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2003 Year in Review

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ON THE COVER:
Alain Cousineau, new CEO
of Loto-Québec.

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Letter from the Publisher

by Duane Burke, CEO and Publisher of PGRI

Looking for Lottery Leadership? Call Canada! What Other Lotteries Can Do to be More Successful

Good ideas for making lotteries more successful abound throughout the world. Many of the most successful games and game variations, for example, were copied from Europe during the early days of the North American lotteries. But one area of the world is not given sufficient credit and attention for their lottery leadership, Canada.

Canada was first in North America with multi-jurisdictional lotteries, beginning in Western Canada and then in the Atlantic Provinces. Canada then, in 1976, went on to establish the countrywide, coast-to-coast Inter-Provincial Lottery, which continues to be a great success today and is a feat still not achieved in most countries that have multiple lotteries.

Another example of Canadian leadership is with video lottery. Video lottery was experimented with in several places in the 1980's, with Atlantic Lottery being the first. With the exception of Ontario and British Columbia all of the provincial lotteries of Canada have subsequently implemented video lottery thus providing a major the source of lottery revenue for the provinces. Video lottery has been adopted elsewhere, including in six states in the US. But, unfortunately, video lottery is still missing from the game mix in all of the other state lotteries and most of the other lotteries of the world.

In addition, the lottery organizations in BC, Ontario, Alberta and Quebec manage casinos and in Quebec, Ontario and BC the lotteries also oversee bingo. And in Quebec, the lottery even operates the horseracing too.

Sports betting was first introduced in Manitoba 1971 with betting on hockey. It was not particularly successful in the beginning and did not come into its own until other provincial lotteries in Canada introduced it in 1988. Today, sports betting on hockey, NFL and CFL football, soccer and baseball are all available through the provincial lotteries thus producing 4% to 8 % of total revenues, depending on the lottery. In the US, sports betting is legal in two states, Delaware and Oregon, but is only operating in Oregon and there, only on a limited basis.

But perhaps the potentially, most important contribution that the Canadian provinces and lotteries have made to other jurisdictions is in their choice of the Crown Corporation type of organization for operation of their lotteries,

In the early days of the US lotteries, and in most lotteries of the world, lotteries were uniformly set-up as government agencies even though the lotteries' missions were the business of selling things to make money for good causes. Canadian provinces, on the other hand, determined in the beginning of their lotteries that this was a business and hence needed a more flexible operating structure. As a result, the Canadian provinces

all adopted the Crown Corporation form of organization – a corporation owned by the government – for its lotteries. Over the past 14 years, a few US states have adopted organizational models similar to the Crown Corporation model – Connecticut, Georgia, Kentucky, Louisiana, New Mexico and most recently, Iowa and Tennessee. But most US lotteries and most lotteries elsewhere in the world still operate under the handicap of being simply another agency of government with all of the associated constraints that implies.

This Crown Corporation type of organizational structure gives lottery executives many important management and operating advantages that result in increased revenues for the lotteries. Just a few of the important business benefits are as follows: 1. Greater flexibility in hiring and rewarding employees thus getting better qualified and more highly motivated employees; 2. greater flexibility in adding new games which can vastly accelerate new revenue streams for the lotteries; 3. greater flexibility in the marketing and advertising of games thus resulting in increased sales; 4. greater leadership stability thus resulting in better planning, better business follow-through and higher revenues. Two very successful examples are the British Columbia Lottery Corporation, which is 30 years old and just three years ago got its second President, Vic Poleschuk – the first President was lottery pioneer, Guy Simonis. Another successful example is the Atlantic Lottery Corporation which has its third President, Michelle Carinci, in 25 years of operation – the first and second Presidents were Jean Marc Lafaille and Cluny Macpherson.

Canada and Canadian lotteries have led world lotteries in other ways too numerous to mention here. So, the next time that you are looking for help to improve your lottery, one good option is to "Call Canada" – the Canadian Provincial lotteries may have some good suggestions for you.

SMART-TECH 2004

Speaking of good ideas, I would be remiss in my duties as head of Public Gaming Research Institute if I did not remind you that another source of great lottery ideas is "Smart-Tech 2004" which this year will be in Memphis, Tennessee at the famous Peabody Hotel on February 6-9. PGRI's co-host will be the exciting new Tennessee Education Lottery. Attendees tell us that this is the most useful and productive lottery conference that they attend. We hope to see you there.

Got a good lottery idea that you would like to share at Smart-Tech this year? If so, e-mail me at duaneburke@aol.com or call me at 425-985-3157 so that we can get you on the program.

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IGT-OES Acquisition Completed by Scientific Games

Scientific Games completed its acquisition of IGT OnLine Entertainment Systems, Inc., for \$143 million in cash subject to certain adjustments. The addition of IGT OnLine Entertainment increases Scientific Games' last twelve months' pro forma revenues for the Lottery Group through June 30, 2003 from \$289.6 million to \$437.5 million, expands the company's geographic presence and significantly broadens its lottery product offerings. The acquisition is immediately accretive to earnings.

As a result of the acquisition, Scientific Games will operate on-line lottery systems (lotto type games) in 15 states and throughout the Caribbean, in addition to supporting systems that IGT OnLine has delivered to customers in Korea, Norway, Switzerland and Shanghai. The acquisition also includes IGT OnLine's Advanced Gaming System (AGS) video system contracts in six jurisdictions throughout the world, certain intellectual property and an exclusive license to specific IGT slot brands for both instant and on-line games.

MDI Signs Beach Boys, Offers More with Elvis

One of the most famous musical groups in the world – The Beach Boys – is now available for themed lottery games and promotions through MDI Entertainment. The Beach Boys name, logos, images, symbols and likenesses are available worldwide for government-sponsored lotteries under the exclusive agreement which extends through June of 2005.

MDI also announced that its Elvis Presley® licensed lottery games will offer luxurious lottery player vacation trips to Las Vegas and Hawaii under the terms of a new agreement with Elvis Presley Enterprises. Elvis lottery games will now include "Winner's Choice" bonus grand prizes that will offer vacation trips to Las Vegas, Hollywood and Hawaii, destinations closely associated with Elvis Presley's career as a musical artist and actor. The 50th Anniversary of Elvis Presley's history-making first rock n' roll recording will be celebrated during 2004 and will be available for lottery games and promotions. A year-long celebration called "He Dared to Rock™" observes the 1954 session when Elvis and two band members recorded "That's All Right (Mama)" in a 20 x 30 foot studio at Sun Records in downtown Memphis. It is being billed as the 50th Anniversary of the birth of rock n' roll.

Texas Signs Pollard

Pollard Banknote will supply instant tickets to the Texas Lottery Commission under the terms of a six-month contract through February 29, 2004. The contract includes an option for a one time 6-month extension at the Texas Lottery Commission's discretion.

Pollard Banknote was named a successful secondary vendor by the Texas Lottery Commission following an emergency solicitation for instant ticket manufacturing and services.

GTECH to Acquire Spielo

GTECH has entered into an agreement to acquire all of the shares of privately-held Spielo Manufacturing Inc. The enterprise purchase price for Spielo is approximately US\$150 million, payable in cash. In addition, in the 18 months following

the closing, Spielo shareholders are entitled to receive an earn-out amount of up to US\$35 million, based upon Spielo achieving certain VLT installation objectives in New York, giving the transaction a potential total enterprise value of up to US\$185 million.

The acquisition is expected to be completed in the second quarter of GTECH's fiscal year 2005. GTECH intends to maintain Spielo's operations in Canada and its separate brand identity.

NSW Picks OGT.

Oberthur has been selected by Australia's NSW Lotteries as the exclusive supplier of instant tickets and related services. The contract term is for an initial period of three years and may be extended for an additional year at NSW Lotteries discretion.

Scientific Games Signs Agreement in Italy

Scientific Games announced that a consortium consisting of Scientific Games, Lottomatica S.p.A, and Arianna 2001, a company owned by the Federation of Italian Tobacconists (FIT), has signed a contract with the Italian Monopoli di Stato to be the exclusive operator of the Italian Gratta e Vinci instant lottery. The agreement is for an initial period of 6 years with a six-year extension option.

Scientific Games will provide and support the central system and associated hardware and software, will be the exclusive supplier of instant tickets, will participate in the profits of the lottery operation as an equity partner, and will partner with Lottomatica in the overall management of the lottery. The contract was initially awarded in 2001 but has been delayed by a series of protests by competing bidders.

Apollo Launches Lottus Lottery in India

Apollo International launched its online lottery brand Lottus in all fourteen lottery-playing Indian states. The lottery will have multiple draws and games. Touch screen machines have been installed at all company kiosks. Results will be announced every day at Itanagar (Arunachal Pradesh), and telecast live throughout the day via an exclusive tie-up with Prannoy Roy-promoted news channels NDTV India (Hindi) and NDTV 24X7 (English).

Strong Quarter for IGT

IGT's fourth quarter profits rose 72% (over the same period last year) to \$108.3 million. The company is eyeing potential new markets in several states, and is anticipating increased interest in its cashless machines.

SGI Reports Results Up

Scientific Games Corporation announced financial results for the third quarter and nine months ended September 30, 2003. Revenue in the third quarter of 2003 increased 15% to \$132.1 million over the third quarter of 2002. Income before non-cash preferred stock dividends was \$13.2 million or \$0.15 per diluted share in the third quarter of 2003, compared to a loss before non-cash preferred stock dividends of \$5.8 million in the third quarter of 2002. Excluding the one time debt restructuring charge in the third quarter of 2002 of \$15.6 million, income before preferred stock dividends increased 35% from the third quarter of 2002 to the third quarter of 2003. EBITDA increased 21% to \$37.9 million in the comparable period. ■

Australia

SA Lotteries' Lotto game, SA Lotto, is now giving South Australians even more chances to win with two weekly draws, conducted each Monday and Wednesday night. In addition to having two chances per week to win, the Division One prize pool will also increase to a guaranteed \$400,000 per draw. Players will also notice a price increase of 5 cents per game (plus agent's commission).

According to SA Lotteries Chief Executive, June Roache, the new initiatives are in response to customer demand for more chances to win bigger prizes.

To support the launch of Wednesday SA Lotto, SA Lotteries is also giving players the chance to win a bonus prize of \$400,000 in a special promotion and Easiplay Club members have an opportunity to enter a draw to win a Holden Monaro.

France

La Française des Jeux launched "Tac O Tac Gagnant à Vie" (Tac O Tac Lifetime Winner), offering the chance at up to 2,000 per month for life. Back in 1983, Tac O Tac was the first scratch game launched in France. Now, the game will combine the fun of an instant with the allure of a TV game show. Players can win from 3 to 3,000 instantly, or four TV symbols can be revealed to offer participation in a game show with a shot at prizes between 800 per month for 4 years to 2,000 per month for life. The Tac O Tac game show, which debuts in January, will run 26 minutes, and will feature 4 winners who will take part in various games to try to get the "win for life" prize.

Indonesia

Malaysia's Magnum Corporation is reportedly in negotiations to begin an Indonesian numbers lottery. The names of additional parties and other financial details weren't provided.

Jamaica

Jamaica's 15% tax on lottery winnings has caused Lottery sales to nose dive 50%, and the government is now reconsidering whether to eliminate the tax or reduce it dramatically. The tax was meant to raise an additional \$220 million, but the current trend points to a \$250 million shortfall.

Japan

A ceremony at the Tokyo Central Post Office in Chiyoda Ward marked the nationwide launch of New Year's postcard lottery sales. Japan Post has issued a record 4.4 billion "nen-gajo" postage-paid cards, up 14% from last year. The cards carry numbers for lottery prizes. The first prize in the postcard lottery is a five-day holiday in Hawaii. For the first time, the cards offer senders a chance to win a prize as well.

Mexico

A 2004 budget bill was reportedly submitted to Mexico's Congress calling for the disposal of 18 state-owned enterprises, including the National Lottery. More specifically, the bill seeks the sale, dissolution or merger of the enterprises.

Puerto Rico

Alliance Gaming's Bally Gaming and Systems business unit has signed agreements with two hotel-casinos in San Juan, Puerto Rico to provide the first slot machine ticketing system in the Puerto Rican gaming jurisdiction. The agreements, with both the Ambassador Plaza Hotel Et Casino and The Ritz-Carlton, San Juan Hotel, Spa Et Casino, calls for installation of the Bally eTICKET™ product to begin by the end of the calendar year.

Russia

Both chambers of Russia's Parliament have passed a bill that would allow a Russian Lotto. The bill, which earmarks 10% of lottery revenue for financing of social projects such as the development of sport and physical education, health care, tourism, science, culture and art, as well as environmental and charity programs, will become law when signed by the President. Under the bill, 50 to 80 percent of revenue from the lottery will be used for prizes.

South Africa

Lotto players in South Africa now get two chances on one ticket with the introduction of Lotto Plus. For an additional R1, Lotto tickets (which cost R2.50) are now also entered in the Lotto Plus draw, which involves a six-number draw plus a bonus ball. Lotto Plus jackpots, which will be determined by the size of the prize pool, will not roll over. If no jackpot is won, the jackpot money will be split between other prize winners.

On Wednesday, November 5, Uthingo (the South African Lottery) celebrated its 300th draw. Draw Manager Adeel Carelse has been present for 295 of those draws. Congratulations to Uthingo and Carelse for reaching this milestone.

Spain

The channel ONCEplus began its first day of broadcasting in Spain last week, following the agreement between pay TV group Sogecable and ONCE, Spain's national charity for the blind. The channel gives information about the lottery and other games run by ONCE and about the charitable work that the organization carries out. Lottery tickets can also be bought through the channel's interactive facility.

Sri Lanka

Sri Lanka's National Lotteries Board is launching a new online lottery that draws every 15 minutes. The game, with tickets costing Rs. 30, commemorates the 40th Anniversary of the National Lotteries Board.

Switzerland

OberthurNetgameFactory has supplied a new game called 'Mini-SMS' to SwissLos. The delivery included a turn-key solution with game concept, system and tickets. The 'Mini-SMS' is based on SwissLos' old Mini scratch ticket, just adding an SMS game. The player not only scratches the traditional instant game, but also another play area, uncovering a unique code that is subsequently sent in via SMS. If lucky, the player wins a music CD, and the SMS game can also be the entrance ticket to a music quiz on the popular Swiss televised program called " ■

Guy Lines

Search... to look! Research... to look again!

by Guy Simonis



Why would anyone want to buy information, half of which is likely to be misleading, but no clue is provided as to which half is so afflicted?

Welcome to the fuzzy feeling of lottery research. Let me go straight to my point. I entirely believe in the need for research even though I don't entirely believe the research.

My "favourite enemy" and former President of Loto Quebec, Jean Marc Lafaille opened a similar discourse on research at World Meet 96 with this bald observation: "You can't believe it totally, because people lie! Not to be nasty or willfully untruthful, but because they lie to themselves".

That is a well-known bias factor in any search for consumer opinions or preferences.

The television people laugh at the results where viewers report on the number of hours they sit and watch TV. They are forever reporting 40% to 50% less in time spent than they actually do. Why? Well it isn't a socially acceptable thing to do to sit in front of the idiot box for hours on end. Why tell some stranger? What will he think of us?

I have found similar results in players reporting how many lottery tickets they normally buy. Respondents under-report their spending to a very significant extent. Spending on lotteries is not generally judged to be an approved expenditure. Reports on the amount of charitable giving, on the other hand is slanted completely the other way. To complete the picture: this month, in Canada a report was released that 40% of high school boys report experiencing sex on a regular basis. Only 15% of girls do. Now there is a conundrum for you.

Believing blindly in what lottery research tells you, can cost you dearly in foregone revenue. The most obvious example was the research in Canada in 1984 to discover that if the wildly successful weekly draw of Lotto 6/49 were to be expanded to include a Wednesday drawing, then how much would the Saturday draw be cannibalized by this second draw.

The response to the research can be summarized as: 'We know what you are doing. You are trying to rip me off! You think I'll be afraid that my favorite numbers might come up on Wednesday and therefore I'll buy your damn tickets on Wednesday too! But you are wrong. I will NOT!'

The negative response was overwhelming. Don't forget this was more than 20 years ago and none of us directors were too experienced with this research tool. With Jean Marc in the lead it was decided that the respondents were not being truthful. They would be buying the tickets in spite of what the research indicated. The total turnover, once the second draw was introduced, increased by 40%.

Camelot experienced similar responses and in it is my belief, that while the lottery management folks did not believe the research results, the regulator did. Many months were lost in diddling about, millions of pounds lost and later the second draw was introduced but was not part

of the ongoing jackpot rollover. This was to assuage the players who said it was a rip off. They could continue playing the Saturday draw knowing that 'their' jackpot money would roll over to next Saturday to keep it out of the clutches of the Wednesday punters.

To further allow research results to screw things up, you could tell the retailer on Mondays, Tuesdays and Wednesdays that you did not want a ticket for the next draw (Wednesday), but for the one after the next draw. A perfect example of how to load bureaucratic eccentricities onto the backs of the loyal retailer. (In spite of the shivering British civil service functionaries the second draw was a financial success)

Research results in the hands of the gullible, fearful and novices is a dangerous thing. It is even more dangerous in the hands of those who would control lotteries (boards, regulators and commissioners) but who are not responsible for sales performance. For every major change they would like the research to back them up. It gives them the willies when the lottery manager says: "I know we paid for this advice but I will go against the findings? Are you with me?" New marketing bunnies straight from their MBA are particularly aghast at interpreting research.

Therefore I bless the day I met our guru pollster Angus Read who not only did the research but brought a bag full of cynicism and street assessment. And that is what one should look for in any pollster.

We could relate any number of blunders arising from research. Classic Coke anyone? Now that I am retired I can give voice to my suspicions. But I believe our industry's biggest lottery marketing blunder is California believing in the polling which said that players were tired of their record beating lotto 6 from 49. They changed it to 6 from 56. It is my view that when players said they were tired of the 6 from 49 they were just voicing the same old opinion of "I never win! Let me win!" They certainly never meant to say; "Give me a lotto format with a helluva lot more odds against me" There was a huge public outcry of give me back 6 from 49 backed by a precipitous drop in sales, but instead (again, in my opinion) they fiddled and misinterpreted some more and launched another 6 from something, 52, I seem to recall. That led to even further drastic erosion of sales.

This California research disaster is the Classic Coke boondoggle of our business. But we have all been too polite to say it. These incidents created havoc with the credibility of the lottery as a rock steady performer. I have been made aware that the lottery's management at that time did not really believe the public's professed wish to dump 6 from 49, but politicians and commissioners bought it look stock and barrel. Now a billion or so lost revenue and almost a decade later California is climbing steadily back to its initial leadership position.

They bought the information and believed the wrong half.

There are more bones like that in our lottery grave yard. Let them lie. Just let's not add any more. ■

Alain Cousineau Assumes the Presidency of Loto-Québec

The new CEO takes over the reigns of a diversified public corporation that has marked a decade of exceptional growth and development.



Alain Cousineau officially assumed the top position at Loto-Québec this past September 29th. A university graduate with extensive professional experience in the business sector and as a consulting analyst, Mr. Cousineau is now head of one of the world's most dynamic and innovative public corporations in the gaming industry. Appointed by the Québec Government of Québec as Chairman, President and Chief Executive Officer of Loto-Québec, he is

responsible for overseeing the activities of an organization whose total revenues reached \$3.749 billion last fiscal year.

While Mr. Cousineau is actually a newcomer to the gaming industry, he brings to Loto-Québec a truly impressive track record. After obtaining his degree in Business Administration from Laval University and pursuing doctoral studies in marketing at the University of Illinois, he occupied numerous senior-level positions in the academic and business milieus, serving as Dean of the Business School at the University of Sherbrooke, President and Managing Director of the Secor Group, a prominent Canadian strategic consulting firm, as well as Chairman of the Board and of the Executive Committee of the Société des alcools du Québec (Québec Liquor Board).

Mr. Cousineau is assuming the direction of an organization that has recently experienced a period of outstanding growth and development. In fact, over the past 10 years, Loto-Québec's annual revenues have almost tripled, as has its net income – increasing from \$457 million to \$1.446 billion. Moreover, from 650 employees in 1993, the Corporation's workforce has grown to 6,800 today.

This remarkable evolution is primarily the result of the organization's strategic advancement into new activity sectors within the industry. Created in 1969 to implement a public lottery, Loto-Québec's shareholder, the Québec Government, entrusted the Corporation with a series of new mandates which resulted in a considerable diversification of its the organization's activities over the past decade. In addition to administering a public lottery, today through its subsidiaries, the Corporation also operates three casinos, related food, beverage and lodging services (including a 350-room Hilton hotel adjacent to the Casino du Lac-Leamy), a network of 14,300 video lottery terminals, as well as a network bingo system in no fewer than 136 participating private halls.

Recognized for its extensive expertise worldwide, Loto-Québec offers the global market a wide range of innovative multimedia products and top-flight management and consulting services within its competence sectors. Three of the Corporation's sub-

sidaries are dedicated specifically to exporting their know-how: Ingenio, specialized in the design and development of interactive multimedia lottery products; Nter Technologies, which designs, implements and manages integrated technological solutions for the gaming industry; and Casino Mundial, offering the world Loto-Québec's expertise in casino construction and operation. In fact, Loto-Québec is currently in contention to obtain the licence for a mandate to build and operate a casinogaming house in Toulouse in partnership with the French group Tahoe.

While the Corporation boasts a most enviable balance sheet, it is also confronted today with a variety of new and major challenges. For example, for the first time in a decade, net profits did not show an increase during the past fiscal year. Moreover, during the first six months of the current fiscal year, total revenues actually declined by 3.4% as compared to the same period last year. This drop in earnings is attributable in large part to decreased sales within the lottery sector – a phenomenon that is affecting many in the North American Lottery Industry.

The issue of compulsive gambling has also become a predominant preoccupation for Loto-Québec, particularly since it began operating casinos and its video lottery network. As such, the Corporation is devoting considerable effort and resources to combating this serious problem.

It is this diverse and challenging context which has welcomed the new President into Loto-Québec's fold – a context marked at once by notable commercial success, disconcerting market satura-



tion and important social responsibilities to be assumed. Public Gaming International recently had an opportunity to talk to Alain Cousineau and gain some insights about his first impressions and personal observations of his new role as head of Loto-Québec.

PGI: *How did you spend your first few days as President of Loto-Québec?*

A.C.: I wasted no time in familiarizing myself with the various sectors of the Corporation – getting acquainted with day-to-day operations and meeting personally with as many employees as possible. This initial contact enabled me to quickly discover the tremendous diversity of the competencies at work within our organization and the high degree of motivation that fuels the efforts of our personnel. I was genuinely impressed with the level of our collective talent and expertise.

My entry into the President's office coincided with the 10th anniversary celebrations of the Casino de Montréal – our first casinogaming house which, to date, has welcomed more than 55 million visitors from near and far. The success of this establishment, like that of our two others, testifies to the remarkable quality of the team that I have joined. I am fully confident that I can count on the talented and dynamic people in all corners of the organization to meet the new challenges that are confronting us.

PGI: *What are those challenges?*

A.C.: With the collaboration of our management team, we have recently embarked upon a rigorous strategic planning exercise covering the next three years. Two major priorities expressed by the Québec Government are driving our planning for 2004-2007 – maintaining the Corporation's net income at existing levels without expanding our gaming offerings and taking the social effects of gaming into account. These two key priorities will serve as our guide with respect to the choices and decisions we make over the next few years.

While it may be too early to know precisely what our orientations will be, the fact that we are bound not to expand our gaming offerings certainly excludes a number of possibilities that were previously envisaged, such as the establishment of a fourth casino. Indeed, it goes without saying that we will not be able to maintain the pace of expansion that has characterized the past 10 years. Instead, we are entering an era of consolidation and opti-

mization of our business processes, with our prime objective being to reduce our operating costs while enhancing the profitability of our commercial activities.

As part of our effort to meet the new challenges we are facing, we have undertaken an initiative to completely remodel our lottery game and lottery management systems. Known as Iris, this ambitious project will have significant commercial spin-offs, as our new lottery gaming platform will enable us to accelerate the launch of new products, among other things. Although the Iris project may appear less spectacular than the opening of a new casino, it represents no less of a challenge and promises to generate significant benefits and rewards.

PGI: *Are you concerned by the slow down in sales within the traditional lottery sector?*

A.C.: We are certainly monitoring the situation closely because this activity sector, which constitutes the very origin of our organization, still generates close to half of our consolidated revenues. Our traditional lottery sector is certainly feeling the effects of the diversification of our product offerings, the establishment of our casinos, and the implementation of our video lottery network. We know, however, that the situation can often change significantly when it comes to lottery ticket sales, and a few really enticing jackpots could suddenly boost our sales to brand-new heights.

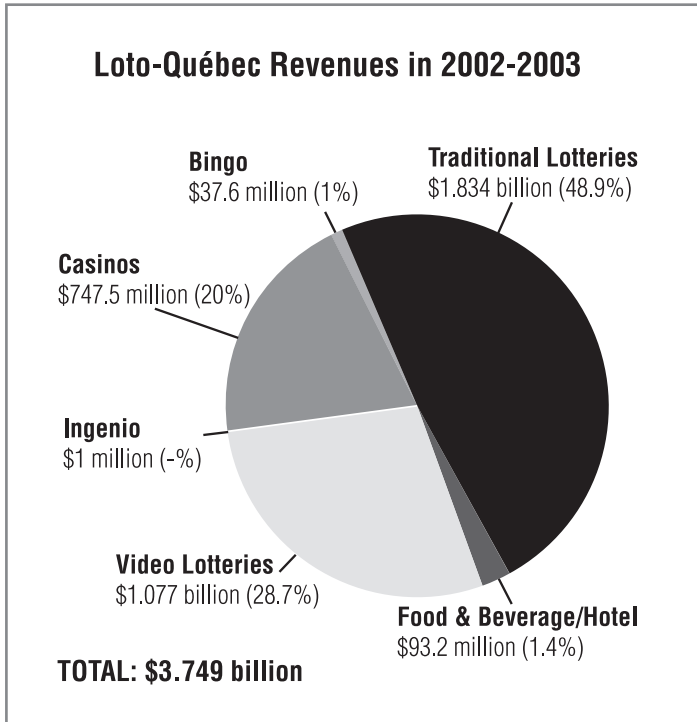
We are also paying careful attention to the evolution of consumer behavior, the locations they choose to shop at, as well as to the preferences of the younger generation. In addition, we are focusing concerted effort on the introduction of new products. For instance, just this fall alone, we launched three new products – one on-line game, a tele-active lottery, and a sports betting game. And, working hand-in-hand with our Interprovincial Lottery Corporation partners, we are presently preparing the launch of a brand-new version of Lotto 6/49, the favorite game of lottery enthusiasts.

Indeed, our lottery sector has always been successful at revitalizing its product line by playing its trump card – that of creativity. In fact, our long list of innovations dates all the way back to 1977, when Loto-Québec became the first in Canada and second in all of North America to introduce instant lotteries. The following year, together with the province of Ontario, we were the first in the world to operate an on-line lottery sales network. We also led the way in offering tele-active lotteries starting in 1991, and we designed the very first CD-ROM-based lottery in 2000.

Furthermore, we often serve as a model and are anxious to share our experience and expertise by welcoming foreign delegations from around the world to learn about and discuss our operations, technological infrastructures and administrative processes. At the same time, through our active involvement in the Secretariat of the World Lottery Association, we have continuous access to a panoramic window on emerging trends within the global gaming industry.

I would particularly like to emphasize the fact that the convergence we have been able to establish between television and lottery tickets sold at the corner convenience store is quite unique in North America. Our weekly *La Poule aux Oeufs d'OR* broadcast, for example, has ranked among the top 10 TV shows in Québec for the past several years.





The important position held by non-profit organizations (NPOs) within our distribution network is no less remarkable. Loto-Québec has entrusted these organizations with the exclusive right to operate our lottery sales kiosks in shopping centres and to sell lottery subscriptions. In so doing, these NPOs have access to two excellent means of financing their worthy causes. In fact, last year alone, we contributed a total of \$10.4 million in commissions to our 1,280 accredited NPOs. Furthermore, our subsidiary responsible for network bingo operations also provides valuable financial support to numerous other non-profit organizations that hold licences to operate network bingo halls. Today, this subsidiary contributes 100% of its net earnings to these organizations, representing a total sum of \$10.1 million last fiscal year.

PGI: *How would you describe Loto-Québec's economic role?*

A.C.: Our economic contribution to the Québec community at large has increased considerably since we opened our three casinos. With 6,000 people employed at the gaming houses, our total payroll now exceeds \$308 million. In parallel with our casino operations, Loto-Québec has also become a major procurer of goods and services. Last year, for example, we purchased more than \$140 million worth of supplies, not including the various construction and renovation contracts we awarded.

Our casinos also have a major positive economic impact on the tourism sector as approximately one million visitors, or 10% of all our clientele, originate from outside Québec. What's more, during 2002-2003, we sponsored no fewer than 180 different community, cultural, tourist and sporting events in various regions of the province, representing a total subsidy of \$9 million. Indeed, it is thanks in large part to Loto-Québec's generous financial support that such world-renowned events as the Montréal Formula I Grand Prix and the Just for Laughs Festival consistently attract thousands of tourists from far and wide.

On yet another front, commissions paid to our retailers provide

a major boost to the province's economy in their own right. During the past fiscal year, Loto-Québec paid out \$126 million in retailer commissions for traditional lottery products and \$280 million to owners of establishments licensed to operate video lottery terminals. For their part, lucky lottery winners pocketed some \$980 million in prizes. Since its earliest beginnings in 1969, Loto-Québec has issued no fewer than 834 prize cheques of \$1 million or more, and each year, the Corporation crowns some 50 new millionaires in Québec.

PGI: *What is Loto-Québec's position on compulsive gambling and how is it tackling the problem?*

A.C.: As a responsible corporate citizen, Loto-Québec is highly concerned about compulsive gambling and is taking a variety of different measures to prevent and combat the problem. In fact, the Corporation spends more per capita on dealing with this phenomenon than any other organization of its kind in North America.

Each year, we invest an average of \$20 million in support of Québec Government programs aimed at fighting problem gaming. Last year, for instance, we contributed \$17 million to the province's Ministry of Health and Social Services for research and treatment initiatives related to compulsive gambling. In addition, we allotted another \$3 million to the Ministry of Public Security's Alcohol, Racing and Gaming Board for the implementation of specific measures to control access to video lottery terminals.

As well, Loto-Québec funds its own activities. It has set up a special Foundation known as *Mise sur Toi* (Bet on Yourself), which provides financial support for the prevention of compulsive gambling and the promotion of responsible gaming. Moreover, our video lottery terminals and our casino slot machines now all bear an emergency telephone hotline number for players in difficulty, as well as warning messages such as "Before losing it all..." and "Before doing something desperate..."

Loto-Québec has also adopted a series of preventive measures within its lottery sector. For example, certain important information is now indicated on the back of lottery tickets, including the emergency hotline number and the odds of winning a prize with the particular games concerned. And, all our advertising messages now feature a reminder that lottery games are restricted to people aged 18 and over.

Finally, our casino employees have received specialized training in order to enable them to quickly detect players in distress, and as required, to refer individuals in difficulty to the appropriate resources such as treatment centres for compulsive gamblers. What's more, there is a voluntary self-exclusion program in place at each of our casinos. An average of about 2,000 players a year avail themselves of these programs. To date, some 3,000 players have availed themselves of these programs.

All of Loto-Québec's day-to-day operations are fuelled by a firm commitment to balancing our commercial mandate with our social responsibilities. As such, we will continue to spare no effort to establish and maintain a healthy harmony between our role as a productive public corporation and our duties as a good corporate citizen. ■

Note: All amounts indicated herein are in Canadian dollars. \$1CAD equals approximately \$0.75USD.

2003 Lotteries Year in Review

Calendar Year 2003 was a banner year for many lotteries and lottery vendors. Sales records were set, several new lottery directors appeared on the scene, companies merged, and new games were introduced. Read on to be reminded of what happened in the Lottery industry in 2003.

Arizona

Highlights of the Arizona Lottery's calendar year 2003 included a new Executive Director, Katie Pushor, and a new Marketing & Advertising Director, John Hogg.

Pushor brings a successful marketing and finance background from the private sector, both of which are positively impacting the agency's performance. Prior to his appointment, Hogg was the Arizona Lottery's marketing manager.

CY03 saw the tremendously successful introduction of Slingo, with sales exceeding expectations and a reprint underway. Arizona also launched its second \$10 Scratchers ticket, Extreme Green. A trio of holiday Scratchers was released in November: \$5 Holiday Countdown with winnings up to \$12,000 has been designed for gift giving and folds into its own holiday card, \$2 Deck the Halls with winnings up to \$5,000, and \$1 Dashing through the Dough with winnings up to \$250. The games are supported by an advertising campaign promoting them as excellent last-minute gifts and stocking stuffers.

Atlantic Lottery Corporation

For the first time in ALC's history, sales in fiscal 02-03 were more than \$1 billion. Profit for the year was \$397 million, the largest growth in the past eight years.

ALC launched its first Scratch'n Win ticket with a \$1 million instant-win top prize. Instant Millionaire costs \$5.

ALC assumed operational control of the video lottery program in Prince Edward Island. ALC now operates video lottery terminals (VLTs) throughout Atlantic Canada and has installed on all VLTs the four responsible gaming features first introduced in Nova Scotia.

Responsible gaming retailer training was introduced to video lottery retailers. Traditional lottery retailers will follow in spring 2004.

ALC's Atlantic 6/49 marketing campaign received four Ice Awards for excellence in the Atlantic Canadian advertising and marketing community, and bronze in the Local Ad category from the National Newspaper Association's Extra Awards for excellence in Canadian daily newspaper advertising.

Austrian Lotteries

In February 2003, the new multichannel games platform of the Austrian Lotteries and Casinos Austria AG went operational. "Win2day.at" brings together what were hitherto separate gaming technologies. No matter whether it's Internet, cellphone or – in the future – interactive TV and PDA: "win2day.at" has replaced WebClub.at as the brand for gaming via all electronic distribution channels.

In March 2003 "ToiToiToi", the new numbers pool of the Austrian Lotteries, was launched. Every day (except Sunday) EUR 100,000.00 can be won.

In September 2003, customers have had the possibility of playing the Lottery games (Lotto 6 out of 45, Joker, Toto, Zahlenlotto 5 out of 90 and ToiToiToi) via Internet. Beyond that, the Internet site offers a great variety of products (Lottery games, Gamesroom and Casino Games) and the Lottery will continue to expand the number of products available online.

Colorado Lottery

In fiscal year 2003, the Colorado Lottery was able to record its sec-

ond-best sales in the agency's 20-year history. The Lottery posted sales of \$391.4 million and returned nearly \$105 million to our proceeds recipients.

Scratch games led the charge with sales of \$254 million in FY03. With the introduction of games like Crossword Doubler, the 7s series of games, and 20 Year Adventure, players were offered a mix of play styles. To add a little variety, the Lottery introduced a number of specialty games like Dilbert, Die Another Day (James Bond) and The Hulk.

In FY03, the Colorado Lottery celebrated its 20th Anniversary. In recognition of this milestone, Lottery representatives traveled across the states to talk about the agencies past accomplishments and future goals.

Compania Nationala "Loteria Romana" S.A.

In a constant effort for modernization, Compania Nationala "Loteria Romana" S.A., recorded remarkable success in 2003.

The modernization hasn't been approached as a purpose itself, but as a binding way of accomplishing social objectives of maximum importance which The Decision of the Romanian Parliament no: 39/2000 explicitly stipulates for C.N.L.R.: building dwellings for young people and also sport halls.

2003 was the year in which the Lottery launched on-line terminals for the agency and retailers. Also, the video lottery program, which enjoys much progress and has been very popular on the market, has been extended on a large scale and is expected to include, in the next years, several thousand VLTs.

Financially, 2003 has proved to be a competitive period, and, from the point of view of the participants in the games organized by C.N.L.R., it is necessary to stress that 2003 has been the year with the most major winnings.

D.C. Lottery and Charitable Games Control Board

In Fiscal Year 2003, sales for the D.C. Lottery and Charitable Games Control Board totaled a record-breaking \$237.6 million, and the agency transferred \$72 million to the District of Columbia's General fund.

During FY '03, October 1, 2002 – September 30, 2003, the D.C. Lottery launched D.C. Keno. The agency also reversed a downward sales trend in its core games.

The Lottery also re-trained its sales staff to ensure that agents had the tools they needed to sell more lottery products and recruit agents located in unique locations.

In addition, non-profit organizations licensed by the D.C. Lottery to hold charitable gaming raffle, bingo, and Monte Carlo Night Party events raised an estimated \$5 million to support charitable programs and services.

So, new games, new players, and better prepared as well as new agents were a winning combination for the D.C. Lottery in Fiscal Year 2003.

Georgia Lottery Corporation

- Set new records for highest fiscal year sales of \$2.6 billion and highest fiscal year returns to education of \$751 million.
- Celebrated its 10th Anniversary by collecting stories from people who have benefited from the lottery in the past Decade of Dreams.
- Georgia Governor Perdue proclaimed July 15, 2003 "The Georgia Lottery's 6 Billionth Dollar Day in Georgia" as the GLC passed the \$6

Georgia Lottery Rollout of PlayCentral™ Kiosks Continues

Scientific Games' newest breakthrough getting serious interest from other states too

You've heard the expression many times: "Out with the old, in with the new." That expression has come to life in Georgia, where Lottery and Scientific Games technicians are pulling the plug on Instant Ticket Vending Machines (ITVMs) and replacing them with Scientific Games' new PlayCentral™ kiosks.

The Georgia Lottery initiative marks the world debut of PlayCentral, a total solution to automate the retail sales and accounting of all lottery products. Hundreds of self-service PlayCentral kiosks have been installed and are operational, with additional installations ongoing across the Peach State (the contract calls for up to 1,000). Next February, the new Tennessee Lottery will install PlayCentral, and a similar rollout program will begin in Colorado in November.

The Georgia, Tennessee and Colorado lotteries are initially using PlayCentral for dispensing instant games, yet other lotteries are planning to leverage the kiosk's Fullline™ capability from the start.

Custom-designed for the multi-lane supermarket sales channel, PlayCentral can dispense up to 28 instant games and issue tickets for all online games. Lotteries can also incorporate their VIP programs on PlayCentral.

"This is the first modern, interactive, self-service device engineered from the ground up to communicate with a central system," says Steve Saferin, President of Scientific Games Ventures, a new business unit formed to ensure the necessary resources and attention are allocated for ongoing development of next-generation lottery products.

PlayCentral is designed around a 19-inch color touchscreen with a compelling graphical user interface for the player that includes stunning graphics of each ticket, animation capability, and the unique selling premise of each game – and all under central site control. PlayCentral's full-motion video with sound capability can also be used to advertise, for example, Powerball or Mega Millions jackpots, other lottery products or promotions, or other consumer products. Amber Alert advisories or "Messages from the Director" can also be communicated from the central system to the kiosk display.

PlayCentral simplifies life for retailers by automating the ticket loading process. Adding or replenishing a game is as simple as scanning the bar code on the ticket pack and dropping the pack into a bin. This is a vast improvement over the old vending systems that still require a multi-step, manual data-entry process susceptible to human error.

With PlayCentral, the lottery and retailers receive accurate accounting information – through online or dial-up connectivity – on exactly which instant games are stocked in the kiosk and which are sold out. Stock outages (an Achilles Heel of conventional ITVMs) are expected to drop significantly as a result of PlayCentral's advanced connectivity capability.

"All in all," says Mr. Saferin, "PlayCentral will do for the lottery industry what the ATM has done for the banking industry."



The PlayCentral kiosk and its colorfully-animated attract screen draws the attention of instant lottery players in Publix and Kroger supermarkets throughout Georgia.

- billion mark for proceeds transferred to education since inception
- Set a new record for the highest single payout in GLC history: \$89 million to Mega Millions winner Stephen Moore for being the sole winner of a \$150 million Mega Millions jackpot.
 - Rebid contracts for online and instant gaming systems. As a result of new contracts, the GLC will achieve cost savings of approximately \$38 million a year.
 - Installed state-of-the-art Altura terminals in all Georgia Lottery retailers and converted to the new Enterprise Series gaming system.
 - Launched an email notification service for players to receive lottery results and news via email. More than 7,000 users signed-up in the first month.

Hong Kong Jockey Club

With the Betting Duty Amendment Ordinance becoming effective on 18 July 2003, The Hong Kong Lotteries Board was dissolved and HKJC Lotteries

Limited, a wholly-owned subsidiary of The Hong Kong Jockey Club, has taken over the Mark Six Lottery from the Hong Kong Lotteries Board and become the sole legal lottery operator in Hong Kong.

In order to generate more revenue for social welfare use, in addition to the usual lottery draws on Tuesdays and Thursday, HKJC Lotteries Limited also holds draws on those Saturdays preceding Sunday race meetings

Kentucky Lottery Corporation

- Achieved third straight year of record sales, reaching \$673.5 million.
- Achieved record dividends to the Commonwealth of \$180.8 million.
- Paid a record \$41.5 million to retailers in commissions, incentives, and bonuses.
- Implemented new Instant Ticket Delivery System designed by KLC staff, resulting in Public Gaming Research Institute's SMART-Tech Award for cost savings.
- Introduced the first \$20 price point scratch-off with sales of

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\$15.24 million.

- Introduced Extra Cash feature to Pick 3 and Pick 4.
- Created North American lottery industry's first-ever retailer specific website which will serve as a portal to the new Accounts Receivable system for billing information.
- Celebrated \$4 billion in prizes paid to winner since inception in 1989.
- Set a record for website hits in December 2002 with 31 million.
- Launched anti-youth gambling program called "Not 18? No way! No Play!"

Louisiana Lottery Corporation

The Louisiana Lottery saw steady growth in 2003 and ended a record fiscal year in June with \$313.8 million in revenue. During 2003, cumulative dollars transferred to the state treasury topped \$1.4 billion.

On February 22, the Lottery continued its trend of averaging one Powerball jackpot winner a year since it joined Powerball in 1995 when the \$42 million jackpot was split with a Missouri player. In March, the Lottery launched the EXTRA!! EXTRA!! Promotion, which offered retailers the opportunity to double their commission on select, slow-moving scratch-offs.

In April, Louisiana was home to the first \$1 million winner on the multistate lottery game show, Powerball Instant Millionaire.

In May, drawings for the Lottery's niche on-line game, Cash Quest, increased from twice a week to five days a week. A public information and advertising campaign supported the product's relaunch with phenomenal results. Sales leveled off to 75 percent above last year.

In June, the Lottery removed the \$25,000 cap on its Retailer Selling Bonus, set a minimum \$25,000 bonus for selling a winning Powerball jackpot ticket, and expedited the bonus payment process.

In September, Louisiana hosted the annual convention of the North American Association of State and Provincial Lotteries (NASPL).

In October, the Lottery and its 2,800 on-line retailers joined the AMBER Alert program. In addition, voters approved a constitutional amendment to dedicate Lottery proceeds to public education.

Massachusetts Lottery

January: Timothy P. Cahill is sworn into the office of Massachusetts State Treasurer and Receiver General on January 15 of 2003, making him the fourth Chairperson of the Massachusetts State Lottery.

February: Cahill appoints Joseph C. Sullivan as Executive Director of the Massachusetts State Lottery

February: Treasurer Cahill modifies Keno intervals in order to increase revenue to the Commonwealth's cities and towns, resulting in an immediate revenue increase.

July: Treasurer Cahill secures a \$5 million Lottery advertising budget from the Massachusetts State Legislature, allowing the Lottery to advertise its jackpots for the first time since 1997. With the changes to Keno and the addition of lottery advertising money, his team aims to increase revenues by the end of 2004 by approximately \$30 million

July: The Lottery launches its \$5 dollar Harley Davidson instant game. The Harley Davidson game becomes the fastest-selling \$5 dollar game in the Lottery's history.

August: Texas joins the Mega Millions consortium, bringing the total number of Mega Million states to eleven.

September: The Lottery launches its fourth \$10 ticket, the \$640,000,000 Jubilee. The game has the highest prize payout in lottery history nationwide, offering fifty \$1 million prizes and ten \$4 million prizes.

New Mexico Lottery

Roadrunner Cash, New Mexico Lottery's five number game drawn six nights a week, was spotlighted throughout the year. To celebrate its five-year anniversary, the Lottery, Albertson's Food Centers and local radio stations teamed up to conduct auditions for

a new mascot. The audition tour publicity increased game awareness statewide, setting the stage for upcoming game revisions. In the end, the new mascot turned out to be a miniature dachshund from Las Cruces, New Mexico. An ad campaign featured the new mascot and the game changes that occurred in October. Changes included: a higher starting top-prize (\$15,000 to \$20,000); a new matrix (5:31 to 5:34); and a new Bonus Ball that added two more prize levels.

The Lottery converted from hosted live drawings to an animated format. The new draw style presents the winning numbers by using animated 3-D balls with arms, legs, and round flexible bodies.

Changes made a year ago to Pick 3 made the game even easier to win. By adding a match front and match back win, players could win a \$5 prize. Adding the new feature and prize increased sales by 43% in the first 90 days. Sales continued with an additional 10% increase through 2003.

FY03 marked another year of records sales and profits. This marks the sixth consecutive full year of sales increases, only the second U.S. start-up lottery to achieve this goal. Additionally, the Lottery has set net profit records five of its seven full fiscal years.

With the Southwest Tour of the 100th Anniversary of Harley-Davidson stopping in Albuquerque, the Lottery introduced its third edition of the Harley-Davidson scratcher. The Lottery served as a title sponsor of the August "Bike Nite on Route 66." Thousands of Harley-Davidson enthusiasts from across the country attended the downtown street party where contestants in the Lottery's second-chance drawing chose keys to a new motorcycle.

The New Mexico Lottery is now in its third year participating in the Powerball TV game show. In 2003 New Mexico contestants won more than \$400,000 in prizes on the show.

In March, the Lottery issued a casting call for Lottery Success Scholarship recipients who graduated from a New Mexico college, university or community college and stayed in New Mexico to work. These former students now appear in television, radio and print advertising.

New Zealand Lotteries Commission

A new Chief Executive, Trevor Hall, joined the New Zealand Lotteries Commission (NZLC) in February.

A turnaround was achieved in the last quarter of NZLC's financial year to June 30 2003 with sales of \$NZ 138.7 million.

Record sales of \$NZ 175.4 million were registered in the first quarter to September 30 2003. The highest-ever Powerball prize of \$NZ 19 million was shared by 14 players. A successful special draw on top of the big Powerball jackpot led to a record week's sales of \$NZ 28.7 million. Thirty millionaires were made in three months.

The new Gambling Act became law in September, covering for the first time all gaming/gambling organizations in New Zealand. Significant aspects for NZLC are the ability to operate remote interactive gaming and the raising of the minimum age for playing Instant Kiwi scratch games from 16 to 18.

A new Chairman of the Board, John Goulter, "New Zealander of the Year" for 2002, took over in October.

Ohio Lottery Commission

Instant sales were this year's standout. The Ohio Lottery launched its first non-holiday \$20 game, Super Summer Cash, following the run of its first \$20 holiday game, 'Tis a Winning Season. Both were well received.

During the course of the year, \$2 and \$5 instant games sales grew as a percentage of overall instant ticket sales.

In Marketing, the Lottery took one core contact and broke it into five to strengthen each component, with one contract each for drawings; TV

game show production; TV media placement, carrier station management and sponsorships; radio, print and outdoor media placement, and two for creative production services. Contracts terms are July 1, 2003 to June 30, 2005, with two two-year renewal options.

The agency also leveraged added-value opportunities for players through sponsorship and media partners. To support responsible gaming, the Lottery co-sponsored the state's first problem gambling awareness conference, in addition to its other on-going efforts.

Ontario Lottery and Gaming Corporation

New investments supporting retailers and players highlighted Ontario Lottery and Gaming Corporation's lottery business in 2003.

The rollout of 8,700 new, PC-based lottery terminals to retail began in the fall of 2003 and will continue into the spring. Redesigns of play-stands and other in-store materials further marked OLGC's commitment to retail partners.

Improving service to customers, the launch of "Ontario Lottery Tonight" marked the return of televised draws to Ontario after seven years. The tightly packaged 90-second TV show now airs three times weekly for the big-jackpot LOTTO SUPER 7 and LOTTO 6/49 draws.

One of the greatest challenges turned out to be one that wasn't expected. Contingency plans, back-up power systems and the dedication of staff kept the lottery business rolling through the August blackout that affected much of eastern North America. As a result, the interruption in service to retailers was minimized, and all draws were held as scheduled.

Oregon

Some of the Oregon Lottery's highlights for calendar year 2003 include.

The introduction of a new easy to play (quick pick only) sports game patterned after sports pools. It is called Monday Night Scoreboard. Players win by matching numbers on their tickets with the last digit

of the quarters scores of the Monday Night football game. The game has met sales projections and the January playoff games are being added to the Scoreboard schedule. The game has been received well by players and retailers.

A new focus on second chance drawings on the Lottery's web site. One second chance drawing offered players a chance to win a Harley Davidson motorcycle by entering non-winning Harley Scratch-it tickets, and another second chance drawing offered a chance to win a home theatre system by entering non-winning Monday Night Scoreboard tickets. The Lottery is using entries to build its player data base.

Testing of new WMS slant top and Spielo slant top Video Lottery terminals with the plan to introduce new terminals from both manufacturers into the market in early 2004 if the tests are successful.

Beginning participation in Oregon's Amber Alert broadcast messaging system. By partnering with its network of retailers, the Lottery can provide immediate statewide notifications to help find children who have been abducted via Keno monitors, ticket messages and a web site hosted by the Oregon Lottery.

SAZKA – Czech Republic

SAZKA, a.s. announced the record level of after-tax profit - about CZK 1.2 billion (approximately USD 44 million) as well as the record part of the proceeds from lottery activities diverted to public goods - CZK 1 billion (about USD 36 million).

SAZKA, a.s. as the investor continued construction of the multipurpose hall - the SAZKA ARENA in Prague; in 2004 the ARENA will host the World Ice Hockey Championship. The construction is somewhat ahead of schedule. At the end of November/beginning of December completion of the roof cladding of unique design will be celebrated. SAZKA ARENA is expected to be opened on March 27, 2004.

Elvis Presley & Harley-Davidson: Great Brands, New Prizes for 2004

Two of the most popular North American licensed lottery themes are back in 2004 with exciting new prizes that will keep interest high among players.

With the 100th anniversary celebrations over, Harley-Davidson lottery games in 2004 offer players new riding adventures. Lotteries have access to three new motorcycles, including a completely redesigned Sportster. The new Sportster is receiving wide industry acclaim for its stylish new features and improved ride. It's the first model change in many years for this classic motorcycle, which means that Harley fans will be eager to try their luck to win one. Another new model, the V-Rod VRSCB,



with its hot black-on-black styling is also available to lotteries that have launched Harley-Davidson games previously. Harley-Davidson Heritage Softail Classic motorcycles are also available in a new red color for 2004.

Hot vacation destinations are in store as bonus Grand Prizes in new editions of Elvis Presley lottery games. Game themes tied to the King of Rock and Roll in 2004 will have players setting their sights on winning trips to Hawaii and Las Vegas, two locations synonymous with Presley's phenomenal career.



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In March 2003 the "Competition of Smiles" ad campaign promoted the Lucky 10 "keno-styled" product. 100 contestants were invited from ten Czech cities to visit mobile SAZKA studios and present a short happy smile on camera. On April 5, ten finalists divided one million CZK (approximately USD 36,000).

April 2003 saw the start of draws for the Summer Bonus 2003 of the "Sportka" game. Compared with the previous years the premium was "Bigger than Usual", equalling CZK 40 million (approximately USD 1.5 million).

In June 2003, the 2nd EL Congress took place in Prague, hosted by SAZKA, a.s. SAZKA, a.s., won three categories in the contest of promotion spots and web pages of lottery companies.

In August 2003, in the 1st Wednesday draw of the most popular Czech lottery Sportka, a single player won the largest individual prize ever won in the Czech Republic, amounting to nearly CZK 113 million (about USD 4.1 million).

In September 2003 SAZKA, a.s., announced conclusion of an agreement with GTECH Corporation on continuing co-operation and extension of the contract on provision of lottery products on-line and services for additional 12 years.

In September 2003 SAZKA, a.s., launched a new, very successful instant lottery T-Mobile Renta.

In October 2003 SAZKA, a.s., launched the first part of a pilot project: operation of betting games by means of the Central Lottery System with Interactive Video Lottery Terminals.

In December 2003 implementation will be completed of CRM functionalities and contact points technology in the SAZKA concern.

By the end of 2003 SAZKA, a.s. will launch a progressive on-line ticketing system offering maximum comfort in ordering and purchasing tickets for various sporting and social events. The 2004 World Ice Hockey Championship in the newly built SAZKA ARENA will be the first such event.

The South African National Lottery

The National Lottery has become one of the best-known brands in South Africa despite the fact that it was launched only three and a half years ago.

Millions of South Africans participate in the twice weekly LOTTO draws with weekly turnovers of approximately R70 million. In November, Uthingo the operator of the National Lottery, announced the introduction of LOTTO's first add-on game, called LOTTO Plus.

Sales have also improved year on year in the instants portfolio. There has been a continuous effort to increase distribution of the product and introduce new and exciting game mechanics and prizes (annuity and non-cash prizes).

A brand new game show, Money Go Round, was recently introduced, and besides providing entertainment to millions of viewers, the show will be used as a vehicle to promote the Lottery. An instants-specific television game show will also be introduced in 2004.

For the first time since launch, the public was invited to witness two live LOTTO draws, which were held outside the television studios in Johannesburg. More than 10,000 people attended the two draws in Cape Town and Durban respectively.

Furthermore, over R1 billion was raised for Good Causes in the last financial year and R736 million has been allocated to worthy organizations, bringing the total of funds distributed to Good Causes in the past three-and-a-half years to R1.6 billion. To date, Uthingo has generated more than R2.6 billion for Good Causes.

Svenska Spel – Sweden

Svenska Spel's 2003 could be summed in four C:s - casinos, challenges, channels and compulsive gambling.

In March, the Lottery's daughter company Casino Cosmopol opened the doors in Stockholm for its fourth and last casino with pomp and circumstance. In two years the Lottery has started a completely new business which already this year will be profitable in spite of heavy investment to restore four heritage buildings in different parts of Sweden into secure, state-of-the-art but captivating casinos.

The Lottery has a big challenge from overseas bookmakers who try to get a foothold on the Scandinavian sports betting market in spite of legislation forbidding the selling and promoting of foreign lotteries. To compensate, the Lottery improved its interactive gaming so that players could wager on sports betting, Lotto, Keno and also scratch tickets, which has proved to be a big success. The Lottery is promoting this sales channels as well as the traditional POS and improving its direct marketing through a very successful loyalty card.

Compulsive gambling and gaming responsibility have been in the headlines also this year. Svenska Spel has a well-defined policy to work with these issues by co-operation with GA, with authorities and national helplines as well as adhering to strict marketing guidelines and the introduction of mystery shoppers to check that retailers follow rules for under-age sales.

Finally, the Lottery expects gross sales to go up by some 12%, mostly thanks to VLTs.

SWISSLOS

On January 1, 2003 the two Swiss German Lottery Companies Interkantonale Landeslotterie with SEVA and Sport-Toto-Gesellschaft merged their operational activities to work their market - including the Italian speaking canton of Ticino - jointly under the brand name SWISSLOS.

In addition to the merger, the big challenge of 2003 turned out to be the launch of the new sports bet, "sporttip", the rollout of which took place in October. The new game was launched by SWISSLOS on behalf of Sport-Toto-Gesellschaft.

"Sporttip" is based on the odds betting already being practiced in various other countries. For the first version called "sporttip set" bets are placed on matches of the world's most important soccer and ice hockey leagues. Further types of betting as well as the integration of additional sports bets are being planned for the upcoming year.

One game being tested was watched with growing excitement. "Mini-SMS", a scratch ticket with an extra SMS game, sold - without any advertising to speak of - so well, that it will be launched (with slight adaptations) in spring 2004. It will then be supported by advertising and imbedded in a well established and successful live TV show.

Texas Lottery Commission

In February, Reagan E. Greer was named Executive Director of the Texas Lottery Commission. In spring 2003, the agency joined the Texas Amber Alert Network and launched the new Lotto Texas™, with its Bonus Ball-style matrix and chance for higher jackpots.

In October, Texas became the 11th state to join Mega Millions™ and set December 3 as the target date for ticket sales to begin in Texas.

In FY '03 the agency boasted sales of more than \$3.130 billion and delivered nearly \$888.2 million to the State of Texas' Foundation School Fund. New play styles and event tickets that were introduced in fall 2002 by the Charitable Bingo Division resulted in first-quarter CY '03 sales of instant pull tabs that showed the largest dollar and percentage increase since 1988.

The Texas Lottery also revamped its "Play Responsibly" message and launched a public awareness campaign to provide players with information about resources to help with problem gambling.

Virginia Lottery

- New records - \$375 million in profits to public education, record

sales of \$1.1357 billion (third consecutive billion-dollar year), prizes paid to players (\$638.2 million), and retailer compensation (\$63.0 million). Record-low 6.1% operating expense ratio.

- Governor Mark Warner hand-delivered a catered lunch to Lottery employees after they exceeded his challenge to improve upon their record-breaking billion-dollar performance in FY 2002.
- The Lottery never missed a beat on September 18, despite Hurricane Isabel's unparalleled destruction. Both of the Lottery's drawings went off without a hitch that day.
- The Lottery began sponsoring "Battle of the Brains," a central Virginia high-school academic competition televised weekly throughout the school year. Thirty-six schools are competing for the championship.
- Vehicle scratchers continued their success, with Harley-Davidson, and Corvette Summer leading the pack this year.
- Celebrated 15-year anniversary on September 20 with a "15 Grand Years" scratcher.
- Free text-messaging service for cell phones and pagers allows players to get updates on winning numbers automatically.

West Virginia Lottery

The West Virginia Lottery hit calendar year 2003 running, with Jack Whittaker having claimed the \$314.9 million Powerball jackpot four days prior to the start of the new year. As a result of Whittaker's win, the West Virginia Lottery players ceased complaining that "jackpot winners were from 'out west'."

Calendar year 2003 was filled with reports of record sales figures, prize payments and, of course, Jack Whittaker's \$103.4 million check presentation on January 15, which coincided with the Lottery's 17th anniversary. The prize check represented the balance of Whittaker's

\$170.5 million cash prize option that was awarded on December 26.

Incredibly, three months to the day after Whittaker's win, a \$62 million Powerball jackpot was won from a West Virginia ticket. It represented the state's third Powerball jackpot claimed within the fiscal year.

In July 2003, the Lottery announced that fiscal year 2002/03 sales topped a record \$1 billion! Video lottery gross terminal revenue at the racetracks set a new record of \$717 million and Limited Video Lottery gross terminal revenue totaled nearly \$173 million. Instant game sales generated a record high of more than \$105 million.

Limited Video Lottery revenues are significant in that they are used to fund the state's PROMISE college scholarship program for high school seniors who meet the program's criteria. Since 2002, more than 8,000 students have been awarded scholarships to West Virginia colleges and universities.

Wisconsin Lottery

The Wisconsin Lottery introduced a Harley-Davidson instant ticket to commemorate the company's 100th anniversary in 2003. To coincide with the ticket launch, the Lottery participated in many special anniversary events with the Wisconsin-based company.

In February, the Wisconsin Lottery launched a new \$1 on-line game, Badger 5. It has been very successful, averaging \$300,000 more a week in sales than the game it replaced.

At the Wisconsin State Fair this summer, the Lottery launched its first non-holiday \$10 instant ticket. "Casino" offers a top prize of \$100,000 and a variety of gaming themes. It has already been reordered due to its popularity with players.

The Wisconsin Lottery achieved its highest sales mark since 1996 for the fiscal year ending in June. It was the second straight yearly sales increase. ■

2003 Vendors Year in Review

Any-bet.com GmbH:

Fluxx.com subsidiary any-bet.com expands its business with the German state lotteries and commences a cooperation with the German subsidiary of the world's largest internet service AOL.

- Relaunch Lotto Schleswig-Holstein
- Introduction of instant games with Lotto Brandenburg
- Introduction of Lottery Kiosk with AOL Deutschland
- Contract for supply of internet lottery system for Lotto Mecklenburg-Vorpommern

Appleton Papers

Direct thermal technology has emerged as the primary choice for printing on-line lottery tickets in North America. All major systems providers now have a direct thermal printer as an integral part of the system, ensuring that clients maximize the benefits of speed, reliability, quietness and sharp imaging this technology delivers.

Black & White Paper Mfg. AB,

Black & White Paper Mfg. AB, Grycksbo, Sweden manufactures and delivers the worlds most secure paper for instant scratch tickets. Printers and lotteries around the globe continue to benefit from the unique features of Black & White Security Paper. New items have been developed and are now available.

The Chadwick Group

The Chadwick Group continues to forge ahead with innovative and exciting lottery game concepts. Particularly noteworthy during the past year, is the announcement of receiving two new patents for the exciting online lottery Bingo software, featuring "Real Bingo in Real Time". With several more patents pending for Bingo and other lottery products, the Chadwick Group looks forward to a busy 2004.

In addition to being ideal for television drawings, the Chadwick Group games are now Internet and Wireless ready. Using the latest technology, the Chadwick Group can help lotteries to launch their games more quickly, and with the confidence that their drawings will be supported through any medium. Wireless (PDA's, mobile phones, portable PC's) use is growing very quickly, and The Chadwick Group products are ready to meet the technical requirements.

The Chadwick Group markets patented game products designed to unlock the potential your online lottery system. Contact Fran Gruden for more details at 412-344-5012 or visit www.scorebingo.com.

Creative Games

Creative Games International, Inc., celebrated its 10th Anniversary in 2003 and continued to grow—both domestically and internationally. In June, CGI was awarded a 2-year contract with the Cyprus Government Lottery. CGI also retained a share of the Rhode Island Lottery's ticket business, continuing a relationship that began in 1997. During the year,

CGI produced its 3 Billionth lottery ticket and passed the 1 Billion mark in ticket production for its largest customer—the Connecticut Lottery Corporation.

Three lotteries (Connecticut, New Hampshire and New Jersey) successfully launched seven of CGI's unique "Progressive®" games, which offer players a chance to win big prizes with consecutive wins on one ticket. Designed for higher price points, the games are distinguished from ordinary games by the integration of the play style.

Additional new innovative products are set for introduction in 2004. CGI looks forward to another successful year in 2004 with growth continuing on four continents as we strive to be our instant lottery customer's most trusted and valued business partner.

For information regarding our innovative and exciting instant ticket products designed and manufactured in our ISO 2000 certified World Headquarters in Tampa Bay, Florida, please visit our website at www.creativegames.com or contact Phil Green, Senior Vice President of Sales and Marketing online at pgreen@cbnlottery.com or Chris Essai, Director of International Sales at cessai@cbnlottery.com.

Editec

In 2003, Editec successfully installed and operated multi-mode lottery systems to LONACI (Ivory Coast), Network Gaming (UK), LNB (Benin), Guinee-Games (Guinee), SNAK (Suriname), and Cair (Second operator in India). Close to 5,000 TPM 3000 terminals have been delivered. In late 2003, Editec also introduced its new TPM 4000 PC-based terminal, developed together with Tecnost Sistemi.

EGET

European Game & Entertainment Technology (EGET) delivered an Internet Gaming System with Scratch Cards and Instant Keno to the first Swedish non-state lottery with a government license. Also, new Casino and Instant games; all connectable through GameAPI to different platforms, were added to the portfolio. Finally, the horse racing portal was enhanced with a mobile interface.

EssNet

EssNet made impressive new wins in 2003, signing the following six contracts up until November:

- New gaming systems, including terminals, to Tattersall's, Victoria and OLNL, Sri Lanka.
- New terminals to Norsk Tipping, Norway and Bremer Toto Lotto, Bremen.
- New central system to Szerencsejáték, Hungary.
- Internet and mobile phone betting system to Sazka, the Czech Republic.
- In addition, EssNet Interactive AB was selected preferred supplier of a VLT system with 10,000 terminals to Norsk Tipping.

Ingenio (subsidiary of Loto-Québec)

The year 2003 saw the introduction of Ingenio's Internet solution, one of the products that helped diversify the company's product offer. In addition to consolidating its technology to offer a secure Web lottery environment, Ingenio created and adapted Web-based multimedia lotteries for U.S. lottery corporations

Intralot

Intralot S.A. continued its steady and progressive growth in the lottery and gaming industry over the past year. Its success contributed to a continuation of rapid growth in both revenues and profits solidifying its position among the top 3 suppliers of integrated lottery systems worldwide – in terms of financial data.

The existing operations in Greece, Bulgaria, Romania, Moldova, Yugoslavia, Turkey, Chile and Peru, and the successful launch of VLTs in Romania are expected to contribute to the further increase in Intralot's revenues by an average of 15% in 2003. The pre-tax profits in 2003 are

expected to exceed 90 million (approx. US\$107 million), posting a 20% year-on-year increase with the company's financial results published according to International Accounting Standards (IAS). In addition, new contracts have been signed in Chile for non-lottery transactions, in Poland for instant ticket operations, in Yugoslavia and Moldova for the operation of fixed-odds betting via telephony, and in FYROM (Former Yugoslav Republic of Macedonia) for the supply, support and operation of an integrated on-line lottery system.

Moreover, in August of 2003, Intralot was selected as the online gaming systems contractor for the Nebraska Lottery. The term of the contract is seven years with one (1) two-year option, commencing on July 1, 2004.

The successful implementation of its strategic business objectives continues to provide Intralot with positive results in the generation of new business and increased earnings.

Intralot's performance during this past year further solidified its position as a leading lottery and gaming systems supplier in the global marketplace.

Jonathan Goodson Productions

Jonathan Goodson Productions worked closely with the California Lottery to design, build and install an exciting new set for America's longest running lottery game show, "The Big Spin."

The new set features a dramatic synchronized lighting system, plasma screens and newly designed games that create an exciting "nighttime" feel for the show, that continues to feature the huge "Big Spin" wheel that offers players a chance to win up to \$3 million dollars every week.

Laniel Canada

Laniel Canada has always serviced video lotteries and casinos in order to supply them with replacement monitors from Wells-Gardner. Six months ago, the company acquired distributorship of "WH Munzprufer" electronic coin selector. Recently, the company also became distributor for American Gaming to service casinos and lotteries for their parts needs.

MDI Entertainment

2003 Statistics

- 57 licensed games and promotions
- 29 great lotteries, their printers and their ad agencies with whom MDI worked
- 19 different MDI licensed themes marketed as lottery games and promotions
- Over 211 million MDI licensed instant tickets valued at more than \$576 million printed by Scientific Games, Oberthur, Pollard and Creative Games

Leading MDI games and promotions in 2003

- HARLEY-DAVIDSON: 18
- BETTY BOOP: 5
- NBA: 5

2003 Milestones

- First MDI-licensed instant games sold in Massachusetts, South Carolina and Mexico.
- Most ever first-year appearances for MDI properties with eleven debut games featuring: CORVETTE, FORD THUNDERBIRD, FORD F-150 TRUCKS, THE HULK, THE HONEYMOONERS, I LOVE LUCY, MAGIC 8 BALL, MANDALAY BAY RESORTS, NATIONAL HOCKEY LEAGUE, EL SANTO and SUPERCLUBS.
- Ten web sites developed and managed by MDI in support of licensed games and second chance entry via the Internet.
- Total quantity of MDI licensed instant lottery tickets printed reaches 866 million.
- Total retail value of MDI licensed instant lottery tickets printed surpasses \$2 billion.

2003 Best-sellers

- Massachusetts Lottery HARLEY-DAVIDSON
- Georgia Lottery HARLEY-DAVIDSON
- Virginia Lottery HARLEY-DAVIDSON
- Kentucky Lottery HARLEY-DAVIDSON
- Virginia CORVETTE SUMMER
- Pennsylvania Lottery MAGIC 8 BALL
- Indiana NBA/PACERS
- California NBA
- New Jersey Lottery I LOVE LUCY
- New Jersey WHEEL OF FORTUNE
- Michigan Lottery WHEEL OF FORTUNE
- Michigan Lottery BETTY BOOP
- New Mexico BETTY BOOP
- Illinois Lottery ELVIS PRESLEY
- Hoosier Lottery LUXOR
- Washington Lottery TABASCO HOT CASH
- Washington Lottery CORVETTE CASH

Nter Technologies

In October 2003, Nter Technologies became a fully owned subsidiary of Loto-Québec responsible for international market development related to IT products and services for the gaming industry. The company was established in 2000 to respond to the needs of organizations seeking creative, efficient and integrated solutions in the lottery, casino, video lottery and bingo fields.

In addition to its substantial product base in these fields, Nter Technologies has access to all solutions and systems implemented at Loto-Québec, which includes the first phase of its advanced gaming engine that will significantly reduce time-to-market product development and provide greater multi-channel marketing possibilities.

The company advanced the development of its lottery applications and services such as NterDraw and NterMedia that now offer an unprecedented level of integration and automation for multi-media draw results broadcasting and publishing. In 2003 Switzerland's Loterie Romande entrusted Nter Technologies with the results broadcasting of a second lottery.

In the casino field, Nter Technologies now offers advanced, comprehensive applications and services for multi-site, multi-entity security management as well as innovative player tracking and table management. Major product developments related to casino operations management should be announced in 2004.

Nter Technologies pursues the management of projects as well as current day-to-day IT operations for the three (3) Loto-Québec casinos and its 14,300 terminal video lottery network. Since the beginning of the year Nter Technologies was involved in the many IT related aspects of replacing all VLTs with new ones integrating the latest available technologies. With such extensive experience, Nter Technologies can assist gaming organizations worldwide in establishing and expanding their casino or VL operations

In 2003 the company promoted its products and services with numerous sales and marketing initiatives that included active participation in the recent NASPL and CIBELAE conventions. Product presentations were noted and much appreciated by all participants.

Oberthur Gaming Technologies

Some of OGT's exciting new developments designed to help our customers increase sales and reach new markets: the continued success of Slingo®, and the introduction of Cyber Slingo®, an interactive lottery game, in partnership of Ingenio; the introduction of Double-Dare, the first extended-win style game that dares players to decide to take a chance. This was facilitated by OGT's validation process that utilizes its patented FailSafe® barcode technology; the launch of new licensed games such as The Price is Right™, which offers over 79 different games; through

Oberthur-NetgameFactory, the successful launch of a new mobile game, called Mini-SMS, to Swisslos. This included a turn-key solution with game concept, system and instant tickets; OGT's latest technological advancement: enhanced imaging capabilities with multiple-colored inkjet imaged symbols on a single instant ticket; a four-year exclusive license with Pantone, Inc., for the use of the PANTONE, and Hexachrome, service marks, allowing our U.S. facility to reproduce an infinite number of display colors on an instant lottery ticket with the highest color quality possible.

Pollard Banknote

Pollard Banknote continued to grow in 2003 and saw many successes, including:

- Contract renewals from FDJ, ILC, WCLC, and the Illinois, Iowa, Massachusetts, Michigan, Virginia and Washington Lotteries. New agreements with Mifal Hapais (Israel) and the Idaho and Texas Lotteries.
- Renewed interest in pull tabs, including new contracts from the Michigan Lottery (printing, warehousing, distribution and Tell Sell), Iowa Lottery, Swisslos and Szerencsejatek Rt. (Hungary), and an extension from the Missouri Lottery.

Schafer Systems

Schafer Systems maintained sales levels and grew market share during a year that saw budget cuts and reduced travel by lottery customers. New products and improvements to existing products have continued to strengthen our leadership position. "Customer focused... Employee Powered" continues to be our company's driving force.

Scientific Games

In 2003, Scientific Games put the SG in Solid Growth. It was a year that began with an exciting acquisition and ended with an equally exhilarating one. It was a year in which an important strategic alliance was forged, new business was earned and existing contracts were extended. It was also a year of relocation and integration, of innovation and of change. It was a year of celebrating 30 years of service and support to the global lottery industry. Most important, 2003 was a year of progress designed to open up possibilities and promise for our growing base of lottery customers.

SG's 2003 highlights:

- MDI acquisition brings the world's largest library of licensed lottery games and promotions to Scientific Games and its customers.
- IGT-OES acquisition raises to 15 the number of SG's on-line lottery customers in the U.S. and Caribbean, gives customers exclusive access to a suite of creative and exciting games never before available, and creates the most robust video lottery control system on the market today – AEGIS-Video™.
- 4-7 year contract for instant tickets and services in New Mexico, and an emergency contract for instant tickets and services in Texas.
- 15-30 year contract in Peru for SG's advanced AEGIS® on-line system, Extrema® terminals, and deployment of Latin America's first fully-cellular wireless lottery communications network.
- Contract with SWISSLOS for on-line system to operate ODDSET sports betting in Switzerland.
- 6-12 year contract in Italy as exclusive supplier of instant tickets, and provide central system hardware and software.
- 7-year contract awarded by the new Tennessee Lottery to provide instant tickets and associated services, including warehousing and distribution.
- Relocated Autotote and MDI to bring critical company operations together, give all business units greater resources, strengthen SG's already strong commitment to R&D, and provide efficiencies and more resources to customers to meet their needs today and far into the future.
- Introduced PlayCentral™, the first interactive, full-function, self-service kiosk designed as a total solution to automate the retail sales and

Tis the Season for Holiday Instants

It's that time of year again. Time for lotteries to give players gift giving options. Public Gaming International polled North American lotteries to find what is being offered with a holiday theme, and in reading, you'll find that players will not be disappointed this year.

Arizona Lottery

For the holidays, the Arizona Lottery will offer three games with seasonal themes at varying price points. Holiday Countdown is a \$5 game that gives players the chance to win up to \$12,000. The ticket has been designed for gift-giving and turns into its own holiday card. It features a very easy game play whereby players get two identical symbols within the same game on the ticket to win the prize for that game. Deck the Halls is a \$2 game that gives players a chance to win up to \$5,000. Players either reveal three identical cards in the same hand or uncover a \$\$ symbol in any hand to win. Dashing through the Dough is a \$1 seasonal game featuring four different winter scenes. By matching three identical amounts, players can win up to \$250.



Atlantic Lottery Corporation

The ALC is offering seven holiday-themed tickets this season. Holiday Scratch Pack, selling for \$10 (providing \$12 of assorted tickets for \$10) features a top prize of \$18,888 (on Crazy 8s ticket). The \$5 game Countdown to Christmas gives players a shot at \$50,000. Holiday Fun Bingo (\$3) has a \$30,000 top prize. The \$2 Stocking Stuffer features a \$20,000 top prize. Winter Fun and New Year's Cash, each selling for \$1, offer players a shot at \$5,000 and \$7,500 respectively. Finally, Holiday Cash gives players a crack at \$100 for only \$0.50.

Holiday Scratch Pack, Countdown to Christmas, Stocking Stuffer and Holiday Fun Bingo have all been offered in previous years.

Countdown to Christmas is an advent-calendar-themed ticket. It features Christmas ornaments numbered from 1 to 24.

Holiday Scratch Pack is packaged for gift giving and contains a variety of popular ALC games with holiday-inspired graphics. It offers \$12 in play value for \$10 and has a guaranteed winner in every pack.

British Columbia Lottery Corporation

The British Columbia Lottery Corporation is selling six holiday themed tickets in 2003:



- Nutquacker (\$1) – four top prizes of \$10,000
- Merry Christmas (\$2) – three top prizes of \$25,000
- Bah Hum Bucks (\$5) – one top prize of \$75,000
- Candy Cane Cash (\$1) – four top prizes of \$10,000
- Holiday Bonus Crossword (\$3) – two top

prizes of \$50,000

Gift Pack (\$10) – six top prizes of \$25,000.

The Gift Pack is a pouch which contains ten tickets inside.

California Lottery

The California Lottery is selling two holiday-themed tickets in 2003: Happy Holidays (\$1), offering a chance at up to \$1,000; and Winter Cash Double Doubler (\$3), with a top prize of \$20,000. Happy Holidays has been offered in different formats several times.

Keeping with the holiday spirit, Winter Cash uses a Norman Rockwell print, while Happy Holidays looks like a gift tag



Colorado

The Colorado Lottery is offering 5 holiday games this year.

- \$1 Will Bullas Holiday – top prize of \$1,000
- \$2 Seasons Greetings – top prize of \$25,000
- \$3 Frosty the Dough Man – top prize of \$40,000
- \$5 Holiday Wishes – top prize of \$50,000
- \$10 Holiday Treasures – top prize of \$100,000

None of this years games, as they are offered today, have been offered in the past. Some of the names have been used before (Seasons Greetings, Holiday Treasures, Holiday Wishes).

The Colorado Lottery has incorporated unique artwork for the \$1 Will Bullas games and also the \$2 Season Greetings game (Jane Wooster Scott artwork).

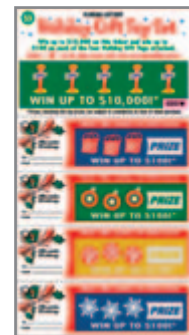


Florida Lottery

The Florida Lottery is offering six holiday tickets this holiday season:

- Holiday Dough (\$1) – \$500 top prize
- Bah Humbucks (\$2) – \$10,000 top prize
- Holiday Bingo (\$2) – \$10,000 top prize
- Holiday Gift Tag Set (\$5) – \$10,000 top prize
- Holiday Suprize (\$10) – \$75,000 top prize
- Fast New Year's Cash (\$2) – \$100 top prize

The Florida Lottery launched its first \$10 holiday game this year called Holiday



Surprise. \$10 games are very popular in Florida, generating over 30% of total scratch-off sales and averaging \$7.8 million per week. The Lottery believes the combination of "holiday" with a \$10 game will make Holiday Surprise one of the best sellers yet.

Also, the Lottery launched a \$5 Holiday Gift Tag Set. Each ticket contains a keeper ticket (located at the top) and four holiday gift tags. The keeper ticket has a top prize of \$10,000 with a minimum win of \$5. Each of the four holiday gift tags attached (connected but perforated between tags) has a top prize of \$100 and a minimum win of \$2. The Lottery wanted to increase the frequency of winning as one of its player base expansion strategies. Providing lottery tickets on holiday gifts is one way to expand the player base. Keeping the top prize relatively low and lowering the minimum prize amount to \$2 enabled the Lottery to put more money in the churn prizes which dramatically increases the frequency of winning. Overall odds of winning a prize are 1 in 1.92.

Georgia Lottery Corporation

The Georgia Lottery Corporation is selling four holiday-themed tickets this season.

The \$1 ticket Holiday Cash, offering a top prize of \$500 features a holiday scene built around the GLC logo.

Stocking Stuffer (\$2), has a top prize of \$25,000, and displays a "To/From" area with a hole punched in it for gift tag use.

Season's Greetings, selling for \$5, offers a top prize of \$100,000.

The \$10 ticket Merry Money features a \$250,000 top prize. The ticket has a unique layout of the latex area following the tree design.

Iowa Lottery

The Iowa Lottery is offering three holiday-themed tickets in 2003, all with different price points: \$1, \$2 and \$5.

Dashing Through The Dough is a \$1 game offering a top prize of \$100. Secret Santa is a \$2 game with a \$12,000 top prize. Home for the Holidays is a \$5 game that has a top prize of \$50,000.



All three of the games are new — the Iowa Lottery's 2002 holiday tickets were very successful and the Lottery did not have enough stock on hand to bring any games back for this year's holiday season.

Secret Santa features whimsical artwork of Santa and several holiday stockings while Home for the Holidays tickets show an inviting home, warmly decorated for the holidays, surrounded by fresh-fallen snow.

Louisiana Lottery Corporation

Last year, for the first time, the Louisiana Lottery Corporation packaged its three seasonal tickets and advertised them as possible gifts. It was a successful campaign for all of the tickets. The Lottery developed a television spot that featured four office co-workers who tried to outdo each other in buying their boss gifts. Three bought ridiculous items, such as a suit of armor and a football helmet that holds beer cans. The fourth bought lottery tickets. This year, the Lottery used the same actors and the three are now buying lottery tickets because the fourth is now their boss. The Lottery is also using radio and POS. (If interested, you can view this year's spot at www/louisianalottery.com)



The LLC is offering a package of five holiday tickets that include a variety of price points, themes and play styles with fresh, custom artwork. The names, price points and top prizes are, as follows: Cool Winnings (\$5), \$50,000; Holiday Cash (\$2), \$10,000; Holly Hundreds Tripler (\$1), \$100; Wild Turkey (\$1), \$1,000; and Let It Snow (\$1), \$1,000. Due to the makeup of the price points, for \$10, a player can purchase one of each for a fun, inexpensive gift. None of the tickets have been offered in previous years.

The Lottery's own graphic designers created the artwork for

'Tis The Season ... For Licensed Games

Bob Kowalczyk, MDI Entertainment

It's holiday shopping season and once again this year lotteries will reap the rewards of higher sales that come from consumers' eagerness to stock up on their favorite holiday games and participate in holiday promotions.

And once again this year, the holidays will come and go with virtually no new licensed lottery game introductions. Lotteries generally gravitate toward "tried and true" game and promotional themes this season. Meanwhile, other retailers enjoy their best quarters of sales by doing just the opposite — capitalizing on the popularity of "I Love Lucy"™, Harley-Davidson®, Elvis Presley®, Marilyn Monroe®, Betty Boop™, Pink Panther™ and other famous brands to make their holiday registers ring like a bell choir. Don't take my word for it. As you stroll through the malls (or surf through the Internet sites) this holiday season, take note of the prominence of licensed goods for sale.

The non-lottery retailer rationale is sound: combine a shopper's readiness to buy with a product featuring decades of built-in brand appeal, and the chemistry for strong sales is complete. Using famous brands to sell goods during the holidays does double duty — not only do the products grab the attention of shoppers themselves, they trigger gift-giving ideas for loved ones who are fans of a brand.

And the licensed goods often command a premium price! Translated to lottery opportunity, the value associated with well-known brand names can replace the extra prize payout points that are often used to stimulate holiday ticket sales. Strategic use of licensed games during the holidays with lower payouts than "tried and true" holiday games can improve the bottom line come December 26. ■

INSTANTS

Holiday Cash, Holly Hundreds Tripler and Let It Snow. To add even more to its gift-giving potential, Cool Winnings features the heart-warming polar bear artwork of Will Bullas. The back of the ticket features color and can fold easily for a greeting card presentation. Cool Winnings also has an above average 70 percent prize payout. To extend its life beyond the holidays, the ticket print run is split with a second design featuring a hip cat with sunglasses and Mardi Gras colors. Mardi Gras is a popular Louisiana holiday that falls on Tuesday before Ash Wednesday. The new ticket "look" should occur in January.

Maine State Lottery

The Maine State Lottery is selling five different holiday instant tickets this season.

\$250 Christmas Club (\$1) – features a top prize of \$250 and a 1 in 4.04 shot at winning.

Bah Humbucks (\$2) – features a top prize of \$12,000 and overall odds of 1 in 3.59.

\$250,000 Season's Greetings (\$10) – features a \$250,000 top prize and a 1 in 2.93 chance of winning a prize.

Secret Santa (\$3) – features a top prize of \$75,000 (\$15,000 every year for five years) and overall odds of 1 in 3.79.

Holiday Surprise (\$5) – features a \$75,000 top prize and overall odds of 1 in 3.34.

Secret Santa and Holiday Surprise are games from last year. Approximately half of the tickets and prizes remain for this year sales. All tickets are printed by Scientific Games.



Maryland State Lottery

The Maryland Lottery is offering four holiday tickets this season:

Jingle Bell Bucks - (\$1) - \$500 top prize

Tic-Tac-Mistletoe - (\$2) - \$10,000 top prize

Season's Greetings - (\$3) - \$30,000 top prize

Polar Bucks - (\$5) - \$50,000 top prize

Polar Bucks is printed on a snowflake pattern hologram paper stock. Hologram tickets have been extremely strong sellers in Maryland.



Massachusetts Lottery

The Massachusetts Lottery is selling two holiday-themed tickets this season: Mistle Dough and Cash Blizzard. Mistle Dough, selling for \$5.00, offers a top prize of \$200,000, while the \$2.00 Cash Blizzard gives players a shot at \$10,000.

Mistle Dough was offered in 1990 and 1991 at the \$1 price point.

Michigan Lottery

The Michigan Lottery is offering five holiday tickets this season, none of which have been offered in previous years.

Winner Wonderland (\$10) – top prize \$500,000

Merry Money (\$1) – top prize \$5,000

A Wreath of Cash (\$2) – top prize \$25,000

Sleigh Bills (\$5) – top prize \$250,000

Cash Flurries (\$2) – top prize \$15,000

Merry Money has five different scenes on the tickets.



Missouri Lottery

The "Big Sleigh Giveaway" promotion from the Missouri Lottery gives players a chance to win a 2004 Lincoln Aviator®, travel certificates, home furnishings, big-screen televisions and cash. The promotion, which will allow players to enter online, runs from Nov. 1 through Jan. 9, 2004. To enter any of the promotion's three drawings, players can either mail \$10 worth of Scratchers tickets from the five eligible holiday games to the Lottery or they can enter numbers from those tickets on the Lottery's Web site. Scratchers games eligible for the promotion are: "Ring in the Holidays!," a \$1 game; "Holiday Jack," a \$2 game; "Jingle Bell Bingo," a \$2 game; "Merry Money," a \$5 game; and "\$300,000 Season's Greetings," a \$10 game.

Prizes in the promotion include: one grand prize of a 2004 Lincoln Aviator and \$500 cash; 12 first prizes (four per drawing) of the winner's choice of either a \$4,500 travel certificate plus \$500 spending cash or a \$5,000 home furnishings certificate; 18 second-prizes (six per drawing) of the winner's choice of a \$1,000 travel certificate plus \$500 cash or a 50-inch television; and 150 third prizes (50 per drawing) of \$500 cash.

New Mexico Lottery Authority

The New Mexico Lottery will offer three new Christmas scratchers in a variety of prices. With a \$10.00 purchase, players receive a free holiday envelope.

Players can spend \$1.00 on Sleigh Bills with a top prize of \$1,000. Or they can buy a \$2.00 Christmas Chile Cash ticket featuring a \$25,000 top prize.

Last but not least, the \$10 \$100,000 Holiday Treasures game offers a \$100,000 top-prize.

Unique to New Mexico, Christmas Chile Cash may be the only Christmas ticket in existence to celebrate New Mexico's most famous vegetable... red and green CHILE.



New York Lottery

The New York Lottery is offering a total of five Holiday themed tickets. The Lottery's 2004 holiday line up includes the \$1 Merry Money offering a top prize of \$500 (300 top prizes) and can be used as a gift tag. The \$2 Season's Greetings, which is back by popular demand, has a top prize of \$25,000 and offers both an auto win feature and a prize multiplier. The \$2 Frosty the Doughman game features a top prize of \$250,000, an auto win

feature and a prize doubler. The \$5 Holiday Gift Card comes with a top prize of \$250,000 and features four different games on one ticket that folds into a card (it comes with matching gift envelopes). Gift Card will include special gift envelopes with high quality graphics.

The Lottery is also offering a \$10 Winner Wonderland game pouch that includes six \$2 tickets. Each pouch offers a chance to win up to \$100,000. Each game in the pouch includes an auto win feature as well as a prize multiplier. The pouch is vendable through all current vending equipment. The pouch is first ever of its kind presented by the New York Lottery.



Ohio Lottery Commission

The Ohio Lottery launched seven holiday-themed tickets this season, each featuring a "To" and "From" listing to encourage use as a gift. Holiday Lucky Times Ten, selling for \$5, offers a top prize of \$250,000. The game promises a 67% payout and a 1 in 3.78 chance of winning a prize. This is a Top Prize Drawing (TPD) game, which offers TPD winners a \$1,000 prize automatically, as well as entry into the top prize drawing. Players can win up to 10 times on a single ticket.

The \$20 ticket, 'Tis a Winning Season, features a \$20,000 top prize, a 73% payout, and a guaranteed prize on every ticket. Each ticket offers eight games for players to try, with each ticket offering a prize between \$5 and \$20,000. Players can win up

to 17 times on a single ticket. The popular holiday game did so well last year that the Lottery boosted the game print.

Featuring a \$500,000 top prize, Holiday Winner Wonderland sells at the \$10 price point. The ticket has overall odds of 1 in 3.17, and a 69% payout. Holiday Winner Wonderland offers more \$100 winners than ever before. This is a Top Prize Drawing (TPD) game, which awards TPD winners a \$2,000 prize plus an entry into the top prize drawing. Players can win up to 22 times on a single ticket.

At the lower price points the Lottery is offering Holiday Cash (\$1), featuring a top prize of \$500, a 1 in 5.05 chance at winning a prize, and a 73% payout. Jingle Bucks offers a shot at up to \$20,000 for a mere \$2 investment. The game sports a 1 in 3.33 overall odds of winning a prize, and a 73% payout. The \$1 Winter Green Doubler features a \$3,000 top prize, a 1 in 5.27 chance at winning a prize, and a 61% payout. The game is a staple winter favorite.

Finally, New Year's Cash, selling for \$2, offers a top cash prize of \$22,004. The game promises a 63% payout and a 1 in 4.66 chance of winning a prize. Players can win up to 10 times on a ticket. Overall, the game offers more than \$6.3 million in cash prizes.

Ontario Lottery and Gaming Corporation

The OLGC is offering five holiday themed tickets this year as well as two holiday gift packs. All of the tickets have been offered in previous years.

Stocking Stuffer (\$2) - top prize of \$35,000

12 Days of Christmas (\$2) - top prize of \$35,000

Tic Tac Noel (\$1) - top prize of \$10,000

Holiday Cash (\$1) - top prize of \$10,000

Bingo Holiday Bonus (\$3) - top prize of \$50,000.

In addition to the above mentioned tickets, the Lottery is also offering two different multi-ticket

gift packs. For \$10, players can get the Instant Holiday Gift Pack with a chance at up to \$50,000 in cash. Also at the \$10 price point is the Lotto 6/49 Gift Pack, which is a coupon for the purchase of ten \$1 Lotto 6/49 tickets that offer a minimum \$2 million jackpot. The holiday gift packs are designed for insertion in a Holiday card or stocking.



Oregon Lottery

The Oregon Lottery is offering three brand new holiday tickets in 2003: Candy Cane Cash (\$10), offering a chance at \$25,000; Holiday Bingo (\$3), with a top prize of \$30,000; and Ultimate Cool Cash (\$1), giving players the chance to win \$500. Candy Cane Cash has a unique characteristic - it's a scratch n' sniff. The ticket smells like peppermint

Pennsylvania Lottery

The Pennsylvania Lottery launched this year's Tickets As Gifts campaign on Tuesday, October 28, 2003 with five new instant games for the Holiday Season.

Secret Santa, is a \$20 game with a prize on every ticket! Winning tickets range from \$5 to \$100,000! There are over \$3 million in prizes of \$100 to \$5,000 and 8 top prizes of \$100,000. Overall odds of winning are 1:1. Retailers earn \$2 commission on every ticket sold.

Holiday Countdown, is a \$10 ticket with a top prize of \$12,000 a month for one year. There are over \$7 million in prizes from \$50 to \$2,500 and over 60,000 \$100 prizes in the game. Players can win up to 12 times on each ticket. The overall odds of winning are 1:3.68. Retailers earn \$1 commission on each ticket sold.

Holiday Bucks, is a \$5 game with a top prize of \$50,000. Players can win up to 10 times on each ticket. There are over \$9 million prizes ranging from \$25 to \$1,000 and over 70,000 \$50 prizes. Odds of winning on this ticket are 1:4.26. There's \$2.15 million in retailer commissions in this game.

Stocking Stuffer Doubler, is a \$2 game with a top prize of \$10,000 and a doubler feature. Players have 8 chances to win on



INSTANTS

each ticket and the odds of winning are 1:4.15. There's over \$11 million in cash prizes with over 125,000 prizes between \$20 and \$100. Retailer commissions top \$1.9 million for the game.

Dashing Through the Dough, is a \$1 game with a top prize of \$500. The game contains over 140 top prizes of \$500 and over 4 million winning tickets. Overall odds of winning are 1:4.44. There's \$1.8 million in retailer commissions in Dashing Through the Dough.

For information on the Pennsylvania Lottery's Holiday Advertising Campaign, be sure to check the PGI's Roundup section, starting on page 27.

Loto-Quebec

Loto-Quebec is offering five holiday-themed tickets this season. They include:

Cadeau Surprise (\$2) – featuring a top prize of \$5,000 and a 1 in 5.4 chance of winning a prize.

Noel D'Argent (\$1) – featuring a top prize of \$5,000 and a 1 in 3.9 chance of winning a prize. This game has been offered in previous years.

Loto-Bingo de Noel (\$2) – an extended play game featuring a top prize of \$10,000 and a 1 in 3.8 chance of winning a prize. This game has been offered in previous years.

Bingo+ (\$5) – an extended play ticket featuring a top prize of \$25,000 and a 1 in 3.2 chance of winning a prize. This ticket has been offered in previous years.

Mots Cachés (\$2) – an extended play game featuring a top prize of \$10,000 and a 1 in 4.1 chance of winning a prize. This game has also been offered in previous years.

Rhode Island Lottery

The Rhode Island Lottery has the following Holiday Games on sale:

\$1.00 Seasons Greetings has a \$4,000 Top Prize. This ticket has a To: and From: so it can be used as a gift tag. This ticket has been offered in the past.

\$2.00 Sleigh Bills has a Top Prize of \$10,000.

\$5.00 Stocking Stuffer has a \$5,000 Top Prize.

\$10.00 Winter Action has a \$100,000 Top Prize.



South Carolina Education Lottery

The South Carolina Education Lottery is offering three holiday-themed games this season. The \$1 Holiday Cash, featuring a place on the ticket that can be filled in TO & FROM, offers players a chance at up to \$500. Bah Humbugs, selling for \$2, offers a top prize of \$25,000.

The \$5 ticket, Holiday Jackpot, which has been offered in previous years, features a chance at up to \$100,000.

South Dakota Lottery

The South Dakota Lottery is selling three new holiday-themed tickets in 2003. Mistletoe Money, has a \$2 price point and features a

\$10,000 top prize. For \$1, players can purchase Stocking Stuffer and a chance at \$4,000. Finally, featuring a \$25,000 top prize is Holiday Package, which sells for \$5.

Some of the tickets have special features, as Stocking Stuffer and Mistletoe Money each have "To/From" labels.



Texas Lottery Commission

The Texas Lottery Commission is offering three holiday-themed tickets this year. Winter Green sells for \$2 and has a top prize of \$20,000. Holiday Bonus is \$5 and offers a \$150,000 top prize. Holiday Countdown has a \$10 price point and features a chance at \$500,000. None

of these games have been offered in previous years.

Vermont Lottery Corporation

The Vermont Lottery is offering six holiday-themed games in 2003. Two \$1's - Holiday Animals and Winter Green are offering chances at up to \$1,000 and \$1,500 respectively. A \$2 game, Jingle Bell Bonus, which the Lottery sells every year, features a \$10,000 top prize. Wish List, selling for \$5, offers up to \$5,000 on any one ticket. Finally, two \$10, each with a \$50,000 top prize, Holiday Magic and Winter Jackpot.

Holiday Magic has a special feature. The game has 24 play areas and is designed to look like an advent calendar.



Virginia Lottery

This holiday season, the Virginia Lottery is selling the \$1 Holiday Critters (top prize \$1000), the \$2 Holiday Tripler (top prize \$15,000), and the \$5 Jingle Bucks (top prize \$75,000). None of these tickets have been offered in previous years.

The \$1 Holiday Critters tickets (four versions) feature various animals in unique poses.



One Ticket, "Moosletoe," has a moose with pieces of mistletoe hanging from its antlers. A second ticket, "Tree Frogs," features a mound of frogs in the shape of a Christmas tree. A third ticket, "Snow Bunny," features a snowboarding bunny. The fourth ticket, "Mistle Toad," has a frog clinging to some mistletoe.

The \$2 "Holiday Tripler" ticket is covered with snow and holly; it also has a gift tag feature (To: and From:).

The \$5 Jingle Bucks ticket features gold jingle bells and has the gift tag feature.

Washington State Lottery

The Washington Lottery is offering three holiday tickets this year:

\$1 Doughman Doubler \$5,000 Top Prize

\$2 Holiday Green \$20,000 Top Prize

\$5 Winter Ice \$50,000 Top Prize

None of these games have been offered before.

With the launch of the holiday games on October 20, 2003, the Lottery launched its first \$20 game "\$1 Million Extravaganza". This game has a \$1 Million top prize. The Lottery wanted to launch the \$20 game with the holiday games, but give it a strong money theme.

West Virginia Lottery

The West Virginia Lottery is offering two brand-new holiday-themed tickets: selling for \$2 is a chance at up to \$6,000 through Bah Humbucks, while \$1 will purchase players a Reindeer Games ticket and a shot at up to \$300.

Reindeer Games has a higher than normal payout as a "thank



you" to players and to better suit the spirit of gift giving during the season.

Wisconsin Lottery

The Wisconsin Lottery is offering three holiday tickets this season. \$5 "Tis the Season" offers a top prize of \$25,000 and overall odds of 1 in 2.8. "Holly Jolly Tripler" is a whimsical \$2 game with a

\$15,000 top prize. "Holiday Gift Tag" is a series of three \$2 tickets that can be used as gift tags on packages. The ticket has a top prize of \$9,000 and features animal-themed artwork titled "Bearing Gifts", "Dressed for the Holidays" and "Moosletoe". Gift tag tickets are very popular and have become a regular offering in the past few years.

This holiday season, Wisconsin Lottery retailers will have an opportunity to earn extra commissions through a short-term incentive program, "Mistletoe Money". Retailers become eligible for the program by ordering multiple packs of holiday tickets and earn the holiday incentive money in addition to regular sales and winning ticket commissions. ■



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Mega Millions™ Texas Style

"It's very typical of Texas to put its own unique imprint on anything that Texans become involved with," said Reagan E. Greer, Executive Director of the Texas Lottery Commission. Becoming the 11th Mega Millions state in October is no exception: Texas will be the only state to offer players a chance to increase their non-grand/jackpot prize winnings by 2, 3, or 4 times through an add-on feature called the Megaplier™. For an extra dollar per play board, players have a chance to Megaply™ their non-grand/jackpot prize winnings. Ticket sales for Mega Millions in Texas, including the Megaplier feature, are scheduled to begin on December 3.

The Megaplier number will be selected using a random number generator (RNG) with an animated draw system. The random number generator will be certified by an independent third party to ensure that the numbers selected by the RNG represent a fair lottery drawing. Every Tuesday and Friday, at 9:45 p.m. Central Time (CT), Mega Millions draw break begins and ends at 10:15 p.m. (CT). Retailers will not be able to sell or validate Mega Millions tickets during this time. The Megaplier and Mega Millions drawings will be broadcast in Texas at 10:12 p.m.

Each Megaplier drawing will be taped in Texas prior to the Mega Millions drawing in Atlanta, which is held Tuesdays and Fridays at 10 p.m. CT. Tapes of the two drawings will then be merged and will be broadcast as part of the satellite feed to television stations in Texas at 10:12 p.m. CT.

"For the selection of the Megaplier number we're using a random number generator for the first time," said Greer. "Through the use of creative computer graphics, the animated draw system allows for a Mega Millions viewing experience that's as exciting as actually playing the game."

The Texas Lottery® is making sure that Texas retailers benefit from Mega Millions as well, by offering eligible retailers the chance to earn a retailer bonus of 1 percent of the advertised Mega Millions grand/jackpot prize portion won in Texas, up to a cap of \$1,000,000. Should there be more than one grand/jackpot ticket sold, with some winners out of Texas, the Texas retailer(s) selling the grand/jackpot ticket(s) will receive 1 percent of the portion of the advertised jackpot won by the grand/jackpot ticket sold in Texas. The bonus is pari-mutuel, meaning that should there be multiple Texas grand/jackpot tickets sold by more than one Texas retailer, the 1 percent bonus will be divided equally between the Texas retailers.

The past year had already been eventful for the Texas Lottery Commission, which re-launched Lotto Texas™ with a new matrix and joined the Texas Amber Alert Network last spring, and unveiled an innovative new suite of holiday instant games in the fall.



However, Mega Millions is the biggest thing to happen at the agency since Greer took the helm as Executive a research and negotiation process throughout the summer. The process reached fruition at the meeting of the Texas Lottery Commission on October 16, 2003, when Greer, with the unanimous approval of Texas Lottery Commissioners, signed an agreement with 10 other party lotteries, marking Texas' official entry into Mega Millions.

The state's Legislative Budget Board estimates that the Texas Lottery Commission's revenue to the State will increase by nearly \$101 million in the first biennium. The agency's FY '03 cash-basis transfer to the State's Foundation School Fund was \$888.2 million.

"We are pleased to bring Texas into the Mega Millions game, and we look forward to working with lottery professionals in the other Mega Millions states to grow this game," said Greer. "For the first time in the Texas Lottery's history, players have the opportunity to purchase tickets for a multi-state game in Texas—and that's exciting." ■



Texas Lottery Commission Executive Director, Reagan E. Greer, at October 22 news conference at agency headquarters, regarding Mega Millions™ coming to Texas
Photo credit: Philip Bates, Texas Lottery Commission

Tennessee Continues to Take Shape

The Tennessee Education Lottery has found a home. Lottery officials signed a ten-year lease agreement for a 55,000 square foot facility on the second floor of Tower Plaza at 200 Athens Way. In addition to the second floor of the building, the Lottery will maintain a retail office on the ground floor.

The Lottery also continued to work out semantics on how the Corporation will communicate facets of the game to players. One benefit Tennessee players will enjoy when the Lottery starts selling tickets in early 2004, is knowledge of the odds. The Lottery will display the odds of games in brochures, at point of sale, online, and may even print the odds on the tickets.

In other TELC news, CEO Rebecca Paul said that Tennesseans may get a chance to buy multi-state lottery tickets in-state by next summer. After online sales start (scheduled for early April) the Lottery will begin considering which game to join.

North Dakota Retailer Applications Roll in

The North Dakota Lottery has received applications from 450 potential retailers across the state. Still, four counties haven't had a single business send in an application: Billings, Burke, Renville and Sheridan counties. ND Lottery Director Chuck Keller will be contacting retailers in those counties to find out why they haven't applied, but it's been speculated that population may have played a part in the lack of applications. The Lottery plans to award licenses to approximately 300 retailers by the end of the year.

VLTs: Maine Says Yes, Colorado Says No

Maine voters gave their approval for racetrack VLTs. The only catch is that local residents will decide if machines will be installed in their area. Bangor residents approved machines at Bangor Raceway in June, but ballots are still being counted for Scarborough Downs.

A plan to install VLTs at five Colorado tracks was defeated by a four to one margin.

VPTMs Across Iowa

Iowa Lottery officials are installing approximately 4,000 video pull-tab machines in taverns, restaurants and fraternal clubs. The Lottery is hoping the new machines will bring in \$20 million per year. Test runs of the machines showed weekly revenues of \$900 to \$1,000 per machine.

Kentucky Considers Keno

Kentucky Gov. Paul Patton is asking for the KLC to launch a Keno game to raise more money for college scholarships. Patton is trying to balance out potential losses that may result from the launch of the Tennessee Lottery. If Keno is launched in Kentucky, it's been estimated that the games could increase sales by as much as \$95 million to \$125 million per year, sending \$29 million to \$38 million toward the college scholarships.

New York VLTs May Appear in OTB

It's been reported that New York budget officials are looking at a proposal that would allow off-track betting parlors to operate video lottery terminals throughout the state. If implemented, the plan would bring an additional 20,000 machines to the state and generate an estimated \$2 billion. Gov. Pataki proposed such a solution last year, but the idea was rejected by lawmakers.

West Virginia Gets Tough on Casino Ads

West Virginia Gov. Bob Wise put a stop to some forms of gambling-related advertising when he drafted an executive order forbidding businesses with VLTs from advertising with words like "casino," "royal flush," or "slots."

The order, which is in accordance with the video lottery law passed in 2001, also comes with the promise that those who don't comply will have their machines taken away. Businesses may still keep a corporate name that has a gaming theme and maintain a license under that name, but they can't post the name on the exterior of the building. Businesses have until January 1, 2004 to change or remove their advertising. ■

Lottery People

Washington Governor Gary Locke has appointed **Kenneth Nakamura** as the new Washington State Lottery Director. Nakamura once ran hundreds of McDonald's fast-food restaurants in Hawaii, Guam and the Pacific Northwest, providing a business and customer service background the Gov. is relying on to greatly benefit the Lottery. Nakamura's most recent position was president of Metro Inc., a business management consulting business with offices in Bellevue and Honolulu. He also has experience as business manager of the Seattle Sounders (a pro soccer franchise), and has been involved in the real estate industry.

West Virginia Gov. Bob Wise had to shuffle the members of his administration after announcing that he won't seek reelection. Among those picking up the slack is West Virginia Lottery Director **John Musgrave**. In addition to continuing his Lottery duties, Musgrave will now also assume the position of secretary of tax and revenue.

Tricia Metzger has been promoted to Director of the California Lottery's Sales Division. Metzger has been a part of the Lottery team since start-up in 1985 and has served in a variety of sales and management positions within the Sales and Marketing Divisions. Prior to her promotion to Director of Sales, Metzger progressed through the ranks beginning in the San Diego District Office and later to the Key Accounts Department. In 2000, Metzger moved to Sacramento to lead the Key Accounts Department as Key Accounts Department Manager and most recently served as Retail Marketing Manager in the Marketing Division.

Marilyn Dillehay, longtime research analyst for Tennessee's Senate State and Local Government Committee has been hired as the public information manager for the Tennessee Education Lottery Corp. Early in the Lottery planning process, Dillehay set up trips for legislators to study lotteries in other states, and compiled information that legislators used in their deliberations about a lottery. ■

Atlantic

The Atlantic Lottery Corporation (ALC) PRO•LINE and OVER/UNDER's newest promotion, Rushing Yards, offers players the chance to win tickets to the 39th annual American football championship to be held in Jacksonville, Florida in 2005. Between Nov. 1 and Jan. 4, a Rushing Yards coupon will automatically appear at the top of all PRO•LINE and OVER/UNDER tickets with a purchase price of \$5 or more. Every \$5 play submitted to Atlantic Lottery is an automatic entry in the draw for one of two trips for two to the championship game. Players can collect and redeem rushing yards for free gear, including baseball caps, T-shirts, sports bags, jackets or a football-shaped charcoal barbecue. Players can also opt to use their rushing yards to get between \$5 and \$115 worth of PRO•LINE or OVER/UNDER plays.

To generate excitement for the new \$3 Price is Right™ Scratch'n Win ticket launching on Dec. 15, the ALC will be working with select radio stations across Atlantic Canada. From Jan. 5-16, the morning drive shows will feature a 'high-low' game with a different item featured each day. With some coaching from the station's morning team, the caller will have 30 seconds to guess the price of the item. Contestants who correctly answer within 30 seconds win a \$100 cash prize and three Price is Right Scratch'n Win tickets. If contestants cannot answer within 30 seconds, they win the Price is Right Scratch'n Win tickets but the cash prize builds for the following day. Three 30-second promotional spots per station per day will begin airing on Jan. 2 and will continue throughout the promotion. In addition, two 15-second live promotional announcements will air per station per day during the contest dates.

Colorado

Colorado Lotto winners who choose the Cash Value Option will be receiving an extra 10% from now on. The Cash Value, which has been set at 40% since it was introduced in 1994 has now been raised to 50%. Current market trends, and a more precise jackpot management has been credited for the increase.

Delaware

This holiday season the Delaware Lottery would like to wish everyone Many Happy Returns! The Lottery will be running a festive Holiday Games Campaign. The campaign focuses on giving an Instant Games ticket as a gift for the holiday season —"The gift they'll love to return."

This fun and exciting campaign will feature TV, print and outdoor elements. In keeping with the theme, the TV story line focuses on disgruntled customers returning unwanted gift items. Suddenly a very happy customer appears, he is returning his Instant Games tickets—Scratch. Win. Return for cash!

The Delaware Lottery will be launching three new Holiday Instant Games this year. HOLIDAY TREASURES with a top cash prize of \$10,000, plus seven other cash prizes ranging from \$5 to \$500. Players could win up to twelve times on each ticket. CASH FLURRIES with a top cash prize of \$3,000 plus nine other cash prizes ranging from \$2 to \$500. Players have the chance to win up to ten times on each ticket! HAPPY HOLIDAYS with a top cash prize of \$500 plus eight other cash

prizes ranging from \$1 to \$100.

Further details can be found at delottery.com.

Georgia

The Georgia Lottery launched a new email notification service for its Internet users. Players can now register to receive daily emails of winning numbers and news from the GLC. Close to 5,000 players signed up to receive the daily email updates in the first week!

The GLC's Harley-Davidson® instant lottery ticket promotion roared off the line so fast that the initial ticket order has been doubled. Along with cash prizes, the \$2 game features chances for Georgia Lottery players to instantly win Harley-Davidson 100th Anniversary Sportster 1200 Custom motorcycles, as well as official Harley-Davidson logo merchandise in four second chance bonus drawings. In a final Grand Prize Drawing, the Lottery will award two prizes of \$25,000 cash, instead of a single \$25,000 cash prize that was originally planned. The doubling of the ticket order also includes an increase in the number of motorcycles to be won in the game from four to eight, as well as an increase in the merchandise prize packs from 800 to 1,600.

Illinois

Illinois gave Lottery retailers a chance at winning a prize in exchange for ideas to increase sales. The state has earmarked \$200,000, to be divided into eight prizes of \$25,000. The state held two sessions designed to develop ideas, Nov. 12 and Nov. 20, where retailers could enter the drawing.

Iowa

Iowa Lottery players will be the first in the nation to enjoy an electronic version of the traditional instant-scratch game that packs dozens of plays onto a single card for more playing time. Under the agreement approved by the lottery board, Scientific Games will provide the Iowa Lottery with 20,000 electronic game cards, each the size of a driver's license and powered with a battery, for a market test scheduled to begin in late March or early April. Each card will feature 80 plays and will be priced at \$20 (about 25 cents per play). Players will accumulate points, each having a value of 25 cents, by matching three like numbers as they advance through the 80 plays. At the conclusion of all the plays, the game card will display the total points accumulated. Each card in the market test will offer a guaranteed \$5 prize and a top prize of \$300.

Michigan

The Michigan Lottery's \$20 "\$2,000,000 Fortune" instant ticket features a \$2,000,000 top prize that will be awarded during a grand-prize drawing event. The grand-prize drawing event will take place at the Palace of Auburn Hills during halftime of a Detroit Pistons basketball game on Friday, January 16, 2004. Winners of \$1,000 prizes in this game are automatically entered into the drawing to be one of the five \$2,000,000 finalists.

The first week of sales the Michigan Lottery's new Club Games – Club Keno and Pull Tabs – generated \$3,023,736 in sales. Club Keno sales for the first week reached \$2,113,344, while Pull Tabs sales totaled \$910,392 for the same time peri-

od. Sales for the games exceeded projections. Currently, the Lottery has 752 retailers selling the games, but that number is growing at the rate of 25 new establishments each day. Instant tickets for December include the \$20 "Casino Millions" with the \$2,000,000 top prize; the \$1 "Hot Dice" offering a \$7,000 top prize; the \$2 "Red Hot Tripler" with a \$35,000 top prize; the \$2 "3 Wishes" bonus game with a \$30,000 top prize; the \$1 "Decades of Dollars," offering a \$6,000 top prize; the \$2 "\$25,000 Bankroll" with a \$25,000 top prize; and the \$3 "Detroit Pistons" offering a \$50,000 top prize.

Minnesota

The world's first licensed National Hockey League lottery game has been launched by the Minnesota State Lottery. The Lottery's \$3 "NHL All-Star Game" Scratch game offers players a chance to win cash prizes up to \$20,000, along with the chance to win official NHL merchandise and tickets to the 2004 NHL ALL-STAR GAME in St. Paul, Minnesota through second chance drawings.

The Lottery will conduct four second chance drawings for the NHL prizes, which include 700 NHL merchandise prize packs featuring official NHL All-Star Game jerseys, jackets, long-sleeve tee-shirts, caps and collectible pucks.

Missouri

The Missouri Lottery has been keeping track, and players that have entered online promotions during the past three years have saved more than \$97,000 in postage (combined). More than 262,000 entries have been received through this method of entry.

Now, a new online option makes the prospect of signing up

online even more attractive. Players who sign up for the free My Lottery program will only have to enter the serial number(s) on their ticket(s). They also have the advantage of viewing and editing their entries at any time prior to the promotion drawings.

Pennsylvania

As in previous years, the Pennsylvania Lottery will launch an extensive advertising campaign to support the Holiday Tickets As Gifts Campaign: Television and radio advertising; Movie theatre advertising prior to the feature film; Mall advertising; Grocery store cart ads; Internet Banners; Bus Posters/Bus Shelters/Taxi Tops (Phila & Pgh); Outdoor Billboards; and Print Newspaper Gift Guides. The Lottery will also feature the Holiday instant games on the nightly televised drawing during the campaign.

Also, For the first time ever, the Pennsylvania Lottery will offer a special limited edition \$5 Holiday Surprise Package "Just For You" to customers. The Lottery pre-wrapped 5 instant tickets per package, with 5 chances to win up to \$100! The "Just For You" gift pack is a perfect stocking stuffer and will be available in December - just in time for Holiday gift giving.

Once again, the Lottery will offer retailers the opportunity to earn extra income during the Holiday Tickets as Gifts campaign. Retailers will be able to earn an extra 5% bonus commission for every full pack of Holiday instant game tickets sold and settled from Tuesday, October 28 through Monday, December 29, 2003. That's 10% commission on each holiday instant game pack: Standard 5% commission + 5% holiday bonus commission. ■

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accounting of lottery products. Hundreds already installed in Georgia; more to come in Tennessee and Colorado, with serious interest from other lotteries.

- Introduced patented telephone betting system, AEGIS AccountPlay™, plus revolutionary software tools to simplify life for lottery marketers, field reps and players.
- Introduced Touch-Tabs™ (electronic pull-tab dispensing kiosk) in Iowa, and now partnering with Iowa for their 2004 rollout of electronic game cards, the industry's first electronic application for instant games.
- Introduced Extrema-C™ — a compact, high-performance, highly affordable terminal that provides more processing power than several high-volume models on the market today.
- Formed Scientific Games Ventures to ensure that proper resources and attention are allocated for ongoing development of next-generation lottery products.

The events of 2003 reinforce Scientific Games' Fullline™ commitment to the lottery industry: to assemble and deliver content, entertainment, and state-of-the-art technology that together provide a heightened gaming experience and result in increased revenue for lotteries by attracting new players and retaining existing players.

Smartplay International, Inc.

In 2003 Smartplay won contracts in Asia, Africa, the Americas, Middle East, and the Caribbean. As a distinction, its top drawing machine models were the pick to launch eight new lotteries on four continents.

Per technological advancements, Smartplay introduced the Origin and Solution systems. The Solution's automatic number recognition technology pairs mechanical equipment with real-time graphics (triggered by ball selection) to enliven the broadcast. An ideal image booster for conservative markets, the Solution lends modern day appeal and enhanced security to trusted technology.

The Origin computerized, random number generation system, is unique. It generates truly random numbers, from a quantum physics random number source. The Origin does not rely upon a seed to start an algorithm; therefore there is absolutely no cryptographic or statistical weakness.

With these new products, Smartplay is poised to supply clients with the most advanced mechanical or electronic equipment. To learn more, write to info@smartplay.com

Spielo

It has been another year of tremendous growth for Spielo with new products launched and new contracts awarded across all its products lines. Among the highlights of 2003:

- Several awards including being named among one of Canada's top 100 companies to work for.
- Spielo launched its new Aura machine at the 2003 NASPL trade show. Developed specifically to meet the unique needs of its racino clients, the Aura provides Spielo with a complete VLT product mix.
- In May, Spielo celebrated the official Grand Opening of its new facility.
- Spielo has been certified to the ISO 9001:2000 Standard for its' research and development. Certification ensures that Spielo's research, development and manufacturing facilities consistently meet the requirements of this International Standard. The certificate, valid for a period of three years, is a testament to Spielo's continued commitment to deliver the utmost quality in all products and services.
- Spielo has recently been approved in the State of Montana to begin installation of the PowerStation 5™ and it's new 7-game Keno lineup.
- New VLT contracts with the Alberta Gaming and Liquor Corporation and WCLC province of Saskatchewan will see the PowerStation 5 rolled out. The PowerStation 5 VLT offers responsible gaming features and downloading to help lotteries generate top net revenue while keeping operating costs low.

- Spielo signed a contract with the New York State Lottery to provide its Aura machine. The contract expires on December 31, 2007 with three one (1) year optional extensions.

TABCORP: SDS RACETRAX

- Industry-leading 3D Graphics completed for the SDS RACETRAX Monitor Game.
- The installation at the Danish Lottery continued to expand.
- The Israel Lottery installed a Pilot Site.
- In Australia, TABCORP's RACETRAX revenue was up 29%.
- SDS had a successful trade show at NASPL New Orleans. The next show will be ICE London January 2004.

TeleCom Game Factory

In 2003, TeleCom saw record customization and installations of RADDs including Minnesota, Pennsylvania, and Texas Lotteries – a 150% increase over the prior year. The company also unveiled the world's first secured Real People Lottery Draws to the industry, and appointed exclusive lottery licensor for Atlantis, Paradise Island in the Bahamas by Kerzner International Resorts, Inc.

WinTV

In 2003, WinTV accelerated its strong technological improvements by equipping all its Venus, Topaze and unique Emerald Card machines of PC-based operating software, Automatic Recognition, and graphical presentation of the drawn balls. Added to the mechanical and esthetical quality of those machines, WinTV supplied over 25 Lotteries worldwilde this year.

Wincor Nixdorf

Wincor Nixdorf specializes in providing IT products and solutions, plus associated services, to the retail, banking and lottery industries. The company has approximately 5,000 employees and revenues of EUR 1.44 billion in its 2002/03 financial year. Recent highlights include:

Hong Kong Jockey Club opts for self-service with Xion /PAT: In Hong Kong, it will be possible to bet on football matches from the 600 Xion /PAT self-service terminals. These terminals are configured with a payment module with 2 hybrid card readers and a PIN pad as well as an infrared interface allowing bets placed using PDAs to be transferred directly. The Hong Kong Jockey Club programmed the terminal software using Wincor Nixdorf toolkits.

Rollout underway at Toto-Lotto Niedersachsen: Rollout began in July after pilot operations of the 64 Xion /Mtop terminals between May and June were completed. Toto-Lotto Niedersachsen is only the beginning for Xion /Mtop as 4,500 terminals and 1,500 terminals are due to make their way to WestLotto and Sachsen-Lotto respectively.

Service station company enters lottery business: From January 2004, customers will be able to play the lottery on kiosk systems at 300 Petrol AG service stations in Bulgaria. This is possible thanks to the combination of kiosk and lottery terminals. To enable this, Wincor has integrated the Xiscan scanner in the Certo kiosk systems making Petrol AG the world's first service station company to enter the lottery business.

Eesti Loto decides in favor of modular Xion /M terminal: AS Eesti Loto will install 330 Xion /M lottery terminals in its lottery outlets in Estonia by the end of the year. Eesti Loto will develop its own terminal software using toolkits provided by Wincor Nixdorf.

Xion terminals communicate in Switzerland with three host systems: With the rollout of Sporttip at the SWISSLOS and Loterie Romande, Wincor's Xion /M terminals in the LORO area will communicate with three different host systems (GTECH, IGT-OES and SGI), while the SWISSLOS terminals will communicate with two host systems (IGT-OES and SGI). ■

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