500,000 and if there is no winner, roll over to a top prize of \$2 million. When the jackpot reaches the limit, the prize money paid to runners-up will also increase and are estimated to be double the normal prize amount.

If there is only one winner, that ticket-holder could claim a one-time cash option or receive the full jackpot by taking 20 annual payments. Players must pick four numbers from 1-to-44 and one Megaball number from 1-to-22, and the odds of winning the jackpot are about 1.1 million to one.

Tickets will still cost \$1 and drawings will still be held Tuesdays and Fridays. There will now be seven consolation prize levels for picking some of the numbers instead of six, including a chance to win a free ticket for matching just the Mega Ball.

Kansas/Nebraska

On February 8, 2004, 2by2, a MUSL game offered by the Kansas Lottery and the Nebraska Lottery moved to drawing on six nights a week (M-Sat). The Kansas Lottery is hoping for a 25%-30% increase in sales, and the Nebraska Lottery added that the game has proven to be stronger than its predecessor, Rolldown, and moving to six drawings a week should add to that strength.

Minnesota

The Minnesota Lottery has launched a new form of online ticket called G3 games. Developed by the Minnesota Lottery, G3 Games combine the instant-win aspect of Scratch Games with the look of an Online Game – but players won't have to wait for a drawing to see if they've won. G3 tickets are just as quick and easy to produce and redeem as any Online Game quick-pick ticket.

All G3 Games prizes may be claimed at any Lottery office or by mail. G3 Games prizes up to \$100 can also be claimed at any Lottery retailer. All prizes must be claimed within one year of the date that the G3 ticket was printed.

Winning numbers (and lots of other information) are available on the Lottery's Player Hotline or the Lottery's Web site. A list of unclaimed prizes is also available. Players have one year from the date of the drawing to claim their prize.

Montana

On February 2, 2004, the Montana Lottery also launched instant games, called Qwik Tix, through their on-line terminals. Qwik Tix are not lotto games, nor are they scratch games. They're something in-between – a truly new way to play. Qwik Tix consist of four new instant win games that are printed by the lotto terminal at the time of purchase. While there are four new games, there are eight ways to play them.

Qwik Tix tickets give players two plays or two games for \$2. Each way to play Qwik Tix has been assigned a number 1-8. This has been done to make purchases easier for both the player and the retailer. Those numbers are shown on a menu board that the Lottery has provided to every lotto retailer.

With Lucky Numbers, players get two games featuring two Qwik Numbers and five Lucky Numbers from fields of 1-9. By



matching one or both Qwik Numbers to one or more of the Lucky Numbers players win a prize. Another option, Powerball Lucky Numbers, gives players one set of Qwik Numbers and one Powerball ticket.

Hot Tac Toe gives players two games featuring a typical 'X' and 'O' tic-tac-toe grid. By getting either three Xs or three Os in a vertical, horizontal, or diagonal line players win a prize. The Hot Lotto. Hot Tac Toe ticket features one game of Hot Tac Toe and one Hot Lotto ticket.

Jacks or Better features two games where players receive five cards from a typical deck of 52. If the player gets a pair of Jacks or better, he/she wins a prize. Wildcard 2 Jacks or Better matches up one game of Jacks or Better with one game of Wildcard 2.

Montana Match features two games where players get eight symbols in two rows of four. Players that match three identical symbols win a prize. Montana Cash Montana Match pairs one game of Montana Match with one game of Montana Cash.

Qwik Tix were developed by the Montana Lottery, using its understanding of players' likes, dislikes, favorite play styles and game themes. These games feature a \$500 top prize and pay retailers a \$0.10 commission on each sale.

New Jersey

The New Jersey Lottery recently made Jersey Cash 5 a rollover game and changed the matrix to 5:40. Previously the game was a "roll down" game with a matrix of 5:38.

The projected revenue for Jersey Cash 5 for the fiscal year 2004 is \$45 million. Through January, sales in this game have increased \$18.7 million over the same period last year, exceeding expectations. Because of the increase in sales, the lottery decided to increase the starting jackpot from \$40,000 to \$50,000.

Ohio

The Ohio Lottery is currently researching a replacement game for its in-state lotto game, and is also looking at changing the Buckeye 5 game, but has not yet finalized any decisions regarding either game.

Oregon

The Oregon Lottery launched Monday Night Scoreboard, a new sports related game in 2003. The game play is similar to a "sports pool" or "office pool". For \$2 the player receives 16 sets of numbers, 4 sets for each quarter of game play. If the player matches the numbers on their ticket to the last digit of the team's quarter's score, they win. Based on a \$1 wager, the game pays \$5 for matching one quarter, \$50 for two quarters, \$500 for three quarters, and \$50,000 if they match all four quarters.

The Lottery planned for the game to generate \$1 million in revenue the first year/season, but is now anticipating the game will generate approximately \$1.2 million.

The Lottery also bolstered its Keno product when, in the spring or 2003, it added a multiplier feature to its Keno game. For an extra \$1, players can add the multiplier feature to their ticket and can win up to 10 times their prize.

Initially, the Lottery estimated a 5% (\$100,000 weekly) increase in sales. Since the introduction of the multiplier feature in April 2003, Keno sales have increased by 6.07% (\$116,000 weekly).

In late February the Lottery is planning to move from 5 Minute Keno to 4 Minute Keno. At the same time, it plans to extend its on-line selling hours from 6 AM - 2:30 AM to 5 AM - 2:30 AM. This is expected to benefit retailers that open early or are open 24 hours, as well as players who are early risers.

The Oregon Lottery currently offers two niche games - Sports Action, a sports betting game that appeals to a younger (21-34), higher income, male, football/sports enthusiast; and Win for Life, an on-line game that appeals more strongly to a younger audience (21-34).

The Lottery plans to introduce its first "Click&Play" game on April 6, 2004. Click&Play is a new interactive game category, that will begin with a CD Lottery game called Mini Golf. To play, a player simply purchases a \$2 Mini Golf ticket and they receive a free CD ROM. The player then loads the CD ROM on a PC and enters the game's access code from the ticket. The game entitles the player to 9 holes of mini golf. Up to 4 players can play the game. Although the score is kept, their score does not determine the prize they win.

The Lottery has also included its second game - Solitaire Riches, on the same CD ROM. Solitaire Riches is planned for launch in summer 2004.

Research has told the Lottery that this game will appeal to both Lottery Scratch-it players and those who play games on their personal computers. According to research, more than 70 percent of the adult population owns personal computers and more than 50% of these adults play games on their computers. The game should also appeal to a wide age group, from 21-54.

Pennsylvania

Tickets for the Pennsylvania Lottery's newest online game, MATCH 6 lotto, went on sale on January 28, 2004.

"MATCH 6 lotto responds to suggestions made by Lottery players, incorporating their ideas into the way the game is played," says Lottery Executive Director Ed Mahlman. "MATCH 6 offers better odds of winning, and many more ways to win." There also are more lower- to mid-tier prizes than some of the Pennsylvania Lottery's other games, while still offering a jackpot prize.

Players receive three MATCH 6 lotto plays for \$2, and may purchase MATCH 6 lotto tickets up to 13 weeks (26 draws) in advance. The game is based on a 6:49 plus 2:49 matrix. Players

Players can match numbers in the traditional way, on one horizontal line of play or "base play." However, MATCH 6 lotto introduces Pennsylvanians to a new and fun style of play: the complete set of 18 numbers on a ticket - six numbers on each of three lines (plays) - gives players additional chances to win by combining winning numbers from all three lines, a total of 11 ways to win.

MATCH 6 lotto features a starting jackpot of about \$500,000 and offers more small- to mid-size cash prizes, ranging from \$2 to \$2,500. All MATCH 6 lotto prize payments, including the jackpot prize, will be made as one-time, lump-sum cash payments. A winning ticket is entitled only to the highest prize won by those numbers on each play, plus the highest prize won by those numbers on the combined game. As with CASH 5 and Powerball games, if there are no jackpot winners in a MATCH 6 lotto drawing, the jackpot prize money will be rolled over to the next MATCH 6 drawing.

MATCH 6 lotto also has better overall odds of winning a prize, 1-in-5.9. The probability of winning the jackpot by matching all 6-of-6 winning numbers is 1-in-4.661 million per game.

Texas

The Texas Lottery launched Mega Millions on December 3, 2003. The first draw in which Texas players were eligible was on December 5, 2003. Mega Millions is a 5/52 + 1/52 matrix.

Texas also offers a special Megaplier™ feature with the Mega Millions game. The Megaplier is a multiplier feature. The Megaplier number is drawn before each Mega Millions drawing and depending upon the number drawn, the player's non-grand/jackpot prize winnings will increase by 2, 3 or 4 times. The Megaplier is an additional \$1 per play board. The cost for playing Megaplier is in addition to the cost for playing Multi Draw. The Megaplier number will be chosen from a field of 21 numbers according to the following frequency: twelve number 4's, seven number 3's and two number 2's. Any non-grand/jackpot prize winnings on a Mega Millions play will be multiplied by the Megaplier number drawn if the player purchased the Megaplier feature.

To date, Mega Millions, combined with Megaplier, has been selling at a pace that would see average annual net revenues of \$121.6 million.

TLC also instituted changes to its Lotto Texas game in May of 2003. The matrix was changed from a 6:54 to 5:44 + 1:44.

In the first full fiscal year (FY '04) of the change to Lotto

Texas, additional revenue to the state was estimated to be more than \$50 million. This revenue projection did not take Mega Millions sales into consideration and was based on an average year's worth of jackpot experience, which was cut short due to the introduction of Mega Millions in December 2003. The \$50 million figure will be greatly altered due to the introduction of Mega Millions.

Pending the formal rulemaking process, the agency plans to move Texas Two Step draw days to Monday and Thursday from Tuesday and Friday. The goal of this move is to reduce the cannibalization Two Step is experiencing due to the Mega Millions drawings being on the same nights.

The TLC is still determining what it will call the Instant Win feature when it is introduced in Texas. Some states refer to it as EXTRA and it has also been referred to as Double Take. This feature is an add-on (spiel) game that combines any on-line numbers game with an instant win feature. The Texas Lottery has just started the process of projecting revenue for this game feature.

Texas Two Step would be considered a niche game. It is primarily played by males 55-years and older, who have a high school diploma and earn less than \$25,000 per year or \$35,000 to \$49,000.

Wisconsin

In the past year, the Wisconsin Lottery launched one new

Scientific Games®: Online on the move

Two months ago in this very publication, Scientific Games® predicted the following: Lotteries will 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.

Truth be told, this was less a prediction than a promise, since Scientific Games® and a number of its customers were already deep into the collaborative development process on a variety of new, progressive online games. So the timing of PGI's editorial focus is ideal for providing this update:

Heads or Tails™ daily cash game

This game is currently offered in Maine, New Hampshire and Vermont.

Players choose 5 numbers from 1 to 34. They also select one of two additional choices - Heads or Tails.

Matching two or more numbers wins a cash prize. Players double their prize by correctly matching Heads or Tails. Prizes range from \$1 to \$50,000. Overall odds are 1:6.83.

Mega Money

This dual-matrix game offers players a rolling jackpot, beginning at \$500,000. Once the jackpot reaches \$2 million, the cash rolls down to the lower tier prizes. There are 8 ways to win with the roll down prizes estimated to be double the normal payouts. Overall odds are 1:13.

Multi-Hand Easy Win™ (patent-pending)

This concept rewards players for purchasing in quantity. Players receive 3 sets of 6 numbers - from 1 to 49 - for \$2. Players can win in each of their 3 base sets of numbers by matching a minimum of 3 numbers per line. They can win additional prizes by matching at least 4 numbers within the set of all 18 (3 sets of 6) numbers. For example, if they match 2 numbers in their 1st line, 2 in their 2nd line and 1 in the third line, they have matched a total of 5 numbers and qualify to win a small prize. Prize structures for this game type vary depending on the matrix.

online game. "Badger 5" was developed last February to be a short-term place-holder within the Lottery's mix of online offerings, but it quickly established itself as a popular and successful game. It is now approaching its one-year anniversary with no signs of slowing down.

"Badger 5" is a daily lotto-style game that features a rolling jackpot. Players select from a 5:31 matrix and win cash prizes for matching 2, 3, 4, or all 5 of the winning "Badger 5" numbers drawn each night.

"Badger 5" jackpots begin at \$10,000. They are guaranteed to grow a minimum of \$1,000 a day until they are won, but sales have been so strong that the jackpots grow by thousands more each night. In early January, for instance, a record \$309,000 "Badger 5" jackpot was won just 11 days after starting at \$10,000.

The Lottery projected "Badger 5" sales would reach \$10 million annually. As the game nears its one-year anniversary it is producing \$250,000 a week in incremental daily online sales and total sales of \$22 million, far exceeding original estimates. That "Badger 5" sales have been so consistent over the game's 12-month life span indicates it has helped to further define an established niche within the daily "lotto" style games in Wisconsin. As an addition to the "Pick 3" and "Pick 4" daily games, and the Lottery's six-numbered "SuperCash!" game, "Badger 5" has more clearly highlighted for players the choice between winning more money, or winning less money

more often.

This spring and summer the Wisconsin Lottery is going through a conversion to a new gaming system and will not be making any other substantial changes to its online product mix until the fall.

West Virginia

The West Virginia Lottery has not launched any new, online games in the last year, but it has conducted research (quantitative & qualitative) concerning bonus features for its cash lotto, keno and daily numbers games. The Lottery has yet to finalize fiscal projections or to set implementation schedules.

In West Virginia, the gaming venue often creates "niche" markets as one may find with its 5-minute draw, online Keno game. In West Virginia, only adult pouring establishments (with on premise alcohol consumption) are permitted, by law, to sell online Keno.

The player demographics of a "niche" market game, such as the West Virginia Lottery's Keno game, are usually the result of the player demographics that evolve from the gaming venue. In West Virginia, Keno players are predominantly males in their mid-40's with a minimum of a high school or technical education. Employment and income levels vary but may be summarized in a manner that places the market as predominant full time employment with annual income greater than \$20,000. ■

This game is on sale in Pennsylvania, marketed under the name Match 6.

Quik Tix

Recently launched by the Montana Lottery, Quik Tix are instant win online games with playstyles similar to instant tickets, yet printed on an online ticket by an online terminal.

The first four Quik Tix games launched include:

- * Lucky Number Match
- * Hot Tac Toe
- * Jacks or Better®
- * Montana Match

Quik Tix can be played as a standalone (2 games for \$2), or in combination with a traditional online game (1 Quik Tix + 1 Powerball for \$2).

Each Quik Tix offering is pre-packaged, is assigned a number (from 1 to 8), and is displayed on a fast-food-type menu board. Players choose from the menu board, by simply requesting one of the 8 numbers.

Rapid Refresh™ (patent-pending)

This concept also offers multiple types of instant win games. Rapid Refresh is an instant win add-on to an existing online game. The Maryland Lottery was the first to launch Rapid Refresh (late February), and has branded the games as Instant Win.

Rapid Refresh gives lotteries the flexibility to rotate (or pulse) instant win online game content in and out of the market, in the same manner as instant tickets.

Maryland's first game, Instant Win Tic Tac Toe, provides both a \$1 and \$2 price point and will be followed up with five more games, added over time. ■

High and Rising Still

The Ever-Climbing Price Point

It is fascinating to see price points around the Lottery world continue to rise. It is equally fascinating to watch players continue to respond favorably to the price-hike. Who would have thought that players would be willing to fork-out \$10, \$20, even \$30 to buy a Lottery ticket? But, sales figures don't lie - if you put out a high price point (HPP) ticket, chances are good that you'll find consumers willing to buy that ticket. Of course, this brings up the question, how high is too high? Could a \$50 or even \$100 ticket be in the future?

What follows is a summation of how several North American lotteries are doling out their HPP offerings, which games have seen the most success, and the Lottery's philosophy behind their HPP offerings.



sales, at \$40,238,630. The game also achieved an excellent net return - \$8,611,067.

The Connecticut Lottery places a strong focus on HPP tickets because higher potential sales mean higher potential return to the Lottery's beneficiary - the General Fund. Lottery consumers have shown that there is a desire for such tickets in this state, and a player base to support these price points. Players enjoy the oversized tickets, the variety of play styles that can be included on the ticket face, as well as the higher value prizes offered and the prize payout odds. Finally, the higher price point provides an opportunity for retailers to increase their earnings and reward program points.

The Lottery believes the prize structure of an HPP game is crucial to the game's success. Having a prize structure that keeps players winning meaningful prizes works to ensure their interest in the game. A second critical need is to ensure that retailers carry the game. This can be achieved by Premium Points, incentives and attractive POS supported with marketing campaigns.

Massachusetts

Nine HPP tickets were offered by the Massachusetts Lottery in CY 2003. The \$10 game \$640,000,000 Jubilee performed extremely well, selling \$312,000,000 in the first 12 weeks of sales. Not only did this game achieve the highest sales of any HPP the Lottery offered, it also had the highest net return, at \$37.4 million in twelve weeks.

The Massachusetts Lottery offers HPP tickets because they help to stimulate business, they fill a need in the market, and they attract players who are inclined to gamble.

In Massachusetts, it is crucial that the gambling excitement offered by a high price point instant ticket is dramatically better than lower price points.

Kansas

The Kansas Lottery offered seven HPP tickets to players in CY

Arizona

The Arizona Lottery offered 9 different HPP tickets in CY 2003 - seven \$5 games and two \$10 games. The two \$10 games (\$100,000 Jackpot and Extreme Green) achieved the highest overall sales.

Arizona offers HPP tickets in response to player demand. The Lottery also uses them to increase revenue and to offer more variety in games.

Connecticut

In CY 2003, the Connecticut Lottery offered fourteen HPP tickets: ten \$10 tickets, one \$15 ticket, two \$20 tickets and one at the \$30 price point. Of these tickets, Pinball Wizard, a \$10 ticket that launched two separate editions, achieved the highest overall





2003. Of the tickets offered, Kansas Cash Casino had the highest net sales, pulling in \$3,309,430.

The Lottery offers HPPs to generate increased sales, call attention to the Lottery, and to create excitement.

The Lottery feels the most crucial aspects of a successful HPP are increased payout, several chances to win, an abundance of play action, and a large colorful ticket.

New Jersey

The New Jersey Lottery offered 10 HPP instants in CY 2003 - seven \$5 games and three \$10 games. CASH BONUS DOUBLE ACTION, a \$5 ticket, had total sales of \$19.6 million, the highest sales of all HPP instants. JACKS OR BETTER, also a \$5 ticket, achieved the highest net return, approximately \$4.7 million.

The New Jersey Lottery makes higher priced games available because they offer more winning value with favorable odds and chances of winning mid-tier prizes.

The Lottery sees balancing higher payout, with a prize structure that offers reasonable odds of winning mid-tier level prizes coupled with significant jackpot prizes, as crucial to the success of an HPP ticket.

Oregon

The Oregon Lottery offered a total of six HPP tickets in CY 2003 - one \$10 and five \$5 games. The Lottery's scented \$10 game, Candy Cane Cash, recorded the highest weekly sales of any game, based on its intended life cycle. This game recorded sales average of \$331,611. Still, the game with the highest overall sales was the \$5 game, 5 Times the Money. This game achieved sales of \$3.031 million and sold out in 8 weeks, returning \$424,000 to the state.

Higher price point games help increase the customer's purchase per transaction. For example, a player may buy one \$5 ticket instead of 2 \$2 tickets or a \$5 ticket instead of a single \$3 ticket. This is a benefit to the Lottery because it increases revenue and is a benefit to the retailer because they receive a higher profit per transaction and decrease labor.

The games also generate a heightened sales performance! The \$5 price point category is Oregon's #1 selling category, in terms of sales by game. In addition, the Lottery's HPP games perform

even the low-tier prizes in these games.

On the other hand, \$5 games provide a tremendous amount of flexibility. For example, lotteries can offer \$6, \$7, \$8, and \$9 prizes in the game. This enables them to move more of the prize structure into the mid-tier and high-tier levels, while keeping overall odds down.

For all HPPs in Oregon, retailer buy-in and support is very important. When the Lottery first introduced higher price point games, retailers were reluctant to sell them because they believed their customers would not spend \$5 or more for a ticket. Although higher price point games are the Lottery's best performers, some retailers are still reluctant to sell these games.

Quebec

In 2003, Loto-Quebec offered four \$5 instant lotteries: Lotto 6/49 20e Anniversaire; Grand 7 chanceux; Everest; and Mine d'OR. Of these tickets, Lotto 6/49 20e Anniversaire achieved the highest gross sales, \$8,953,000. The highest net return was achieved by Grand 7 Chanceux (almost all tickets were sold).

The Lottery offers these games in order to diversify its product mix and reach other types of consumers. Moreover, these games offer multiple intermediate prizes ranging from \$20 to \$100.

Because these games are not bought on the spur of the moment, as are lower-price instants, the odds of winning play an important role. HPPs are expensive and must therefore offer greater odds of winning; otherwise, consumers will stop purchasing them.

Rhode Island

The Rhode Island Lottery offered eight high-price-point instants in Calendar Year 2003. The \$10 game "Mega Riches" achieved both the highest gross sales (\$4,893,360) and the highest net return (\$1,284,996) of all HPPs in 2003.

The top reasons the Rhode Island Lottery offers HPP tickets are for the higher net return, the ability to offer larger top prizes, and to stay competitive with border state lotteries.

The Lottery feels a well-balanced prize structure and a visually appealing ticket are crucial to the success of high-price-point instants.





South Carolina

The South Carolina Education Lottery, which offers HPPs at the \$5 and \$10 price points, saw much success with its \$10 ticket, Cash Bonanza. To date, Cash Bonanza sales have exceeded \$2.9 million.

SCEL, which lists prize structure and play style as crucial to the success of high-price-point tickets, offers HPPs to satisfy different player segments, and to increase revenue for the state.

South Dakota

In CY 2003, the South Dakota Lottery offered four \$5 games and one \$10 game. At \$1,219,566, the \$10 game Cash Spectacular had the highest gross sales of all HPPs.

The South Dakota Lottery offers HPPs because its players like big top prizes.

Texas

The Texas Lottery offered 38 games ranging from \$3 to \$20 in CY 2003. The highest gross sales instant game in 2003 came from the Lottery's \$20 game, Holiday Million. This game sold \$101,875,700.

TLC uses HPPs because it can offer more for the money on each ticket. Also,

HPPs offer the most growth potential for sales, and the Lottery knows it has a group of players in Texas who are willing to purchase these types of games.

Of course, if an HPP is to succeed in Texas, the design of the game, mainly the theme and play style, needs to be attractive to players who are willing to play these games.

Virginia

Twenty-one HPP tickets (all at the \$5 and \$10 price point) were launched by the Virginia Lottery in calendar year 2003. Of these, \$5 Win for Life performed extremely well, achieving the highest overall sales (\$20,718,975) and the highest net return (4,558,175).

The Lottery offers HPP tickets for the increased revenue they generate, to help meet player demand, and to appeal to new players.

For an HPP ticket to succeed in Virginia, the ticket must incorporate the appeal of a major top prize - either cash or merchandise such as a car; there must be a number of prizes available in mid/high tier to create retail chatter; the ticket should have a multiple games, several ways to win, or allow a player to win multiple times; and the theme must be just right - either gaming, money, or an attractive licensed property such as "Price Is Right"

West Virginia

West Virginia offered two HPP tickets in CY 2003. Legislative Rule limits the West Virginia Lottery to tickets that can be priced no higher than \$5 per ticket. Also, West Virginia players have not migrated much beyond the \$1 and \$2 priced tickets at this point.

Of the HPP tickets offered, \$50,000 POKER SHOWDOWN (which is still on sale) had the highest gross sales - \$1,815,500 for thirteen weeks. The return for the game in 2003 was \$510,000

The Lottery offers \$5 games to give players a chance at higher prizes and expand the variety of ticket options. Higher price points also help reduce the amount of warehouse space and retailer labor used while maintaining the instant product sales.

In West Virginia, the most crucial aspects of a higher price-point instant are the price structure and ease of play. It must have enough churn prizes to maintain the winning feel for the players while having visible mid-tier prizes. Also the game must be easy to read and be self-explanatory.

Wisconsin

In Calendar 2003 the Wisconsin Lottery launched





eight high-price-point instant scratch games: Seven \$5 games and one \$10 game.

The \$5 "Vegas Nights" game achieved the highest gross sales of any high-price-point game in Calendar 2003. "Vegas Nights" accounted for just over \$13.9 million in sales. The Lottery's \$10 game, "Casino," was a close second, providing \$13.1 million in gross revenues.

"Vegas Nights" also provided the best net revenues. It is a game of long-standing, that the Lottery can order in large quantities. In addition, it has a lower payout than the \$10 "Casino" game.

The high-price-point games have become an increasingly larger part of the Lottery's product mix. They produce substantial revenues in the state. Players have come to value the variety of play styles—particularly the opportunity for extended play—while retailers have come to enjoy the larger per-transaction benefits of carrying and selling these games. ■

Try a Licensed Game to Get to a Higher Price Point

Bob Kowalczyk & Chuck Kline, MDI Entertainment

Combining the promotional strength of a well-known licensed property with a well-structured prize distribution is a great way to get to a \$10 or \$20 price point. The Connecticut Lottery used an MDI-licensed brand, Times Square 2000™, when they launched the first \$20 scratch game in the U.S. It not only sold out, but the game generated excitement and positive media attention for the Lottery and for players who vied for two second chance Grand Prizes of \$1 million.

Here's a 10-step template, based on the Connecticut model:

1. Since you are introducing a higher price point, offer a significantly higher prize fund percentage.
2. Include a second chance component that is thematically tied to the licensed property.
3. Make the ticket the biggest one you've ever printed, loaded with play value and including a five-figure top instant win prize.
4. Let each and every ticket, winners and losers, qualify for the second chance.
5. For each of two second chance drawings, offer a six-or-seven-figure cash Grand Prize significantly higher than any other instant top prize that you typically offer. Offer First Prizes consisting of a combination of cash and license-related merchandise and/or experience prizes valued at \$10,000 to \$25,000 and offer Second Prizes of licensed merchandise prize packs valued at \$500.
6. Set an aggressive deadline for the first drawing, to generate excitement and urgency to play. Keep the last drawing date open to enable you to sell through the game before the final drawing.
7. Award the First and Second Prizes in the drawing. First Prize winners become finalists for the Grand Prize drawing that will occur later.
8. Make finalists available for media interviews to answer their "How would you spend the big money if you won?" questions.
9. Tie the Grand Prize Drawing to a BIG EVENT in which the finalists participate in person. If you can arrange live media coverage, great. If not, make sure the event is taped and photographed so "The Winning Moment" can be distributed to the media afterwards.
10. When the game looks like it's a sell-out, schedule the final drawing and do it again!

While the values can be adjusted to fit your market needs, here's an example of a prize structure for one million \$20 tickets that will accomplish your goal:

PRIZE STRUCTURE SUMMARY	Amount	% of revenue
Total Revenue	\$ 20,000,000	100.0%
Total Prize Payout	\$ 15,000,000	75.0%
Total Prize Value: Instant Cash	\$ 11,750,000	58.8%
Two 2nd Chance Grand Prizes @ \$1,000,000	\$ 2,000,000	10.0%
Ten 2nd Chance First Prizes @ \$25,000	\$ 250,000	1.3%
2,000 2nd Chance Second Prizes @ \$500	\$ 1,000,000	5.0%



SMART-Tech 2004

Another Resounding Success

PGRI is pleased to announce that SMART-Tech 2004 marked another resounding success in the growing tradition of PGRI Lottery conferences. The event, co-hosted by the Tennessee Education Lottery Corporation (TELC) was held at the world-famous Peabody Hotel in Memphis, Tennessee.

After opening remarks from Duane Burke, the event kicked-off with remarks from TELC CEO Rebecca Paul, fresh off the fastest and most lucrative Lottery start-up in history. This was followed by a SMART-Tech Leadership Forum, an open-format panel discussion on what is happening, what is important and trends in the lottery industry today. Several lottery directors, VPs, and vendor heads participated in the forum.

Momentum continued to roll in the direction of learning. After the conference, several newcomers were astounded by the amount of knowledge they were able to soak-in at the conference. It is fitting they should think so. Some of the most knowledgeable people in the industry gave their time, leading presentations, heading panel discussions, and mingling during the social functions. For a complete list of speakers, please see the sidebar on page 22.

SMART-Tech also turned into somewhat of a birthday party as TELC President and CEO Rebecca Paul and DC Lottery & Charitable Games Board Director Jeanette Michael each celebrated a birthday during the event.

One of the highlights for many at SMART-Tech was an all-expense paid trip to Graceland, courtesy of MDI and Scientific Games. Participants were treated to a tour of Elvis' legendary estate, his private jets, and more, all capped off with a BBQ in the King's car museum. Needless to say, it was a fun time for all who participated, and we thank Scientific Games and MDI for their generosity.

Several other companies also generously sponsored some wonderful meals in the exhibit area (for a complete list of exhibitors, please see the sidebar on page XX). Scientific Games, Sunshine Electronic Display Corporation, IGT, and OGT took turns hosting meals.

The conference was rounded-out with the SMART-Idea awards. Several lotteries and suppliers were honored with an award for coming up with ideas that help lotteries be more successful. For a complete list of the winners, please see page 22.



2004 SMART-Idea Recipients - Congratulations to You All!



DC Lottery & Charitable Games Board: DC's \$5 Instant Game Crossover Promotion – accepted by *Jeanette Michael, Director*



Iowa Lottery: (2 awards) Ad-Grab Delivers & Pumping-Up Powerball – accepted by *Sally Robson, Advertising Manager*



NewsScanner: NewsScanner Eyeball®, An Eye for Increasing Sales – accepted by *Mac Snodgrass, Manufacturer's Representative*



Scientific Games: (6 awards)
Prize Structure Analysis
New On-Line Product – "Heads or Tails"
New Extended Play Games
Play Central
Dual – Play Action Scratch Games
On-Line Game Simulator
accepted by *Jeff Martineck, Account Manager*



Take-A-Ticket: Increasing Scratch-Off Sales – accepted by *Cal Tigner Jr. President*



Schafer Systems: VERSATILITY...in a box – accepted by *John Krogman, Sales Director*



Washington Lottery: A Better Way to Order Scratch-offs – Pro-Ship – accepted by *Tim Brunner, Asst. Sales Dir.*



Structured Data Systems: Enhanced Monitor Games – accepted by *Greg Duggan, Business Dev. Manager*



Texas Lottery Commission: Texas Lottery Megaplier™ Game – accepted by *Robert Tirloni, On-Line Product Manager*



Szrek2Solutions: Trusted Draw–Electronic Draw System – accepted by *Walter and Irena Szrek, Partner*

SMART-Tech Speakers

Bonnie Fussell, Vice President, Sunshine, Inc.
Burt Mc Wade, Vice President, Racing, Atlantic Lottery Corp.
Cal Tigner Jr., President, Take-A-Ticket
Duane Burke, President/CEO, PGRI
Ed Mahlman, Executive Director, Pennsylvania Lottery
Ed Mc Guinn, CEO, eLottery, Inc.
Dr. Edward Stanek, CEO, Iowa Lottery Authority
Ernie Passailaigue, Exec. Dir. South Carolina Education Lottery
Gerry Aubin, Executive Director, Rhode Island Lottery
Gerry La Chere, Director, Montana Lottery
Greg Duggan, Bus. Dev. Manager, Structured Data Systems
Irena Szrek, Partner, Szrek2Solutions
Jeanette Michael, Exec. Dir., DC Lottery & Charitable Games Board
Jeff Martineck, Account Manager, Scientific Games
Jennifer Burgess, Marketing Mngr, Elvis Presley Enterprises
Jim Kennedy, Senior Vice President, Scientific Games
John Krogman, Sales Director, Schafer Systems
Mac Snodgrass, Manufacturer's Rep for NewsScanner
Michael Frick, Deputy Secretary, Florida Lottery
Mike Yacenda, COO, eLottery, Inc.
Patricia Tatarski, Director, Support Services, Intralot USA
Paul Lauzon, Vice President, Ipsos-Reid Corporation
Rebecca Paul, Pres. and CEO, Tennessee Education Lottery
Rick Wisler, Exec. Director, New Hampshire Lottery Commission
Robert Kowaczyk, Executive VP, MDI, a Scientific Games Co.
Robert Tirloni, On-Line Product Manager, Texas Lottery
Sally Robson, Advertising Manager, Iowa Lottery
Scott Morasch, Senior Research Manager, Ipsos-Reid
Sharon Sharp, Consultant to Scientific Games
Tim Brunner, Assistant Sales Director, Washington Lottery
Virgil Helton, Deputy Director, West Virginia Lottery
Wayne Lemons, Director, Delaware Lottery

SMART-Tech Sponsors

Our thanks to the social event sponsors for SMART-Tech 2004

Scientific Games

Congratulations Tennessee Lottery Reception

International Game Technology – IGT

Luncheon Honoring Tennessee Lottery Leaders

Sunshine Electronic Display Corporation

Morning Coffee and Danish

Oberthur Gaming Technologies

Lottery Products for Growth Luncheon

MDI Entertainment

A Scientific Games Company

Elvis Presley's Graceland Tour, Reception and Dinner

SMART-Tech Exhibitors

eLottery.com

IPSOS-Reid

NewsScanner

Schafer Systems

Smartplay

Structured Data Systems

Sunshine Electronic Display Corporation

Szrek2Solutions

Take-A-Ticket

Lottery People

New York Gov. **George Pataki** directed tax commissioner, **Andrew Eristoff**, to appoint **Nancy Palumbo** as the new director of the New York Lottery. She takes over for **Margaret DeFrancisco**, who assumed the position of CEO of the Georgia Lottery Corporation. Palumbo, a former state Senate employee, joined the state parks office in 1995 as deputy commissioner. Since 1999, she was in charge of finance and administration at the parks agency.

James Quinn resigned as director of the Nebraska Lottery on Wednesday, February 18. He stepped down in spite of being cleared of wrong doing in a recent investigation. Quinn stated that it was, "probably time to move on." Initially, Quinn had asked for his resignation to be effective immediately, but State Tax Commissioner **Mary Jane Egr** requested that he stay on until April 16, to assist with the transition from the state's current online vendor to Intralot USA.

Minnesota Gov. **Tim Pawlenty** named **Michael Vekich** acting director of the Minnesota State Lottery, filling the void left by **George Andersen's** unexpected death. Vekich is an accountant and business turnaround expert. He currently heads Vekich Associates and from 1997 to 2001 served as chair of the Minnesota State Colleges and University's board of trustees. Vekich will serve as acting director until the governor is convinced the Lottery's problems are addressed.

West Virginia Gov. **Bob Wise** has appointed Lottery Director **John Musgrave** to a cabinet position in the WV Department of Tax and Revenue. Musgrave will serve as deputy secretary of the Department of Tax and Revenue and will assume the title of acting secretary. He will continue to manage the Lottery in his capacity as director, a post he has held since 1997. He has previously served as mayor of his hometown, Point Pleasant, and held management positions in the U.S. Department of Agriculture.

The North Dakota Lottery has a new sales and marketing manager. **Eileen Walsh** began her duties on Monday, Feb. 9.

New Zealand Lotteries Commission Chief Executive **Trevor Hall** announced two key IT appointments, Chief Technology Officer and IT Projects Director. **Quinton Hall** was appointed Chief Technology Officer. Mr Hall previously held the position Risk and Planning Manager at NZLC for two years and has a background in technology consulting and risk management. **Wayne Pickup** has been appointed IT Projects Director, reporting to Mr Hall. Mr Pickup joined NZLC in August 2003 as Head of Distribution and Innovation from the Swedish lottery IT supplier, EssNet, where he was Project Manager.

Camelot has hired former BBC World head of marketing and communications **Liz Warner** for the newly created role of head of publicity. Warner will take up the post in April. Warner comes to Camelot from Fremantle Media – formerly Pearson Television – where she was head of corporate communications, responsible for generating publicity for shows including Pop Idol and American Idol. Warner will lead Camelot's core publicity function within the

company's communications division and report to head of corporate communications **Mark Galagher**.

Robert J. Laird, a founding official of the Maryland State Lottery who created some of the early games and directed its marketing and advertising, died of cancer on Friday, Feb. 13. He was 75. He was the first person hired by **Stanley S. Fine**, the original director of the Maryland Lottery. Laird helped set up the lottery's first draw, and also helped start components of other games, including the first 50-cent weekly game, the daily pick-three and pick-four games, a 1976 computerized system and, in the early '80s, a rollover jackpot for Lotto. In 1985, Laird was named the lottery's chief deputy director while retaining his title as director of marketing. He was also a consultant to other states setting up lotteries. He retired 10 years ago and founded RJL Marketing.

INTRALOT announced that **John Pantoleon** has been appointed as General Director of Finance and Development. Pantoleon joined INTRALOT in 1997 and most recently held the position of the Contracts Director. **John Katakis**, has been appointed as General Director of Commercial Division. He has been with the company since 1998 and previously served as Deputy General Director. **Costas Farris** has been appointed as General Director of Systems Technical Division and most recently was the Technical Director of the company.

Cirsa Business Corporation has appointed **Joan Julia**, former executive of chemicals group DSM, as business director and board member.

Oberthur has promoted **François Durand** to Senior Vice-President of OGT's Operations, effective February 2. In his new role, Mr. Durand will coordinate OGT's global manufacturing, technological development, quality assurance, research and development and information technology activities. Also, **Lori Montana** and **Dave Mizeur** have joined the OGT-USA Sales and Marketing team. Lori Montana served Illinois for six years as Director of the Lottery, working with three different Governors. In 2003, Lori co-founded the DMM Group, a firm specializing in non-profit fundraising, marketing and lottery consulting. Dave Mizeur worked for the Illinois Lottery from 1985 to 2002 as Deputy Director for Finance and later assumed the additional duties of Deputy Director for Operations.

Multimedia Games Board of Directors has appointed **Thomas W. Sarnoff** as Chairman of the Board for a one-year term. Mr. Sarnoff has served as Interim Chairman of the Board since December 9, 2003. In addition to his duties as Chairman, Sarnoff also serves on the Board's Nominating and Governance Committee, as well as on the Audit and Compensation Committees. Multimedia Games also announced that, effective immediately, **Gordon T. Graves** has resigned his Board Directorship. Mr. Graves resigned as Chairman of Multimedia Games ("Multimedia") last December, and intends to devote more time to outside business opportunities. As a result of Graves' resignation, the size of Multimedia's Board has been reduced to five directors, four of whom are considered "independent" according to the corporate governance rules of the Nasdaq Stock Market. ■

Lottery News

North Dakota Increases Terminals, Set for Amber Alerts

Initially, North Dakota planned to have 319 retailers, but the Lottery recently renegotiated with Scientific Games, and has boosted its number of terminals to 400. All but ten will be distributed to retailers, two will be kept in the Lottery's state Capitol office, and the remaining eight will be held back for possible use by new businesses. The Lottery is also installing scrolling message boards that can be used in the event of an Amber Alert. The additional terminals, the lighted message boards and other changes has increased Scientific Games' commission from 8.98 to 10.63 percent.

Fast Start Nets TN Nearly \$30 Million

Starting the Tennessee Lottery three weeks early has resulted in approximately \$96.5 million in ticket sales, which means an extra \$30 million for education programs in the state to date.

Also, in Tennessee, on Monday, Feb. 8, the Tennessee House voted to confirm Gov. Bredesen's appointees to the Tennessee Education Lottery Corporation's board of directors. It was the final approval required by law.

More Lotteries Off to Great Starts

The Maryland Lottery just finished the most productive twelve-month period in the agency's 31-year history. The \$1.342 billion in sales collected in calendar year 2003 surpasses last year's numbers - the previous agency record - by \$8 million. The reasons for the increase are many, including a number of successful promotions and continued increases in both scratch-offs and Keno. The good news doesn't end there. While December 31st marked the end of a great sales year for the Lottery, it also marked the half-way point in Fiscal Year 2004. Sales during the first two quarters of FY'04 give every indication that in six months the Lottery will be celebrating another record-breaking total. Factor in the upcoming introduction of a couple of very promising promotions and 2004 is looking very good for the Lottery.

Iowa Lottery transfers to the state for calendar year 2003 totaled more than \$51.8 million after sales of more than \$200 million. Those figures compared to transfers of \$47.5 million and sales of \$182.2 million in calendar year 2002. The lottery's five-year average for profits to the state is about \$45.6 million. In 2003, the Iowa Legislature approved a proposal creating the corporate-model Iowa Lottery Authority, producing greater freedoms from some governmental processes, resulting in greater revenues for the state.

The Georgia Lottery Corporation (GLC) closed the books on the first half of fiscal year 2004 by announcing the largest second quarter transfer to education in GLC history. Record breaking first and second quarter transfers to the Lottery for Education Account in fiscal year 2004 will total more than \$376 million - \$24 million more than last year's benchmark - making the first six months of fiscal year 2004 the most successful start in its 11-year history. Lottery sales for fiscal year 2004 have surpassed \$1.4 billion - \$72 million ahead of where they were at this same time last year.

Kentucky Lottery sales for the first six months of this fiscal year are higher than projected. Since July 1, 2003, the KLC has

realized sales of \$378.6 million, up 10.7% over the same period last year and 17.9% higher than projected. A majority of this sales increase is due to gains made by scratch-off ticket sales, which are up \$17.2 million over the same period last year, a 10.8% increase. These higher sales allowed the KLC to turn over \$10 million more than expected to the Commonwealth. For the month of December 2003, the KLC realized overall sales of \$75.6 million, which is 36% higher than projected. It's now anticipated that FY04 sales should reach \$686 million - 2% higher than FY03 - which would lead to \$187.3 million in proceeds for the Commonwealth, a 3.5% increase over FY03.

The Virginia Lottery saw record sales in the 2003 calendar year. Unaudited results show total sales exceeding \$1.18 billion, or over 4% more than 2002. Scratch sales continue to experience double-digit growth, up nearly 13% at \$581.5 million. Daily game sales also set a new record at \$417.8 million. Players and retailers also shared in this success, with players winning over \$672 million and retailers earning nearly \$66 million.

South Dakota, Kansas, Amber Alert Ready

The South Dakota Lottery will use its lotto network to distribute information about missing children as part of the state's Amber Alert system. The Lottery will distribute that information through lotto machines at 350 retailers around the state. Store personnel can post the message in the store or give it to customers.

When an Amber Alert is activated in Kansas, the Kansas Lottery will begin sending the message to approximately 1,850 retailers statewide. The message will appear on the lotto terminal, will be printed and posted at the counter. And will also appear on the Keno TV monitors in stores and Beta Brite signs at lottery locations.

California Says No to Higher Payouts

The California Senate rejected a bill proposing to increase California Lottery payouts from 50% to 60%. The bill, which would have cut the beneficiary dollars from 34% to 26%, lost by a count of 19 to 13. The bill would also lower funding for lottery administration from 16% to 14%.

Wyoming Lottery Efforts Advance

The Wyoming House introduced legislation Wednesday that would create a state lottery and allow Wyoming to join the Powerball drawing. House Bill 20, sponsored by Rep. Dave Edwards, R-Douglas, was sent to committee on a 42-17 vote, two more than needed for introduction. The bill allocates \$2 million for a state lottery organization and startup funds. After repayment of the initial appropriation, lottery revenues would be distributed to senior centers, a Game and Fish trust fund, state parks and historic sites and the General Fund.

South Dakota to Keep VLTs

A plan to repeal video gambling and replace the lost revenue with a sales tax increase was rejected 7-2 by a South Dakota Senate Committee. SB180 would have repealed video gambling, which brings in more than \$100 million in state revenue each year. That would have been replaced by an 0.85 percent boost in the state sales tax.

On the Internet

Tennessee Launches Site

In addition to launching its games, the Tennessee Lottery also launched its new Web site. just five days before selling its first instant games, the TELC unveiled its new site at www.tnlottery.com. The site contains information on the Lottery's new games, its business and its education mission, a "Retailer Compass" that allows users to perform a zip code search to locate the closest Lottery retailers, and more.

ALC Launches Redesigned Site

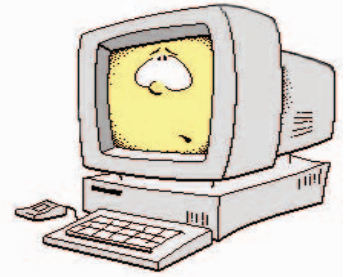
On Monday, February 16th, Atlantic Lottery launched its redesigned web-site. The look is new, but more importantly, the content and services have been improved to better serve players. The redesign will enhance the features that players are already used to.

One exciting aspect of the redesign is the site's ability to deliver winning numbers to players' wireless phones and hand held wireless devices. Also, group players now have access to a group play form and jackpot and winning numbers form available for printing from the site. Other new sections highlight how ALC impacts the community and what every player should know about playing ALC games responsibly. Check it out at: <http://www.alc.ca/>.

Camelot Launches Online Valentine Game

The UK National Lottery offered lucky Valentines the chance to win up to £4,000 with the launch of Cash Couples, a new online Instant Win Game with a romantic theme. Cash Couples, which launched February 2, 2004 at www.national-lottery.co.uk, costs £1 per play. Cash Couples is the latest chap-

ter in an on-going collaboration between National Lottery operator, Camelot and NOWWASHY-OURHANDS. The agency has designed the recently launched Cash Machine™, which offers the biggest prize so far of all The National Lottery's Instant Win Games.



Missouri Favorite Numbers

In mid-February the Missouri Lottery launched a new service called "My Favorite Numbers" on its web site (www.molottery.com). The new service provides players with the chance to register their favorite numbers with their favorite game(s). When any combination of these numbers are drawn for that game to win a prize, the lottery notifies the player(s) via e-mail with the amount of possible winnings.

EGET Delivers Internet Slot to PAF.

European Game & Entertainment Technology (EGET), has delivered a new progressive jackpot Internet slot machine to Ålands Penningautomatförening (PAF). The new multi line slot machine game offers the player more excitement with its twenty win lines and two bonus games. The game includes a progressive jackpot. This progressive jackpot is a relatively new feature in the area of Internet games and therefore it is expected to attract more Internet players. The new game has been named Fisherman's Jackpot as the game graphics is build around a Scandinavian fishing theme. ■

Kentucky Panel OK's Veteran's Game

Kentucky's House Committee on Seniors, Military Affairs and Public Safety approved a bill that would allow for the creation of an instant game that would raise money for veterans' programs. It's been estimated the new game could generate as much as \$1.5 million annually that the department could use for veterans' nursing homes, cemeteries and other programs.

New York, Kansas Governors Seek Gambling Expansion

New York Gov. George Pataki wants the Quick Draw lottery game to be offered around the clock and would like restrictions removed on establishments where the game can be offered. If implemented, the change is estimated to boost game revenue by \$44 million. Also, the governor would like to make the game permanent. Quick Draw, which is set to expire on May 31, has to be reauthorized periodically. Another Pataki plan would allow an expansion of the state's fledgling VLT program. The plan calls for the Lottery to award franchises for VLT parlors to operators of major casinos in Las Vegas and Atlantic City.

Kansas Gov. Kathleen Sebelius unveiled her plan for Kansas

to operate up to five world-class destination casinos. The plan, which would receive funding solely from developers and be run by a private management firm under the eye of the Kansas Lottery, would also allow for up to 2,500 video lottery terminals to be spread throughout the state's five parimutuel tracks, and up to five video lottery machines at each of the 240 fraternal clubs in the state. If passed, each casino would bring in an estimated \$160 million a year, with the state's pulling in nearly \$30 million, VLTs at tracks would net the state \$60 million, and machines at fraternal clubs would add an extra \$7 million a year.

Indiana House Approves Pull-Tab Machine Casinos

The Indiana House voted 53-39 to allow the opening of four quasi, land-based casinos. The off-track betting parlors in Fort Wayne and Indianapolis would have 1,500 pull-tab machines. The state's two horse tracks would have 1,000 machines. Rep. Markt Lytle, D-Madison, argued that the pull-tabs are not an expansion of gaming because the Hoosier Lottery sells paper pull-tabs in grocery stores and other venues. ■

British Columbia

It's been reported that Fraser Downs may become the first racetrack in B.C. to install gaming machines. On March 15 a temporary facility will hold 200 machines, and by April 2005 a permanent racino will be operational.

Delaware

Delaware Lottery Retailers are getting anxious. This month the Delaware Lottery is conducting its annual Fastest Fingers contest. With loads of cash prizes, food and gifts, this contest promises to be... just plain fun!

The Fastest Fingers contest is designed as a "speed" contest for wager input. The contest consists of three Preliminary Rounds conducted in convenient locations statewide. In the Preliminary Rounds, Delaware Lottery Retailers compete against other Retailers in their county. The top five finishers in each county are given the opportunity to compete in the Finals, which will be held at the Dover Downs Hotel on March 30. The winner of the Finals is the Fastest Fingers champion and will be announced in a press release and in TicketTalk, the Delaware Lottery Retailer's newsletter. They will also receive a cash prize of \$700 for first place, \$300 for second place, \$150 for third place, \$100 for fourth place and \$50 for fifth place.

Cash prizes will also be awarded during the Preliminary Rounds \$300 for first place, \$175 for second place, \$100 for third place, \$50 for fourth place and \$25 for fifth place.

The Delaware Lottery introduced this contest ten year ago as a means to reward and recognize terminal operators for their skill and knowledge, motivating those who are key to improved sales and good consumer relations.

Florida

The Florida Lottery is changing the payouts of its Mega Money game next to increase jackpots to a maximum of \$2 million spread over 20 years. Jackpots will start at a minimum of \$500,000 and if there is no winner, roll over to a top prize of \$2 million. When the jackpot reaches the limit, the prize money paid to runners-up will also increase and are estimated to be double the normal prize amount. Tickets will still cost \$1 and drawings will still be held Tuesdays and Fridays. There will now be seven consolation prize levels for picking some of the numbers instead of six, including a chance to win a free ticket for matching just the Mega Ball.

Idaho

In an effort to continue the mission to benefit Idaho's schools, the Idaho Lottery is offering a chance for college students to earn a scholarship through the newly organized "Student Scratch Ticket Design Contest." This preliminary trial of the program is offered at Boise State University but the "Student Scratch Ticket Design Contest" will be available to colleges statewide in the future.

Students will create a scratch ticket that could be used for the Lottery. Tickets will be judged on creativity, visual appeal,

play style and overall marketability. Three students will receive awards: 1st Place - \$1,000 scholarship; 2nd Place - \$500 scholarship; and 3rd Place - \$100 scholarship. The deadline for all entries is 5 p.m. March 19, 2004. Lottery personnel will notify the winners the week of April 5, 2004.

Kansas

Kansas Speedway announced that the Kansas Lottery will sponsor the 200-mile ARCA RE/MAX race, which will be called the Kansas Lottery \$200 Grand race and will give one fan a chance at a \$200,000 prize. The Lottery will introduce an instant ticket also called Kansas Lottery \$200 Grand that can be worth up to \$10,000. One of every 24 tickets will be good for free admission to the ARCA race. Those who redeem the free ticket will be entered in a drawing, and two lottery players' names will be chosen. After the race, if the first player identifies the top three finishers in order, that person will receive \$200,000. If the first person is incorrect, the second player will get a chance at the \$200,000.

Louisiana

In addition to the chance of winning thousands of dollars on Louisiana Lottery scratch-off games, players also received a \$10 discount on great seats at any of the seven New Orleans Hornets home games in February. To participate in the promotion, fans had to bring any five non-winning Louisiana Lottery scratch-off tickets to the New Orleans Arena box office. In return, they received \$10 off any Hornets ticket priced at \$40 or more. The promotion was good for any of the Hornets seven home games in February.

Maryland

The Maryland Lottery has ushered in 2004 with a few new ultimate prize promotions. A new lottery ticket, Big Ben Bucks offers 100 first-class air travel packages for two, each valued at \$20,000. The game is the result of a cooperative agreement between the Lottery and British Airways. A second promotion, Lotto! Super Draw featured a Grand Prize Second-Chance Drawing for a 2004 Hummer H2 and \$25,000. Additionally, ten (10) \$25,000 winners were chosen during the game's promotion from January 12 through February 14.

Massachusetts

A new advertising campaign for the Massachusetts State Lottery featuring television, radio and print advertising began on Tuesday, January 27th. The campaign specifically promotes the Mass Lottery's Mega Millions game, and is aimed at creating jackpot awareness among the casual lottery player. The campaign is the first television campaign for the Massachusetts Lottery since 1997.

The Massachusetts Lottery is reportedly looking to consolidate MassMillions and Megabucks into one game with bigger jackpots, and add a Keno game, in an attempt to attract more players. Another reason cited for the change is player confusion with similarly named lotto games.

Michigan

Beginning March 1, and running through March 21, 2004, the Michigan Lottery will be offering the "Back Pair Payout" promotion to its Daily 4 game players. Daily 4 game players will receive a \$10 prize when their \$1 straight bet matches the last two numbers drawn.

Since the Michigan Lottery launched Club Keno on Oct. 27, it has brought in more than \$40 million - \$6 million more than expected. Michigan Lottery Commissioner Gary Peters expects the lottery to set a new sales record this year, after four years of declining sales. Lottery officials expected retailers to average \$2,000 in sales per week. Instead, sales for the week ending Jan. 19 averaged \$3,400. Keno now accounts for about 10 percent of the lottery's sales.

Instant games debuting in March include: the \$10 "Las Vegas Strip" with \$1,000,000 top prize; the \$2 "\$25,000 Spin" with a \$25,000 top prize; the \$2 "Silver Lining" bonus game with a \$20,000 top prize; the \$3 "Speedway Cash" with a \$50,000 top prize; the \$5 "Lions Share" with a \$250,000 top prize; and the \$2 "Dollar Sign" offering a \$30,000 top prize.

Minnesota

The Minnesota Lottery launched G3 Bingo in February. For \$1 per play, G3 Bingo players receive a terminal-generated ticket that will display a single Bingo play card and a series of "call

numbers." Players mark the numbers on the Bingo card that match any of the call numbers.

Developed by the Minnesota Lottery, G3 Games combine the instant-win aspect of Scratch Games with the look of an Online Game - but players won't have to wait for a drawing to see if they've won. G3 tickets are just as quick and easy to produce and redeem as any Online Game quick-pick ticket. G3 Bingo offers a top prize of \$1,000 and overall odds of winning a cash prize of 1 in 4.78.

Missouri

After 18 years, \$7 billion in sales and with more than \$2.1 billion in proceeds, the Missouri Lottery is still going strong. Since Lottery sales began on Jan. 20, 1986, it has generated more than \$7 billion in ticket sales and more than \$2.1 billion in profits for the state of Missouri, including public education. Missouri Lottery players have won more than \$3.8 billion in prizes.

Ontario

Ontario Lottery and Gaming Corporation's Human Resources Department recently discovered that applying a personal touch to its business communications is an award winning combination. The Human Resources' unique Annual Compensation and Benefit Statement was recognized as a finalist at the National Association of State and Provincial Lotteries Conference.

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Entered for the first time in the Employee Communication Category, it received a Batchy Finalist Award against eleven other publications in the competition. What makes this achievement even more significant is that a small group in Human Resources Services produced the publication in house. This innovative team created templates that enabled generic data to be printed externally, and the confidential personalized information to be completed internally.

Pennsylvania

Tickets for the Pennsylvania Lottery's newest online game, MATCH 6 lotto, went on sale for the first time on Wed. Jan. 28. E Z Shoppe, 3026 Moravian Avenue, Allentown, sold the Lottery's first MATCH 6 lotto ticket at 5:06:42 a.m.

MATCH 6 features a starting jackpot of about \$500,000 and offers more small- to mid-size cash prizes, ranging from \$2 to \$2,500. All MATCH 6 lotto prize payments, including the jackpot prize, will be made as one-time, lump-sum cash payments. MATCH 6 lotto also has better overall odds of winning a prize, 1-in-5.9. The probability of winning the jackpot by matching all 6-of-6 winning numbers is 1-in-4.661 million per game.

The Pennsylvania Lottery launched a new instant theme game, LUCKY BIRTHDAY, on Tuesday, Jan. 27, 2004. LUCKY BIRTHDAY is a \$2 instant game with a top prize of \$100 that makes a perfect birthday present for that hard-to-buy-for person over 18 years of age. The game has more than 10,000 top prizes of \$100 and more than \$10 million in total cash prizes. The overall odds of winning a prize are 1-in-3.78.

Quebec

A total of 55,000 theatre buffs from all over Québec participated in the annual contest entitled À vous de choisir le Masque du public Loto-Québec. The votes cast over the course of this contest will serve to crown the public's favourite play during the 10th Soirée des Masques gala, to be held at Montréal's Monument-National on February 1, 2004.

The public polling took place from September 1, 2002, to September 5, 2003, during which time audience members were invited to express their opinions about the shows they attended by filling out and mailing in voting cards distributed in the theatres. In addition to showing their appreciation, those who entered the contest became eligible to win one of 52 weekly prizes, each consisting of a pair of theatre tickets, and the annual grand prize, a week-long theatre-lover's excursion to Paris. Winning entries were selected by random draw.

Loto-Québec is proud to support, for the fifth year in a row, the Challenge sur glace Damafro du Canada ice-racing competition. Presenting this event for the second time, Loto-Québec invites racing fans to come share the excitement in Sherbrooke on February 27, 28 and 29, 2004, as the cars take to the ice.

Tennessee

The Tennessee Education Lottery Corporation announced that it will be joining Powerball in early summer. TELC also

announced that they are once again ahead of schedule, as the Lottery plans to launch Pick 3 on March 1st, 19 days ahead of the projected date of March 20th. The lottery also unveiled two new instant games - Shamrock Green (\$2) and Money Bags (\$1).

In mid-February, the Lottery also began selling three scratch-off games several days earlier than planned because of a shortage of tickets for its four original games. The shortage was caused by sales that topped \$41 million after seven days.

Texas

The Texas Lottery is looking to install approximately 1,000 ATM-like on-line ticket dispensing machines at retail outlets across the state. The machines will also have a scanning feature that will tell players whether their ticket is a winner. The self-service terminals are expected to be operational by August.

In February 2004 the Texas Lottery Commission won two prestigious Telly awards for one of its in-house video productions. The agency was recognized for its "Lottery Promotional Video" in two categories of the "Special Anniversary Classic Telly Awards" competition. The 5-minute video won awards in the "Public Relations" and "Corporate Image" categories.

The Texas Lottery Commission was also awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its FY 2002 Comprehensive Annual Financial Report (CAFR).

Western Canada

The Manitoba government has ending its ban on Sunday gambling at bars and restaurants. Starting February 1st, bars and restaurants are allowed to operate VLTs seven days-a-week.

A province-wide smoking ban to be implemented later this year is expected to drain at least \$50 million a year from Manitoba Government VLT revenues. The end of the Sunday ban on VLT gaming should help make back some of that potential \$50 million loss. ■

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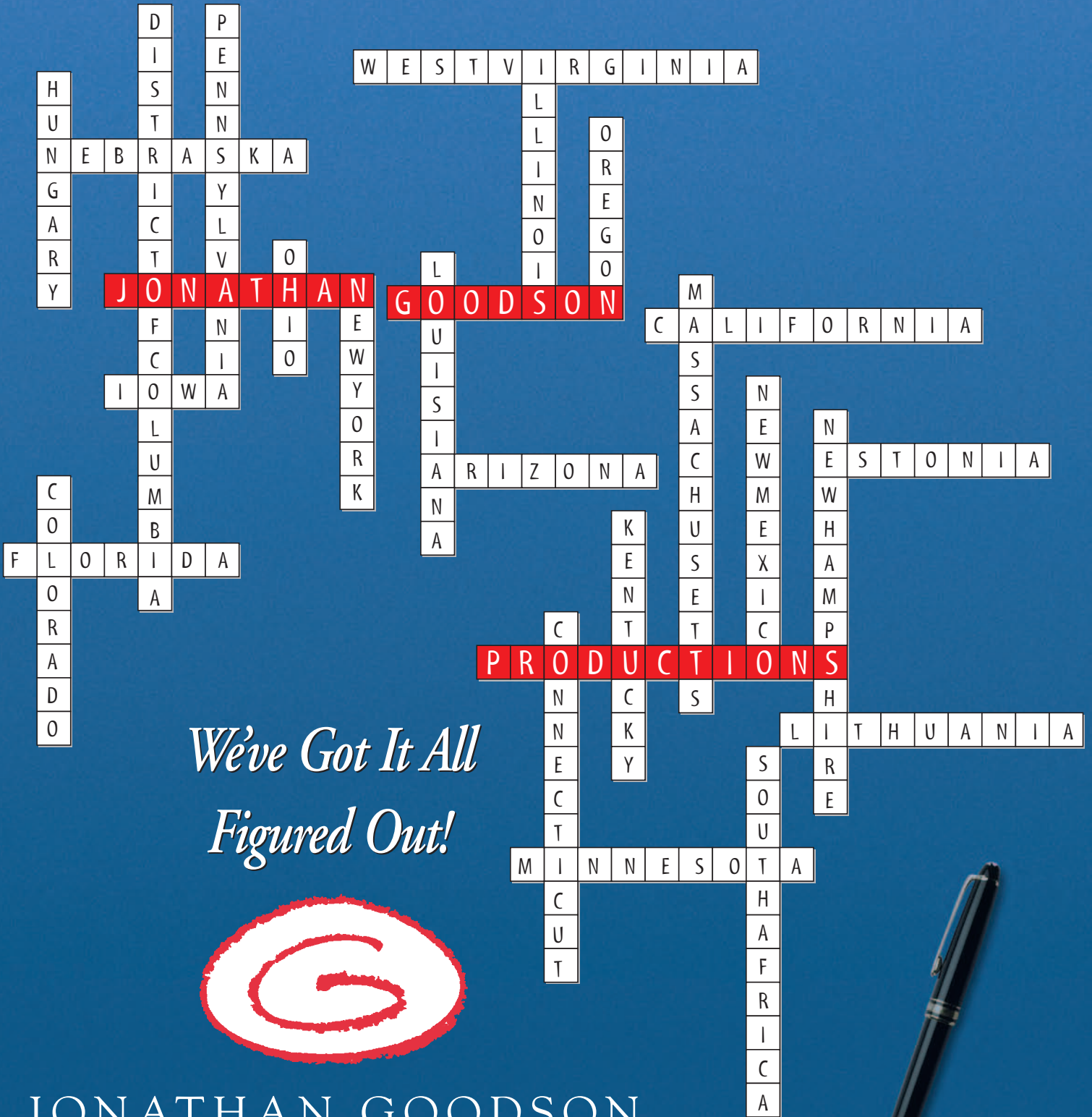
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OUT-of-style: Displays ticket art in a flat, listless manner.

OUT-of-date: Old technology; ITVM's inability to sell online products limits lottery revenue potential.

OUT-of-sync: Loading new games is cumbersome, subject to human error, and a source of frustration for busy retailers.

OUT-of-stock: A common occurrence; the ITVM's Achilles' heel.

INterface: Advanced touch screen technology presents games in a vibrant, player-inviting manner. Interface displays a full-sized ticket with associated unique selling proposition for each game.

INtense: Full-motion video for advertising and promotional messages.

INtegrated: Capable of dispensing online as well as instant games.

IN-stock: Connects to central system to report sales and minimize stock-outs. Loading new instant games is dramatically easier for retailers.

INformative: Provides lotteries – for the first time – access to vital, actionable sales data, including when, where, and what types of games players are buying.

INvaluable: Captured sales data invaluable for developing product plans and promotions.

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