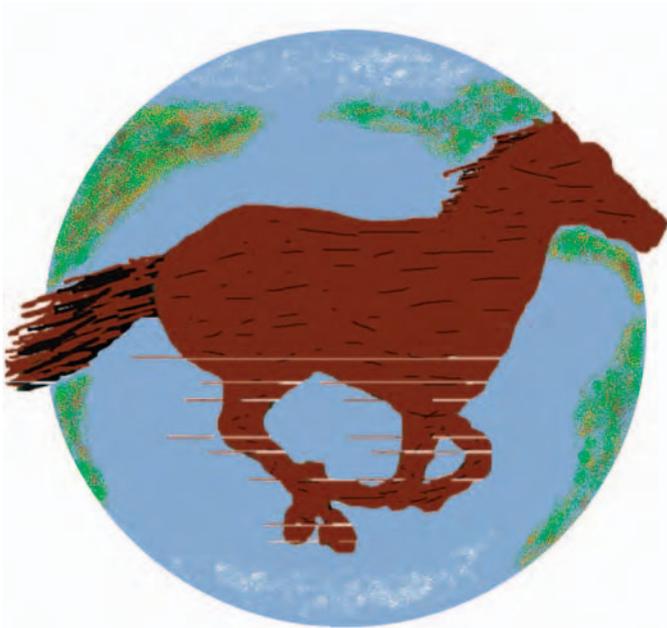


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Racinos Hit Their Stride • Svenska Spel – Leading the Charge for Greater Revenues • Product Innovations Preview

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On the Cover:
Svenska Spel CEO Meg Tivéus
at a Lottery run casino.

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PUBLISHER'S PAGE

ITS ABOUT REVENUE GROWTH



Duane V. Burke,
Publisher & CEO of PGRI

Public GAMING International is the magazine of growth, your growth – growth for the government lottery revenues, growth for other government revenue programs that use the gaming form of entertainment to raise money for good causes, growth for the race tracks that partner with government to provide gaming entertainment and, major revenue growth for the companies that supply all of the necessary products and services.

Racinos that use video gaming, other video gaming implementations and casino type gaming operated under the auspices of government are key, dramatic growth opportunities for this decade and beyond. Governments and companies that hope to maximize revenues need to focus on these applications.

The Internet offers great opportunities for expanding the entertainment aspect of gaming, will increase the player base, can be used to complement existing games and can be the tool for providing exciting new games that are uniquely tailored to the convenience and entertainment of computer play.

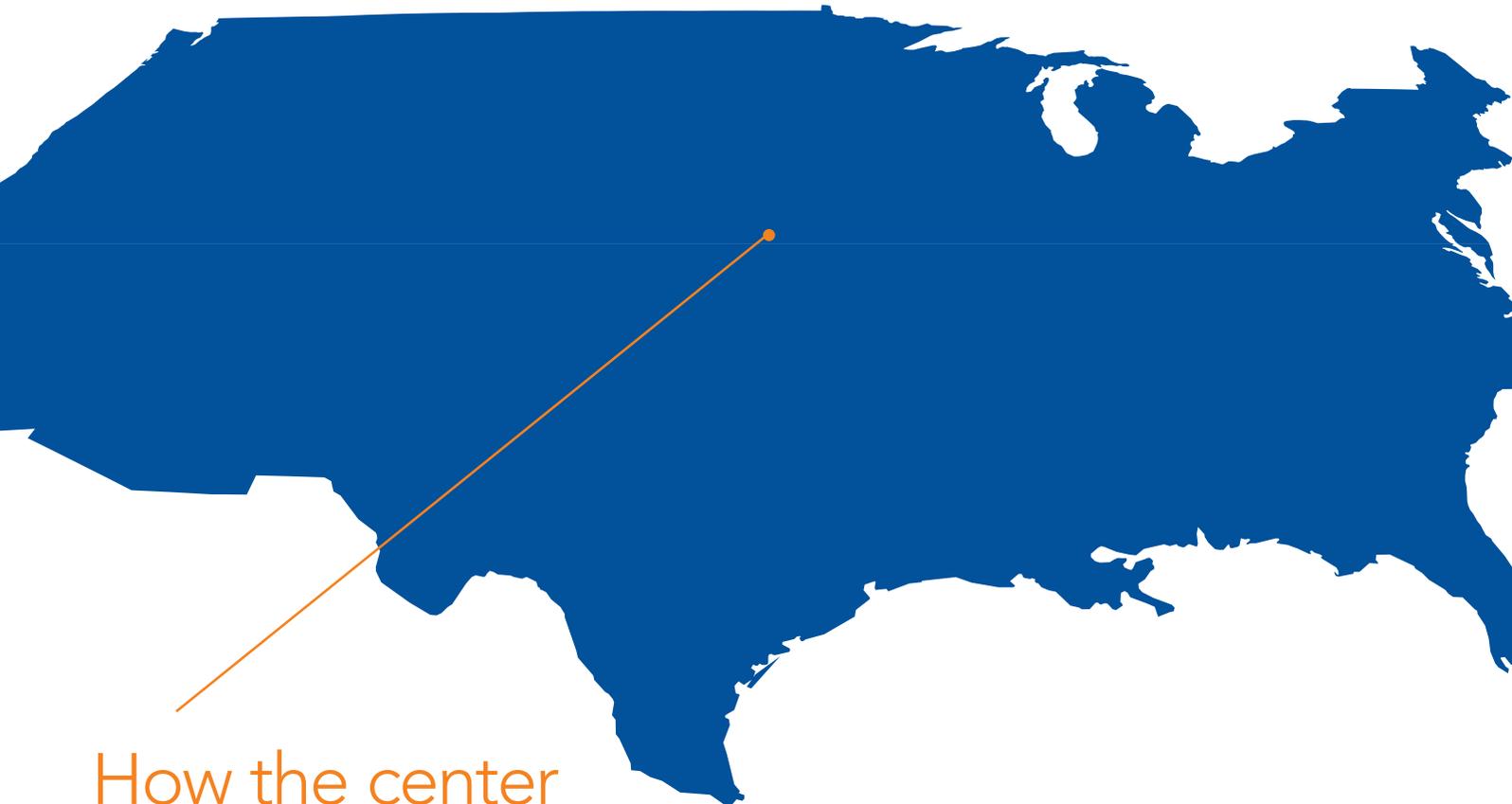
Mobile gaming offers a great opportunity to tie-into the customer-convenience tool of the century, the cell phone, to dramatically improve player convenience, to potentially, dramatically increase the sale of jackpot games, to provide video quality entertainment complements to existing games and to give players many additional, exciting new games.

Other key innovations are also available today to provide additional opportunities for dramatic growth.

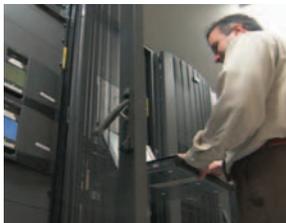
This issue of *Public GAMING International* magazine contains a variety of articles that emphasize opportunities for growth - the *Worldwide Racino Overview*, the article on expansion into casinos by the *Swedish lottery, Svenska Spel* and the special feature, "*Product Innovations*" provided by suppliers with important products.

The New Year is fast approaching and planning for growth is paramount to ensure maximum revenues. An important point to remind ourselves of at this time of year is that the customers live their lives on a "calendar year" basis and couldn't care less that you plan your budgets on some other basis. The objective is to be prepared with the products and services that the customers want at the times that they are most likely to buy.

The organizations that have the flexibility to change as the opportunities change will be the big winners in this race for maximum revenues.



How the center of the country is at the center of a gaming revolution



When we at INTRALOT won our first North American contract, we were determined to provide the Nebraska Lottery with everything you'd expect from a global player. And on July 1, 2004, our new On-line gaming system for the Nebraska Lottery went live with hundreds of terminals across the state. The carefully planned and on-budget launch proved two very important things. First, that INTRALOT's collaboration with the Nebraska Lottery and their retailers produced a sales-efficient terminal design and an optimally-trained sales force. Second, INTRALOT proved our determination to be an industry leader by establishing a state-of-the-art showcase for gaming technology and value-added services for lotteries throughout North America. The future of your lottery operation depends on staying ahead of the curve. So look to the future. Look to INTRALOT.



T h e F U T U R E o f G a m i n g



Australia

Australia's Lotterywest sales for 2003-04 reached a record \$505 million. Sales were up 2.9% over the previous year, and were dominated by Lotto, which turned over \$417 million.

Colombia

Two new online lotteries have been launched in Colombia, both based on the Baloto system operated by GTECH. Loteria de Bogota is anticipating annual revenues of \$1 billion pesos (US\$382,000). Tickets cost 5,000 pesos each. Super Astro Millonario will combine its online service with daily draws broadcast over television networks. Ticket prices range between 100 and 20,000 pesos. The maximum win is 40,000 times the original bet.

Czech Republic

The net profit earned by SAZKA, a.s., in the first half of 2004 reached CZK 902.4 million and rose by almost one quarter on the first half of 2003. The yield also rose in the first half of 2004. Betting games and lotteries, reduced costs and more efficient management, and primarily higher revenues from non-lottery activities all contributed to the favorable results. Non-lottery activities subject to VAT include: sale of tickets by means of the SazkaTicket network and recharging of mobile telephone credit by SAZKA on-line terminals.

Germany

The German Lotto and Toto group along with sports betting branch ODDSET are the latest Official Suppliers of the 2006 FIFA World Cup™. The agreement takes effect from July 1, 2004 and includes a wide range of joint activities.

Hungary

The Hungarian Lottery, Szerencsejatek, reported revenue of HUF 56 billion (EUR 225.3m) in the first half of 2004, up HUF 5 billion from the same period a year earlier. The company expects an annual revenue of HUF 110 billion, compared to the HUF 103 billion target, and pre-tax profit of HUF 3.1 billion. Szerencsejatek will introduce six new online games next year.

India

India's Karnataka Government has banned, effective immediately, the operation of all online lotteries in the state. The ban covers all lotteries conducted through vending machines or other electronic devices and the Internet. The government has terminated its five-year contract with the Essel group, operator Playwin Infravest and licensee Ultra Entertainment Solutions. The state is currently regulating the sale of lotteries from three other states.

Israel

A unique agreement between Mifal Hapayis and Cellcom will allow the Lottery to expand the range of products and services it provides. It will also allow Cellcom to offer its' clients more service centers where they can recharge their "Talkman" pre-paid cellular phones. Initially, "Talkman" customers will be able to recharge their handsets in any of about 800 Lottery points of sale. Eventually, all 2,300 points of sale will offer the service. The first phase will start in about two months.

Kenya

A Bulgarian firm, 1st Lotto Limited, has launched a Toto 6/49 lotto

game in Kenya. Lotto entry forms are available in denominations of Sh5, Sh20 and Sh60.

Malaysia

Malaysian authorities are considering legalizing betting on international and domestic football matches. Berjaya Sports Toto looks to be a leading contender for the football betting business. The proposal does not call for additional betting shops, but states that existing four-digit lottery outlets and turf clubs could offer the new betting services. The proposal would also allow Internet bets.

Malta

Maltco Lotteries Limited has successfully launched its operations as the new exclusive operator of the national lottery license in Malta and Gozo with a portfolio of games previously operated by the Department of Public Lotto. Currently Super Five, lotto and scratchers (instant tickets) are offered while sports betting and keno will be launched in the near future.

Mauritius

The Government of Mauritius wishes to publicly announce the upcoming international procurement process for the implementation and operation of an On-Line Mauritius National Lottery. The RFP is expected to be released beginning of October 2004, with an expected proposal due date by the end of November 2004. A Pre-procurement Statement of Principles document with further information is available for all interested parties upon request via MOFED. To obtain this document, please make a written request to MOFED, att. Mr. K. Guptar, Financial Secretary, fax no. +(230) 211 0096, Subject: On-Line Lottery Pre-Procurement Announcement.

Mexico

GTECH's contract award to provide equipment and services for a new online lottery system and associated telecommunications network to Pronosticos para la Asistencia Publica has been reinstated.

New Zealand

The New Zealand Lottery Corporation's Lotto is about to have its biggest overhaul since the start of the game 17 years ago. In response to player demand Guaranteed Millionaire is being removed, and the jackpot will now rollover. The second tier prize is being increased five times to \$20,000. Prizes in all other divisions will also increase. There's also a new price of 60c per line (up from 50c), one of the bonus balls is being removed (only one remains) and there's now a live game feature that gives every ticket holder another chance to win a million dollars, or other great prizes, each week.

Spain

Spain's Organismo Nacional de Loterías y Apuestas del Estado (ONLAE) saw a 5.7% increase in sales during FY 2003, generating more than 10.59 billion in 2003. The Lottery credits its popular Christmas lottery draw for the upswing.

Taiwan

Taiwan's 'Public-Interest' Lottery saw its largest jackpots ever during a series of draws in August. In the week the NT\$1.2 billion jackpot was hit, \$2.64 billion was spent by players trying to win the prize.

UK

This year is the 10th Anniversary of the launch of the UK National Lottery, which has raised over £15 billion for good causes and funded over 160,000 projects across the UK. To celebrate the 10th birthday, The National Lottery is organizing National Lottery Day on November 6, and many recipients of grants are supporting the birthday by running special events or opening their doors for free. ♣

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Improving the odds with R&D

Industry News



MUSL & Scientific Games Reach Agreement on Multiplier Patent

MUSL and Scientific Games have finalized a license agreement for Scientific Games' group participation multiplier patents as they apply to Powerball's Power Play feature.

In recognition of the fact that all MUSL members have been offering this option to their players prior to Scientific Games acquiring these patents from IGT in November, Scientific Games has grandfathered all Powerball jurisdictions on a royalty-free basis for a period of time and has agreed to credit revenues paid to Scientific Games or its subsidiaries against the standard royalties due under the agreement. The agreement also grants MUSL important rights to the multiplier patent in that only customers of Scientific Games or members of the Powerball game or its successors will be permitted to use the multiplier patents in multi-state lottery games. The license agreement allows MUSL to enter into sub-licenses with individual member lotteries that sell the Powerball game with a multiplier feature.

JCM Printer Approved

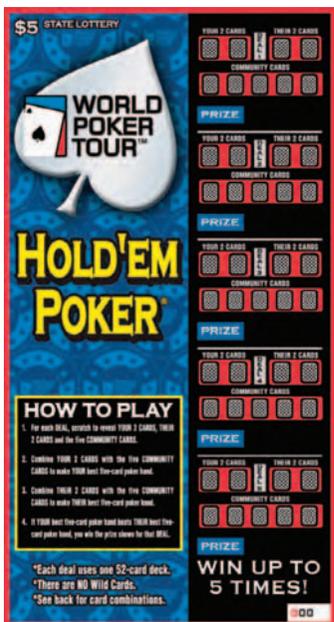
JCM American Corp. announced its benchmark Thermal Printer Series 200 printer has been approved for use in Nevada by the Nevada Gaming Control Board. The approval allows the printer to be used in all games by International Game Technology (IGT). The printer has previously received GLI approval for use in 28 jurisdictions throughout the U.S. and Canada. Currently, more than 70 casinos use the printer.

Frost Productions Portfolio Acquired by Scientific Games

Scientific Games has acquired Frost Production's portfolio of more than fourteen licensed lottery properties. The licensed brands, including the popular Fortune Cookie™ instant game theme, will be added to the library of lottery properties managed by Scientific Games' wholly-owned subsidiary, MDI Entertainment.

MDI Creates New Games with World Poker Tour Theme

MDI Entertainment announced it will create a series of new instant scratch-off and online lottery games that combine the patented play action of Texas Hold 'Em™ Poker with the high-stakes, high-style excitement of the World Poker Tour (WPT). In its instant lottery variation, World Poker Tour tickets feature the Texas Hold 'Em™ play style with multiple hands on each ticket. Each hand is reminiscent of a championship game, as the player goes one-on-one against an opponent with the goal of making a higher poker hand by combining their two "hole cards" with five "community cards."



INTRALOT Awarded Sports Lottery License in Colombia

Intralot, following an international tender, signed an agreement with the Colombian state regulator body ETESA (Empresa Territorial para la Salud) for the exclusive license regarding the operation of sports lotteries in the country. The agreement has a duration of 5 years - with a 2.5-year renewal option- and foresees the establishment of a sales network of approximately 5,000 points-of-sale throughout the country. Revenues from the operation of football prognostics are expected to increase rapidly over the duration of the contract. Intralot will install an integrated on-line lottery system using its LOTOS platform and state-of-the art terminals. Operations are expected to commence in the 2nd quarter of 2005.

DKLB Chooses Wincor Nixdorf

The "Deutsche Klassenlotterie Berlin" (DKLB) is to be the sixth German lotto and toto company (out of a total of 16) to deploy Wincor Nixdorf technology in its lottery outlets and is going to swap the old terminals in its 1,188 outlets for Wincor Nixdorf Xion /Mtop terminals by the end of 2006. As well as the 1,300 terminals, the DKLB order also includes the Xicore terminal software.

Massachusetts Signs with Pollard

Pollard Banknote has supplied the Massachusetts Lottery since 1999. Five years later, the company is entering a new contract to keep delivering instant tickets and services to one of the top performing lotteries in the world. The contract, which goes into effect in August, is for an initial term of two years. The Lottery can extend the term for up to three one-year periods.

Lottomatica Sells Bingo Stake to Cirsá

Lottomatica announced the sale of its 50% stake in Global Bingo Corporation, S.A., a company incorporated under the laws of Spain and a leader in the Spanish Bingo sector, to Cirsá Business Corporation S.A. The price will be equal to 64 million Euro. The closing is expected by January 31, 2005, subject to obtaining the mandatory authorizations.

15 Years for GLI

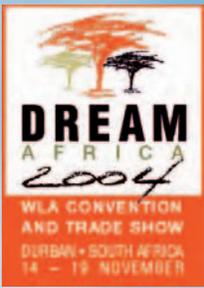
This July, Gaming Laboratories International (GLI), the world's leading gaming testing company, celebrated 15 years in business. Since launching operations, GLI has entered into more than 380 contracts worldwide to perform machine testing and certification on more than 300,000 devices.

New Telecom Draw Module in Pennsylvania

The TeleCom Game Factory announced completion of the installation and testing of the Pennsylvania Lottery's "Go for the Green" bonus Daily Number animated promotional drawing module. The Lottery's 13-day promotional bonus drawings was conducted using the Lottery's secured Random Animated Digital Drawing System, installed last year to facilitate daily mid-day game draws which are streamed to the Lottery website.

OGT Selected by Massachusetts

The Massachusetts Lottery has awarded Oberthur Gaming a new contract as secondary vendor to provide instant tickets and related services. The contract term is two years with three one-year extension options and contains no limit on business volume. ♣



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Svenska Spel Leading the Charge for Greater Revenues through Diverse Gaming Offerings

An Interview with Meg Tivéus, CEO, Svenska Spel – By Göran Wessberg

“When I was asked to be the CEO of Svenska Spel in 1997 I had a background in top positions from consumer goods and from Sweden Post,” said Meg Tivéus, who has headed one of the world’s most well-known and innovative lotteries for seven years.

Maybe it would not be very accurate to call it a lottery any more. Maybe gaming/gambling operator would be a better tag, since Svenska Spel is a group offering not only Lotto and scratch tickets but also, to a growing extent, sports betting, Greyhound Racing, VLTs, casinos and interactive betting.

“When I was recruited seven years ago most of this had not been introduced yet. Back then, my main task was to see to the successful

merger of the two state lotteries (Peninglotteriet founded in 1897 and Tipstjänst, 1934) with two different cultures, two different technical platforms and two offices that were both mentally and geographically far apart. One was urban just outside Stockholm and the other rural on the island of Gotland in the Baltic Sea.”

For political reasons the head office was located in the latter, in the UN heritage city of Visby.

“This has meant a lot of flying for my staff and myself during the inaugural phase,” Meg admits. “It has of course taken a lot of time but has also brought all colleagues closer together. We work in teams and on projects in a very non-hierarchic way. I believe this really stimulates the staff and opens the door for creative solutions.”

It cannot be denied that Meg has been successful with her leadership. The owner of Svenska Spel, the Swedish government, has welcomed the increase of net revenue from 3.6 billion SEK (US\$500 million) in 1997 to 4.7 billion SEK (US\$625 million) last year.

Other groups that have welcomed the increases resulting from Ms. Tivéus’s leadership include those falling into the category of Swedish sport and youth activities in non-governmental organizations which garnered approximately 20 percent of the net revenue. But there is even more in it for Swedish pro sports since Svenska Spel is the biggest sponsor of the country’s pro football (soccer), hand-ball and ice-hockey.

Sports and the Lottery

“It has been held against us,” Meg says, “that we spend a lot of money on marketing, but the sums reprinted in our media do not tell the whole truth. They include all of our costs for TV draws, for image and PR work and our support to those sports from which we benefit in our sports betting.”

The five major products in the sports betting category represent 20 percent of sales. Stryktipset, the Saturday pools, is the oldest sports betting game in the world, launched in October 1934.

“We were afraid some years ago,” Meg says, “that a game that seemingly has reached its retirement age would shrink and die, but thanks to a new image strategy it has recovered and is very alert. There is an annual national Stryktipset championship and young and old are very proud to be given the special ‘13’ T-shirt, indicating that just you are one of the few skillful and talented persons who have had 13 correct matches on your coupon. In October we will display some parts of the story around Stryktipset e.g. the photo of the old king Gustaf V wagering some columns to support Finnish invalids during WW2.”

Four years ago the Swedish government gave Svenska Spel the task to operate Greyhound Racing to yield more money to the Swedish Federation for Dog Racing. Ms. Tivéus indicated that the net return has not yet been very high in relation to the investment, but that the intro-



Svenska Spel at a Glance

State lotteries Penninglotteriet (1897) and Tipstjänst (1934) merged 1997 into Svenska Spel

Owner: The government 100%.

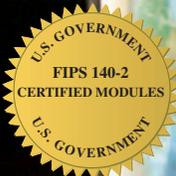
Licenses: Sports betting – including dog racing but not horses (5 games)

- Lotto and Keno games – 7 games
- Lotteries and instants – 6 games
- VLTs – 7,500
- Casinos – 4
- Internet gaming – 17 games
- Gross sales 2003 – US\$2.6 billion (+8.6%)
- Net result – US\$625 million (+11%)
- Sales on Internet – US\$65 million (+63.7%)
- Market share – 54%
- Terminal supplier – GTECH (will be replaced by SAGEM)
- VLT suppliers – IGT and Spielo
- Scratch ticket supplier – Oberthur and Pollard ♣

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SMARTPLAY

INTERNATIONAL, INC.

duction of this kind of gaming has meant a lot to make the sport more popular and accepted.

The big success however is Oddset – the first online bookmaking game in the world launched in 1986. Since its introduction it has been copied by more than 35 lotteries in Europe, America and Asia. “Sales for Oddset went up by 8.4 percent in 2003,” Ms. Tivéus explains, “but that could have been even higher had we not had foreign bookmakers who are trying to get a foothold on the Scandinavian market.”

It is illegal for these foreign bookmakers to promote or sell their games in Sweden, but they do so all the same, claiming that the EU guarantees an open market for all services, including betting. It is important to point out that this claim has been disputed by almost all European governments. Several court cases in the European Court of Justice have ruled in favor of a regulated and restricted market. Still, the most recent – the so called Gambelli case – ruled that if the state in question can prove to have a responsible attitude toward gaming, the present monopoly situation could be justified.

Although a liberal in mind and practice, Ms. Tivéus admits, “I still believe that there should be a state monopoly or regulations for postal services, the selling of liquor and the gaming business. I don’t think that the players and society in the long run benefit from a free market, even if some could get better odds now and then from bookmakers abroad.”

As a matter of fact the Danish lottery, Dansk Tipstjeneste, and Finnish Veikkaus have decided to raise the pay-out on Oddset from 80 to 88% to compete with the private operators. This strategy has paid off handsomely – players have returned “home” and sales have soared and thus compensated for the high return to the winners. The Swedish government recently appointed a committee to revise present gaming legislation to see if Sweden is to follow suit.

A Thriving Internet Program

“One of my first important decisions at Svenska Spel was to invest in developing gaming services on the Internet,” Ms. Tivéus declared. “No supplier could meet our requirements, so eventually we had to build our own platform. We went live in May 1999 with Stryktipset, Lotto and Spiel. Since then we have had a rather slow but steady growth. Our Internet sales last year reached 500 million SEK (US\$67 million), an increase of 64 percent and representing 5 percent of our retailer-related sales. Last September we introduced our scratch tickets on our website

– from then out all our major games can be wagered interactively. I think it is safe to say that no other gaming operator in the world presently has as much of a variety of games on the Internet as Svenska Spel. The government is still hesitant to give us a grant to offer some of our quick games such as Lotto Express and Greyhound Racing on the Internet. We had long discussions with them and the Gaming Board before we introduced best-selling Triss and our other instants on our website. There was, among other things, concerns about gaming addiction. We, therefore, on our own, decided to have a cap set at 500 SEK (70 US\$) a day for these games. As we have found out very few wager that much.

I believe that if and when you offer games on Internet you should go for your well-known brands and not invest a lot in marketing new products.”

To date, Svenska Spel has adhered to that philosophy, offering only one new game that can only be played on the Lottery’s site (www.svenskaspel.se) – Bingo.

“We did not expect very much from Bingo but it has exceeded all our business plans,” said Ms. Tivéus. Our players are especially fond of the group play, which allows them to not only compete with the Lottery, but with other players as well. In the beginning the players preferred the sports betting but today the 250,000 active and registered players more and more go for the games of chance – by a ratio of two-to-one.

“As a matter of fact bingo has now become so popular, with the fastest growing increase, that we will relaunch it in September calling it ‘webbingo’. Later on this autumn Svenska Spel will be the first state lottery in the world to offer probability games on the Internet. That’s something to look forward to!

VLTs

“When I came here in 1997 Tipstjänst had already begun to install the VLTs that the Swedish parliament had legalized about two years earlier, but the situation was a hornet’s nest due to loopholes in the legislation. This was quickly exploited by private operators who set up their own profitable machines. Eventually this was corrected. Svenska Spel has a legal monopoly to have 7,000 VLTs, branded Jack Vegas, in bars and restaurants and 500, called Miss Vegas, in bingo halls. There are, however, still some 3,000 illegal slots and AWP’s in Sweden with estimated gross sales of 3 billion SEK (US\$400 million) according to a report last year from The Gaming Board.”

“Sometimes it worries me,” Ms. Tivéus says, “that the authorities have not given very much priority to fight them, nor to chase the foreign bookmakers; although, this has changed lately – the Gaming Board has started to put its foot down. Instead we at Svenska Spel have chosen the strategy to improve our customer service.

“For the VLTs this has meant that Svenska Spel has invested heavily in an advanced responsible gaming program and required the suppliers, IGT and Spielo, to come up with completely new concepts. Even though the product is currently the biggest in our portfolio, with gross



New CEO Appointed for Svenska Spel

On December 1, Mr Jesper Kärrbrink will be the next CEO of the Svenska Spel group. He will succeed Mrs Meg Tivéus who successfully had headed the company for the last seven years. Mr Kärrbrink has a background in top positions – mainly within the media. He is 40 years old.

“I see this job as a very big challenge. I hope that my background and competence will continue to contribute to a positive development for the Swedish National Lottery,” said Mr Kärrbrink.

The chairman of Svenska Spel, Mr Anders Gustafzon, welcomes the new CEO. “We are happy to have Mr Kärrbrink as new managing director for our company at a time when the Swedish gaming market is facing very great challenges.”

sales of 6.9 billion MSEK (in 1997 it was just 340 MSEK), our main problem is still that we have too few players. I want to have our Jack Vegas game much more widely accepted and played. We will, therefore, go for other kinds of locations than those we have today. But the limited number of VLTs could be an obstacle for us - as well as the often over-heated debate of how addictive the games are. The Institute for Public Health and the Gaming Board are to deliver a report to the government early next year about the effects (positive and negative) of the VLTs and recommendations for the future."

Curbing Problem Gambling

For the moment, the Gaming Board has imposed a regulation for Svenska Spel and the state-controlled horse-betting company ATG to publish the phone number for the hot-line for problem gamblers on all coupons and tickets. Rules for advertising are still pending. In the meantime all legal gaming operators in Sweden have formed a voluntary council which has drafted, signed and published ten guidelines for the marketing of gaming and gambling which they are to adhere to.

"This is a very good thing," Ms. Tivéus says. "We have to admit that there are much more ads and commercials for gaming in Sweden than in most other countries. This is due to the unique structure of our market with a very tough competition between ATG, Svenska Spel and the non-governmental gaming operators, all offering high jackpots and very often selling their products through the same retailer network."

There has been a lot of discussions about the effects on problem gambling from all this advertising and the number of games on the Swedish market. However the annual Svenska Spel research based on more than 10,000 interviews has shown no increase in gambling addiction over the last five years. Compulsive gambling stands at 0.6% which is a rather low figure in international comparison.

Still, Meg admits, "This is high enough to give us all in the business concern about the development, marketing and distribution of our products. This is an issue with very high priority in everything we do. All of us in the gaming industry as well as the Gaming Board, official bodies, researchers and GA groups cooperate very much and meet frequently to discuss what can be done. As a state company we don't mind taking the leading role in this field."

Svenska Spel Casinos

Oddly enough there has been much more focus on Responsible Gaming when it comes to Internet gaming and VLTs than on the casinos. Maybe this is because Svenska Spel has handled all security and social issues of the casinos in a very professional way.

"One of my brightest memories in my present career, which is soon to end since I have announced to the Board that it should start looking for a new CEO, was the opening night of our first casino in northern Sundsvall, June 30, 2001, only two years after parliament had passed the bill to allow international casinos in Sweden," said Ms. Tivéus.

"This was one of the really tough challenges of my life. I am very glad that our team succeeded so well in finding good locations for our four casinos and restoring four beautiful buildings to their former glory. A run-down railway station in Sundsvall, a restaurant in central Malmö, a former customs shed in the Gothenburg harbor once used by emigrants for North America and one of the most famous

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early movie theaters in the very heart of Stockholm were all restored and became casinos.”

Last year, the first year that the casino in Stockholm was open, Casino Cosmopol showed its first net profit – 167 MSEK (US\$22 million). The final target of 200-300 MSEK will probably be achieved this year.

“We had more than 800,000 casino visits in 2003,” said Ms. Tivéus. “We would like to have

even more and are now looking at our ad and PR-strategy for Casino Cosmopol. We don't go for the heavy gamblers and whalers, we would like all Swedes to realize that an evening in a casino is a fun and entertaining way of spending a night out with your friends and family.

Among the casinos Stockholm is of course doing best with its 30 tables and 300 slots but Malmö in the south, close to Denmark and the continent and Gothenburg, the port to the west are also showing a profit.

“Before we started this business there were many worries about all kinds of negative consequences of casinos but none of these have come true. Our staff has been very well trained in all aspects of problem gambling, cheating, money-laundering etc. and this has paid off.

“In due time Svenska Spel could open two more casinos, following the Parliament bill, but for the time being I think that both the Government and Svenska Spel are quite happy with the four in operation just now.

“The challenge for the government and for the management team of Svenska Spel will instead be to focus on legal matters such as the regulated market, the right and license for us to test new technology for our gaming development and the way to handle concerns about compulsive gambling. We pay a lot of attention to this already at Svenska Spel. I am glad that we can contribute a lot on these issues to the work going on in the European Lotteries and the WLA.”

“I always like having international contacts. I have been lucky in having so many during my years at Svenska Spel, and the opportunity to meet so many nice and interesting persons all around the world. The cooperation between the state lotteries and the suppliers need to be intensified in the years to come to meet the challenges I already have mentioned,” Ms. Tivéus concludes. “But, if the global gaming market is deregulated this could suddenly change if we begin competing with each other.”

And then Meg Tivéus, who is always on the go, is off again for another board meeting (she sits on the board for five other companies), or for a daily work-out in the gym (“I need that for my mental and physical well-being”) or for the next plane to the head-office in Gotland to host a party in the Roma monastery ruins where Svenska Spel sponsors the annual outdoor Shakespeare performance. This summer it is *Much Ado About Nothing* - not a very appropriate title to characterize Meg – it should of course read *Much Ado About Everything*. ♣

Worldwide Racino Overview

Racino is certainly the latest gaming industry buzz word. When you look at the concept, it's easy to see why so many lobbyists and legislators are working so hard to implement them in their jurisdiction. Legislation aside, they're relatively easy to implement, they come packaged with a facility that is already geared towards an age-appropriate, gambling clientele, and they produce fantastic revenues. In fiscal 2003, 9 facilities in Rhode Island, West Virginia and Delaware, housing 20,051 machines

(which, at the time, represented a little less than half of all machines operating in a racino environment) generated nearly \$2.3 billion in revenues.

While the term racino can apply to any facility that combines racing with other casino-related activity, this article will only examine racinos that offer gaming machines.

One couldn't exactly say that racinos are a new idea – gaming machines have been popping up in racing facilities for several years – but the concept has been steadily gaining momentum. Now with Pennsylvania finalizing legislation that will add up to 61,000 machines to area racetracks in the next few years, racinos are all the rage.

Currently, three countries in the world are home to 13 gaming jurisdictions monitoring 50 racinos housing 46,453 machines (see map 1 for details). West Virginia is currently the largest jurisdiction in terms of machines operating within racinos, with 11,000, followed by Ontario with 9300, Delaware with 5,651, New York with 4,980, Louisiana with 4,525, Iowa with 3,700, Rhode Island with 3,400, New Mexico with 1,815, Argentina with 750, Western Canada with 702, Quebec with 430, British Columbia with 188, and Atlantic Canada with 12.

Racinos – The Potential

As impressive as these figures are, they are nothing compared to the immediate and long-term racino potential. Legislative hurdles have already been cleared for nearly 76,000 additional gaming machines to be placed in 21 facilities operating in five U.S. states (only one of these facilities, Charles Town Gaming and Racing is currently operating VLTs). They are:

- Charles Town, West Virginia – 1,000 additional machines (bringing the number of VLTs up to 4,500)
- Bangor Raceway, Maine – 1,500 machines
- Pennsylvania – 61,000 machines in 14 facilities
- Zia Park Race Track & Black Gold Casino, New Mexico (under construction) – 600 machines
- Vernon Downs, New York – 1,100 machines
- Batavia Downs, New York – 750 machines
- Yonkers Raceway, New York – 5,500 machines
- Aqueduct, New York – 4,500 machines

Once implemented, these machines will represent a 164% increase in the number of machines operating in racinos worldwide.

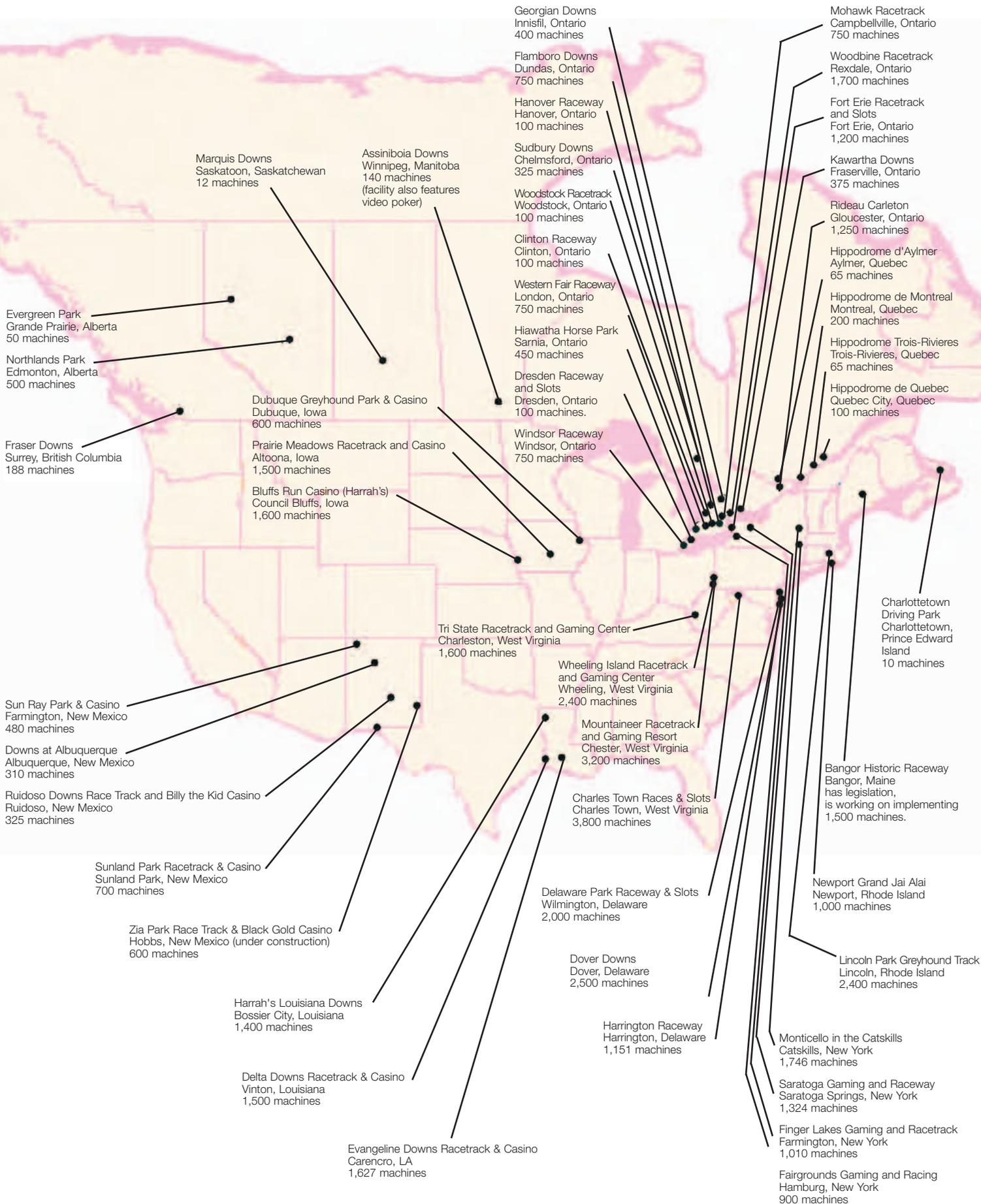
What's even better news is this growth could merely be the tip of the iceberg. Currently, there are 959 racetracks worldwide without legislation allowing the implementation of gaming machines. Of these, 173 are in the U.S., where attempts to pass gaming machine legislation abound. Certainly if all these facilities were to implement machines, saturation issues may begin to affect the revenue outlook in certain areas, but these numbers certainly show the potential for a huge increase in racino revenues. ♣

Horse and Dog Tracks Without Gaming Machines

International	U.S. (173)
Argentina – 1	Alabama – 4
Australia – 338	Arizona – 14
Austria – 1	Arkansas – 2
Barbados – 1	California – 16
Canada – 16	Colorado – 5
Chile – 6	Connecticut – 2
Cyprus – 1	Florida – 24 *
Czech Republic – 13	Idaho – 7
Estonia – 1	Illinois – 7
Finland – 23	Indiana – 2
France – 72	Kansas – 4
Germany – 26	Kentucky – 8
Hong Kong – 2	Louisiana – 1
Ireland – 25	Maine – 1
Italy – 7	Maryland – 5
Jamaica – 1	Massachusetts – 5
Japan – 37	Michigan – 7
Macau – 2	Minnesota – 1 **
Malaysia – 3	Montana – 5
Malta – 1	Nebraska – 5
Mauritius – 1	Nevada – 1
Mexico – 2	New Hampshire – 5
New Zealand – 56	New Jersey – 4
Panama – 1	North Dakota – 1
Peru – 1	Ohio – 7
Puerto Rico – 1	Oklahoma – 4
Trinidad and Tobago – 1	Oregon – 7
Singapore – 1	South Dakota – 2
Slovakia – 1	Texas – 8
South Africa – 12	Virginia – 1
South Korea – 2	Washington – 5
Sweden – 2	Wisconsin – 2
UK – 74	Wyoming – 1
United Arab Emirates – 1	
Uruguay – 1	TOTAL: 959 ♣
Zimbabwe – 2	

*includes Jai-Alais and 9 Racinos without gaming machines

** is a racino, but does not have gaming machines



New Mexico Converts to Origin™ Digital Draw System

At the North American State and Provincial Lottery Association (NASPL) 03 conference, New Jersey based Smartplay International Inc., introduced its Origin™ digital draw system. With the next domestic bid opportunity, the firm was awarded a contract to supply the system to New Mexico Lottery Authority (NMLA).

What may seem like almost instant success can be attributed to Smartplay's extensive research and development and common sense approach. The Origin was designed with Operations/Security in mind, so it's easy-to-use, secure, and packed with capability.

When asked, "Why shouldn't we just buy an off-the-shelf random number generator?" Smartplay qualifies the Origin as a complete digital drawing system with independently certified code. The code is reviewed, audited and certified by Secure Software of Chantilly, Virginia, www.securesoftware.com.

Specializing in integrity/security checks of both application and systems, Secure Software's principals have written acclaimed books about proper methods for secure coding. The Origin system also employs modules meeting the Federal Government standard FIPS 140-2 for the implementation of cryptographic modules.

Executive Vice President, Tom Markert refers to the system's substantive hardware approach. "Distinguishing the hardware," he says, "is the use of dual, hardware based random number generators. Numerical data derived from the RNG units is subsequently processed through secure algorithms, to provide the absolute highest level of unpredictability." Smartplay's approach compares to the more common pseudo random number generation, which originates with a singular seed number.

Origin Capability:

- Live Feed
- Independent compilation of secure, animated production
- Distribution via various media formats
- Easy to use Animation Catalog
- Pre-show tests, live draw, post-show tests recorded on DVD
- Real Time NIST-FIPS 140-2 encryption analysis

Origin Security:

- Evidentially admissible keystroke/activity logs
- Dual log-in operational requirements
- Automatic archiving of draw results and logs, exported in print or CD
- RNG server housed in secure, sealed, alarmed chassis, with no outside connection
- "Read-Only" code cannot be manipulated

Smartplay installed NMLA's system in July and returned to support the lottery in a press conference, August 19. Following negative press



Left to right, Tom Romero, NMLA Executive VP, Security, Tom Shaheen, NMLA CEO, and Tom Markert, Smartplay Executive VP at August 19 Press Conference announcing conversion to Origin™ digital draw system.

surrounding the recent introduction of computer generated draws in Indiana and Missouri, lottery executives had decided to take a proactive stance by inviting the media for an information sharing session. General information regarding Smartplay's previous service to the lottery, security of the Origin system, and the impetus to switch to a computerized draw was shared with the media.

At the press conference, Tom Romero, NMLA's Executive Vice President of Security stated, "The automated drawing system provides a combination of modern computerized efficiencies with extensive human oversight. A member of the lottery's security draw staff and an independent auditor must operate the equipment. Every move is logged by the computer or monitored by closed-circuit camera. All lottery drawings have been open to the public since we began in 1996, and that access will continue."

Since installation, lottery personnel have been training on the system. The first draw utilizing the Origin system is planned for September 27.

Smartplay looks forward to demonstrating the Origin system, including recent security and graphic enhancements, at NASPL 04. The firm will exhibit in booth numbers 28/29.

Source: Smartplay International, Inc., Southampton, New Jersey, USA www.smartplay.com Contact: Linda Turner, Vice President, Sales, +1 609 859-1133 ♣

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See page 20 for the article on SCS.

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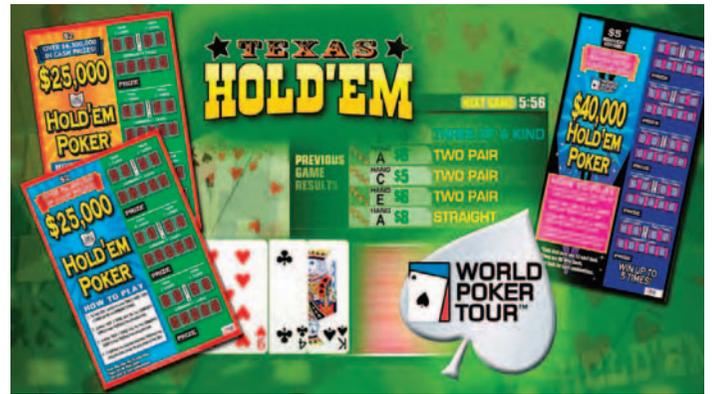
Submitted by Scientific Games Corporation

Poker is HOT! Make that...WHITE HOT!

Currently, there are an estimated 60 million poker fans in the U.S. (approximately one-third of the total population), a statistic that trumps the popularity of golf, billiards, and tennis combined. And that says nothing of the millions of people who play poker in other countries around the world.

As one journalist recently wrote, “Poker has moved beyond the back, smoky rooms to the forefront of mainstream culture, inviting young professionals to the table and leaving behind her stodgy image.” Indeed it has.

It seems everywhere you turn these days images emanating from the small screen are turning up poker – from weekly Wednesday night television coverage on the Travel Channel and ESPN, to the “WPT Battle of Champions,” a World Poker Tour™ event that aired on NBC during the pre-game of Super Bowl XXXVIII. The most popular televised poker game is Texas Hold ‘Em™, in which players are dealt two cards each, and then try to come up with their best hand (or best bluff) from five community cards.



In response to poker’s surging popularity, Scientific Games and subsidiary MDI Entertainment are turning out numerous poker games for several lotteries.

MDI has the exclusive Hold ‘Em Poker® patent for instant games, which it recently licensed to two U.S. lotteries. The Ohio Lottery was the first to introduce the game, a \$2

scratch-off, on April 23. Consumer demand for the game was so strong (154 sales index) that, by early May, officials in the Buckeye State were already saying, “hit me, again.” The Lottery quickly reordered the game.



On July 9, the Kentucky Lottery introduced a \$5 Hold ‘Em Poker instant game with a \$40,000 top prize. The game

also features a second chance promotion, which players can enter via the Internet or by mail. In addition, the KLC sent a direct-mail piece

to approximately 44,000 Kentucky households offering a free \$1 scratch-off with the purchase of any two \$5 Hold ‘Em Poker tickets.

KLC officials report weekly sales of Hold ‘Em Poker are averaging \$531,000. The game is on pace to sell out within 10 weeks, 6 to 10 weeks earlier than it typically takes to sell out a \$5 instant game in the state. The KLC is considering ordering a \$2 Hold ‘Em Poker game to attract an even larger consumer base of card-playing enthusiasts. The \$2 version would be in addition to the \$5 game.

Earlier this year, MDI signed an exclusive licensing agreement with the World Poker Tour (WPT), whose weekly television series has become the highest-rated show in the history of the Travel Channel. The WPT license opened the door for lottery players to win seats in these tournaments without having to pay a buy-in fee, which can range from \$5,000 to \$25,000. These games will also offer high-end prize packages of WPT merchandise. Several lotteries are currently considering a Hold ‘Em Poker game utilizing MDI’s exclusive patent with this added twist. ♣



Scientific Games and MDI invite you to “Come Play with Us” at our NASPL 2004 exhibit and learn more about how these HOT new Poker games can add more fun and excitement for your lottery players!



- Participate in a Hold ‘Em Poker® tournament
- See how far we are pushing the creative boundaries of monitor games
- Demo the latest advancements to our Retail Solutions™ products, specifically PlayCentral™ and ConvenienceCentral™
- Check out our Fullline™ of other lottery products and services

INTRALOT and Nebraska – Why It Worked

INTRALOT is at the center of a gaming revolution. On July 1, INTRALOT's new On-line gaming system for the Nebraska Lottery went live with nearly 1,000 terminals across the state. INTRALOT's collaboration with the Nebraska Lottery and their retailers produced a sales-efficient terminal design, an optimally-trained sales force and an on-schedule and on-budget launch.

INTRALOT brings to the table over 186 years of combined Lottery experience, which allows them to provide secure, efficient and profitable operations to lotteries. In doing so, INTRALOT knows how critical it is to offer customized services to meet the needs of an individual lottery. They did just that in Nebraska.

First and foremost, INTRALOT listened to the needs and wants of the Nebraska Lottery and tailored their Nebraska staff to meet those needs. INTRALOT is providing key account and sales promotion services along with retailer relations, public relations, and special event coordination support.

Next, INTRALOT, in conjunction with the Nebraska Lottery, conducted focus groups with retailers to learn what features of the current terminal they wanted to keep and what new features they wanted to add. These discussions were used to develop customized software that

includes features such as the three-pack, ticket repeat, one-touch quick-pick buttons, and direct transaction.

Additionally, INTRALOT ensured that all Nebraska Lottery retailers would have access to comprehensive training and help functions. To do this, INTRALOT established a 24-hour hotline that is operated in Nebraska, and included detailed help screens and a training mode in their terminal software.

Furthermore, INTRALOT and the Nebraska Lottery held over 40 retailer training sessions across the state. The training, called The FAST TRACK, used a racing theme to take retailers through four turns that included information on the new On-line terminal, the Scratch validation equipment, accounting information, and marketing resources available to help maximize sales.

By offering customized services and collaborating with the Nebraska Lottery, INTRALOT is providing secure, efficient and profitable operations in Nebraska. For more information about INTRALOT, please visit the company's website at: www.intralot.com.

Source: *Misty Wendt, Public Relations Manager for INTRALOT USA* ♦

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State Lotteries Could Make Million\$ in Subscription Sales Generated by New SCS Program

Subscription Club Services Launches New Services & LottoSOFT™

— by M. Lancy, Marketing Consultant for SCS

For over 10 years the founders of SCS (Subscription Club Services, LLC) have been working with tens of thousands of state lottery players across the US and have finally developed what they feel is “the most comprehensive, powerful, and profitable subscription player program ever offered to state lotteries.” And best of all – the program will require no staffing and very little expense from the state to get started.

For decades the directors and staff of most state lotteries have tried to figure out how to give their players what they’ve been asking for – a convenient and flexible subscription play program -- without losing the rigid controls the lottery needs to maintain integrity. Quite a few states have tried and failed, and a few others have programs limping along with only modest success. The overwhelming problems have always been: cost, staffing, integration with ‘the system’, and meeting the flexibility and customer service expectations of the players.

Enter SCS, Subscription Club Services.

“We are a company built from the ground up to provide any state lottery with the innovative, specialized, and profitable player programs and services they need,” according to Andy Amada, founder and CEO of SCS. “We are specialists. All we do is attract, service, and retain lottery players.” And, with a ten-year track record of hundreds of millions of successful and positive player transactions, this is not some kind of unsupported boast.

At the heart of the SCS system is the patent-pending LottoSOFT™ software program and business process method. Together these are designed to provide a unique and effective system of comprehensive program management procedures, tools, materials, and customer service personnel – ALL tailor-made for each state lottery’s individual needs.

For the state lottery, the SCS system will enroll, track, and revise each player's choices and play activity effortlessly via both traditional and web-based systems. It will also accommodate changes desired by either the Players or the Lottery, including: play number changes, changes in game rules, increasing or decreasing quantity of tickets, additional advance play tickets, monthly payments, and much more.

“The freedom and flexibility of our subscription program gives players the confidence that THEY are in control of their play,” Amada adds, “without sacrificing any of the strict regulation the lottery requires. We are the perfect bridge between the two.”

Another important member of the SCS team is long-time lottery industry pro, Jack Boehm, the company’s strategic planning director. “SCS is going to re-invent the way state lotteries interact with their players,” Boehm says. “We will become the customer service and innovative player programs specialists, in much the same way GTECH and Scientific Games are the on-line gaming specialists.”

It’s LottoSOFT™ that allows the SCS program to be so streamlined and effective for the state lottery. “This software enables us to be up and running in each new state in a very short period of time, and the interface with the on-line vendor, Scientific Games, GTECH or whoever,

will be secure and easily accomplished,” Boehm adds.

For the individual lottery player, the new SCS subscription player program provides many attractive benefits, like: easy mail-in or web-based enrollment, never missing a game, never having to drive to the store and wait in line, never losing a ticket, and never having to worry about checking the results or claiming their winnings. In addition, players can change their play to participate in special “Booster Play” options, check and manage their play on the web, and receive special “MEMBERS ONLY” rewards, including colorful newsletters, special offers & promotions, jackpot alerts, and even free dinners.

“It’s like each player is a private club member who has their own Personal Lottery Assistant™ making sure they never have to worry about anything to do with their lottery play,” Amada adds. “And, it’s much the same way for the state lottery, too. We take care of literally everything.”

Before readers come to the conclusion the all this must be very expensive for the lottery, the player, or both, it should be noted that SCS has the cost economies all figured out, too. According to Boehm, “It will cost the state less than what they are currently spending for retail commissions—zip, nada, that’s it. And start-up marketing efforts can be modest and very economical, relying mostly on the ad vehicles already in use.”

And what about the cost to Players? “If a player signs up over the web, it costs them monthly about the same as a soda pop – about \$1.00,” Boehm adds.

Even though it should be a ‘no-brainer’ that every state lottery on the planet will be banging on SCS’s door, don’t expect to see them popping up everywhere in the next six months.

“We have a well-constructed and very conservative roll-out plan for the new program,” Amada states plainly. “We will be very selective about our first few states, and we will approach each launch in the way we know has always been successful for us – steady, strong and 100% effective.”

If you are interested in learning more about Subscription Club Services, or want to set up a demonstration of their LottoSOFT™ program, you can call (888)777-5131 or visit them on the web at scs123.com.



Lottery players.” And, with a ten-year track record of hundreds of millions of successful and positive



Diamond Game – Adding Excitement Through Video ITVM Machines

– Submitted by Diamond Game

Diamond Game recently entered the public gaming industry, launching Video-ITVM machines with the Iowa Lottery. Diamond Game, a leader in the Indian gaming business since 1994, pioneered the use of video and sound to enhance the dispensing of instant tickets, creating a slot machine-like playing experience. In 2004, Diamond Game obtained a U.S. Supreme Court ruling establishing that its Video-ITVM device (a.k.a. "Lucky Tab II") was not a slot machine, Johnson Act device, or other gambling device. The ruling paves the way for lotteries nationwide to begin offering players these Video-ITVMs anywhere regular instant ticket vending machines are permitted. This exciting development, now being exploited by the Iowa Lottery, provides an alternative to VLTs.

Diamond Game's Video-ITVMs come with much of the same player experience and appeal offered by VLTs, but without the political and legal challenges associated with gaining approval for VLTs. With the Video-ITVM, the bells, flashing lights, and video display, all components that add to the excitement of the game, have no impact on the outcome. The element of chance is contained entirely in the finite deal of instant tickets. In fact, these tickets could be played straight off the roll, without the

use of the dispenser. Players redeem their winning tickets at the retailer from which they were purchased, just as they would any other instant ticket. The machine is merely present to enhance the playing experience.

While Diamond Game's machines legally are not slot machines, they contain state of the art technology, thus providing an exciting gaming experience to the player and the highest level of security and accountability to the operator. Depending on the particular jurisdiction's desire, the games can be displayed simply, i.e. as basic electronic replicas of instant tickets, or in a very sophisticated manner on a par with the latest Las Vegas-style games, utilizing 3D animation and interactive bonus rounds. Regarding back office security and accounting systems, Diamond Game's experience is extensive. It currently operates two systems, one of which is being used in Iowa whereby the machines communicate with a central server in California on a daily basis. The other is an online system that tracks every transaction in real time, which is employed on site in casinos. ♦

For more information about how your state can benefit from Video-ITVMs call Bill Breslo, VP, Business Development – 818.727.1690 x203 – or visit us at NASPL Booth #30/31.

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PTI – Hitting It Big with Gaming and Entertainment Themed Games!

Submitted by PTI

What's new from PTI? PTI continues to dominate the "Gaming Themed" licensed property category with more successful Caesars Palace® games from New Jersey (2nd time), DC Lottery, British Columbia Lottery and more to come (see picture). In addition, PTI has an all new Caribbean Stud Poker® version featuring more play "action" and all new Carnival Cruises. Our newest games, Texas Hold 'Em Bonus™ and Wild Hold 'Em Stud™ are right in step with the growing popularity of televised poker! (see picture). Other PTI gaming themes continue to entice lotteries and include Blazing 777s, Triple Play Draw Poker, Let it Ride, 3 Card Poker and more !

In addition to gaming, our "Entertainment Themed" games are making a big hit too! I Dream of Jeannie™ has been receiving excellent research results and it is proving itself in market as well. Golden Casket Australia saw 30% sales growth with the Jeannie game and will be running Fantasy Island™ and other Sony shows in the future. In addition to Australia, the British Columbia, Michigan and Washington State lotteries are among several states to feature Jeannie as a scratch game (see picture). Plus, look for the Sony Feature Film "I Dream of Jeannie" to break in 2006! Additional Entertainment games making appearances include Let's Make A Deal® in Michigan and Oregon.

Sony/Xtreme hit the streets in Illinois, New Jersey and Iowa taking advantage of the extremely popular Plasma TV craze, and the ever pop-



ular Maui Money™ will appear this winter in Washington State, Illinois and several other states (see picture).

Keep an eye out for our monthly email updates and our website for some exciting new properties to be released shortly, including World Series of Poker®. Contact either David Alpert or Charlie Mintz at 800-341-1884 or via email at marketing@promo-travel.com for additional information or sales materials. ☺



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News

Pennsylvania Hires Consulting Firm for Slots

The Pennsylvania Government has reportedly hired three gambling consultant firms to help the state get started implementing and regulating the expansion of slots. The firms will advise in the area of criminal background checks and in the selection of a central system. Consulting Firms include Information Service Group, Spectrum Gaming Group, and Gaming Laboratories International.

Maine Racino Making Progress

Bangor Raceway may have the advent of slot legislation, but slots still seem a long ways away. Penn National Gaming could be receiving its state license for machines as early as September 30, but there's a lot of work that will need to be done after that happens. The company reportedly hopes to place as many as 1,500 machines in a new \$125 million facility that needs to be built on a site currently being used as a parking lot. It could take up to 18 months to get machines in place.

Meanwhile, Maine's Gambling Control Board will reportedly meet this month to decide which monitoring system will be used for the Bangor Racino. The state's public safety commissioner said regulators need to create a system that protects players and ensure machines pay out 89% of all bets placed, as the law requires. The monitoring system must also ensure that appropriate amounts are paid out to community colleges, harness racing purses, and other interests.

Maine's Gambling Control Advisory Council is busy developing regulations for the operation of slot machines at Bangor Raceway, and recently proposed rules for racino operations. Under the proposed rules, the facility would be allowed to operate 1,500 slots, and the machines would be operated from 8am to 4am, Monday through Saturday, and noon to 4am on Sundays. The Council also agreed that players would have access to ATMs within the facility (at least 25 feet from machines). Smoking would not be permitted in Bangor Raceway, and the facility will be closed on Easter and Christmas. A consensus has still not been reached on maximum bets and advertising content. No rules can be made official until the council becomes an official state board in July.

Mikohn and IGT Establish Partnership

Mikohn Gaming has signed a five-year strategic partnership agreement with IGT to license segments of Mikohn's extensive patent portfolio of technology and to develop video slot games based on Mikohn content. The new games will be developed on IGT's game platform and distributed by Mikohn. IGT also licensed aspects of its "Wheel" intellectual property to Mikohn for its Garfield games as well as for certain joint developments.

Cirsa Slot Purchase for Argentina Casino

Cirsa recently purchased 240 slots for its casino in Mendoza, Argentina. The casino reopened in July and is expected to pull in annual revenues of \$4.5 million.

Pennsylvania Commissioners Appointed

The Pennsylvania Government appointed its first two members to the state's new gambling commission that will oversee the operations of 61,000 slot machines in 14 facilities. Joseph W. Marshall III, the chairman and chief executive of the Temple University Health System and a former chairman of the state Ethics Commission, was the first appointment to the commission. In a second appointment, Attorney Bill Conaboy, general counsel and corporate compliance officer for the Clarks Summit-based Allied Services, was also named to the commission. Both appointments were made by members of the State legislature.

Isle of Capri One Step Closer to Illinois Casino

The Illinois Gaming Board has approved a plan that allows the bankrupt Emerald Casinos Inc. to sell its license to Isle of Capri Casinos Inc. The board's decision removed a major hurdle for a casino in suburban Rosemont, despite opposition from state Attorney General Lisa Madigan. The Gaming Board still must investigate whether Isle of Capri is suitable to run an Illinois casino before a license is approved.

West Virginia Limited Video Riding High

The success of West Virginia's Limited Video Lottery Program has garnered national attention. By the end of April 2004, the Lottery's Limited Video Lottery sales were \$197.6 million for just ten months of the fiscal year. For that period, sales are 42 percent ahead of those realized last fiscal year.

Limited video lottery sales were projected to reach \$219 million by the end of fiscal year 2004, but are now tracking at approximately nine percent above that level. The conclusion of the fiscal year should realize sales in the range of \$235 to \$240 million. Over 7,700 permits for Limited Video Lottery terminals have been issued, or are pending issuance, with over 6,750 terminals fully operating in over 1,540 retail locations throughout West Virginia.

Iowa's Ameristar Casino to Add Machines

The Ameristar Casino in Council Bluffs Iowa won state approval for 250 more slot machines. The additional machines could increase the Casino's annual gross by as much as \$17 million, \$3.8 million of which would go to the state, county and city in taxes. In addition to the new slots, the casino plans to remodel its hotel rooms, buffet rooms, and add 9,800 square feet of gambling space on its riverboat.

South African Province Gets Slots

South Africa's Eastern Cape will see its first limited-payout gaming machines within the next 18 months following the provincial gambling board's award of the first route operator license to Vukani Gaming. The license allows Vukani to install up to 1,000 slots in the province, with maximum stakes of R5 per play and a maximum prize of R500. While most sites will have one to five machines, select sites will be allowed to house as many as 40 machines. ♣

on the internet

New Jersey Lottery Launches Second E-Game in 2004: Tetris®

Thousands of lottery players in the Garden State soon will experience the world's most challenging video game, in the form of an instant ticket.

This fall, the New Jersey Lottery will launch its second e-game: Tetris®, the famous action puzzle game that has been played around the world for nearly 20 years. On November 1, Tetris® will appear for the first time as a lottery product. New Jersey chose Tetris® as a follow-up to its pioneer e-game, Cyber Slingo®, due in part to high awareness of Tetris® as a strong "gamer" brand. Tetris® was voted the "best video game of all time" by Electronic Gaming Monthly magazine.

"We're really looking forward to our players' reaction to this new e-game," said William Jourdain, Acting Executive Director. "They loved Cyber Slingo® and we really think they will be blown away by the enhanced graphics and interactive qualities of Tetris®, which give players two chances to win up to \$10,000!"

Each Tetris® ticket will offer two e-games for \$3.00.

New Jersey Lottery e-games are played by visiting www.njlottery.net, inputting the access code printed on the ticket, and "playing" a short, five to ten-minute interactive game on the computer.

Since its commercial introduction in 1987, Tetris® has established itself as the largest selling and most recognized brand in the history of the interactive game industry. The Tetris Company was created in 1996, and is the worldwide exclusive licensor of the Tetris® brand.

"The New Jersey Lottery has put together a very exciting version of Tetris®," said Maryann Huhs, Managing Director of the Tetris Corporation (TTC). "It is engaging and colorful. Real Tetris fans will be delighted by this version and new Tetris® players will be totally engaged. What's wonderful about this deceptively simple game is that it's easy for new players to play and continues to be challenging for experienced players."

According to Foster Krupa, Instant Game Product Manager, the

Lottery plans to introduce even more e-games in the months and years to come. "With over \$900 million in sales last year, our instant game product line is among the most successful in the country. Now we want to build a completely new product line, e-games that will reach an entirely new player demographic."

This past February, New Jersey debuted Cyber Slingo®, based on Slingo®, the first internet game of its kind in North America. Sales of Cyber Slingo®

have been impressive considering players were not accustomed to playing lottery games at home on their computer. Since its introduction, Cyber Slingo® sales have amounted to more than \$11 million and appears to have established a niche among players.

"Our younger customers really love it (Cyber Slingo®)," said Praful Thakkar from Todd's News Agency in Vineland, NJ, one of the state's 6,000 retailers. "They like the experience of taking the game home and playing online on their computers."

EGET and INTRALOT Team-up for Chilean Internet Games

EGET and INTRALOT have joined forces to deliver new Internet games for Polla Chilena de Beneficencia, the state lottery operator of Chile. EGET delivered the required 4 casino and instant games in just eight weeks after signing the contract. The games include "Galactic Keno", a 3 reel 5 line slot machine named "Travel Game", a 5 reel 9 line slot machine called "Lucky Day" and a poker game called "Western Poker".

Win Win Goes Wireless in China

Win Win Gaming has entered into an agreement with Shanghai VSAT Network Systems Co. Ltd. to provide China Welfare Lottery games and other related entertainment content for mobile phones and other wireless devices throughout Shanghai, China.

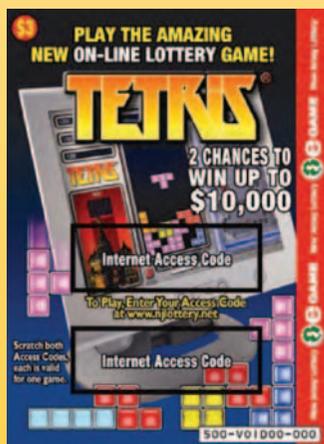
Shanghai VSAT has an exclusive agreement with the China Welfare Lottery to provide Shanghai Welfare-Based lottery games for mobile phones and wireless applications throughout the Shanghai metropolitan area (with an approximate population of 18 million). Following successful testing of the product mix in Shanghai, Win Win anticipates the opportunity to expand wireless content into other areas of mainland China.

Camelot Hires Team to Support Interactive Investment

Camelot has hired a team of 40 experts from Tescom to confirm that technology to support new interactive offerings will operate efficiently. The Lottery is especially interested in seeing that its new Internet sales channels testing requirements is not stretched internally as a result of launching new products.

Age Checking Device Proven to Protect Children

A leading UK children's charity NCH, GamCare and Citizencard, revealed that the ID authentication scheme developed jointly by CitizenCard and Experian, successfully prevented its mystery shopper, a 16-year old girl, from registering her details online and gambling. The report tested a sample of gambling sites and found that only seven out of 37 gambling sites had the measures in place to stop a 16-year-old from registering and being exposed to gambling. Both Ladbrokes and Camelot use age verification systems delivered by Experian to block accounts for under-18s and under-16s (in the case of the National Lottery). ♦



Horse Racing's Richest Event, The Breeders' Cup, Debuts as MDI-Licensed \$2 Lottery Instant Game in New Jersey

MDI Entertainment and Breeders' Cup Limited announced that the New Jersey Lottery is the first to introduce a licensed instant scratch game featuring the Breeders' Cup World Thoroughbred Championships, horse racing's richest annual event.

New Jersey's \$2 BREEDERS' CUP GOLD tickets went on sale with a top instant cash prize of \$30,000 and a series of second chance drawings offering ten grand prize trips for two to the 2005 Breeders' Cup World Thoroughbred Championships at New York's famed Belmont Park. Over 1,100 prize packages featuring official Breeders' Cup collectible merchandise will also be awarded.

MDI President Steve Saferin said of the launch, "Introducing BREEDERS' CUP GOLD will enable the New Jersey Lottery to take advantage of the sports media attention on the Breeders' Cup that will continue to grow through October 30, when this year's Breeders' Cup championship races will be run at Lone Star Park in Grand Prairie, Texas. We're confident that lottery players and race fans throughout New Jersey will be attracted to this game and its race-related bonus features."

BREEDERS' CUP GOLD features innovative Advanced Image game data that will deliver an entirely new play style to lottery players in the Garden State. Developed by Scientific Games, the play action includes two competing horses in each of three races. If the "Player's Horse" matches the horse closest to the finish line in each race, the player wins the prize associated with that race. Due to the proprietary nature of the play action, Scientific Games was selected to print the more than 5 million tickets for the New Jersey game.

In support of the game, MDI will provide the New Jersey Lottery with its trademarked Lottery Bonus Zone® second chance Internet entry service. Lottery players who register for the Lottery's Internet-based VIP CLUB will be able to submit second chance entries electronically



instead of submitting them through the mail. For players preferring to mail their entries, MDI will provide the Lottery with how-to-play brochures and attached entry envelopes. Additionally, MDI will manage all drawing, prize fulfillment, and customer service functions in association with the game.

Pollard Offers New Bingo Concept

Pollard Banknote is offering lotteries the chance to revitalize player interest in their instant bingo line-ups with the introduction of Single Double Triple Play Bingo™. This proprietary product is based on the popular Double Play™ Bingo format. This enhanced version of instant bingo multiplies a player's chance to win by providing two or three numbers in some squares on the bingo card. The player only needs to match one number to mark that square.

The Price is Right in Michigan and Washington

The Michigan and Washington Lotteries are experiencing phenomenal success with THE PRICE IS RIGHT™ instant tickets, licensed from Oberthur on behalf of FremantleMedia. The Washington Lottery launched its initial order of THE PRICE IS RIGHT on February 9, 2004 with tremendous sales, and reordered within six weeks! The game is the Lottery's top selling \$5 game in FY04, and has generated nearly 40% more sales than the average \$5 gamees.

THE PRICE IS RIGHT was launched by the Michigan Lottery on May 18, 2004. The game is the #1 selling \$3 game for the lottery based on nine weeks of sales.

World Famous Ripley's® Brand now Available from MDI

Can you name an unusually bizarre, flat-out weird or perhaps sublime freak of nature that has occurred in your lottery jurisdiction? If you haven't a clue, MDI Entertainment's newest license, Ripley's Believe It or Not, can unravel the mystery. The newest agreement with Ripley Entertainment, Inc. makes MDI the representative to negotiate license agreements on behalf of all U.S. and Canadian lotteries authorizing the use of the famous name, marks and logos of Ripley's Believe It or Not, including related extraordinary facts captured in illustrations, cartoons, files and photographs. The exclusive lottery license covers instant scratch-off and pull-tab games, as well as terminal-generated matrix games.

Texas Launches Monopoly

The Texas Lottery introduced Instant Monopoly to players, bringing one of the most recognizable names in the gaming world to Texas. The Instant Monopoly ticket features hotels as icons to be scratched and 10 chances to win any one of the 2.1 million prizes offered in the game. For those who don't win, there is a second-chance drawing that gives them the opportunity to win an official Franklin Mint MONOPOLY™ Collector's Edition game board or an official MONOPOLY prize package by mailing in two non-winning MONOPOLY tickets." The odds of winning any prize are one in 4.65, including break-even prizes. ♣

California Governor Wants Multi-State Game

California Governor Arnold Schwarzenegger proposed sweeping changes to virtually all California state agencies. One facet of the proposal is that the California Lottery join a multi-state jackpot game. While California is already a member of MUSL, the report did not designate which multi-state game the Governor would like to see the Lottery join.

Lotteries Receive Awards

Several North American Lotteries recently received prestigious awards. The Washington Lottery received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the 14th consecutive year, while the Kentucky Lottery received the award for the 10th year in a row. The prestigious national award is the highest form of recognition in the area of governmental accounting and financial reporting.

The Ontario Lottery and Gaming Corporation has been awarded a Project Excellence Award. The awards are designed to recognize projects in the public and private sectors that excel in the areas of technology, best practices, innovation and knowledge management. The OLGC was recognized for the way in which it upgraded aging lottery terminals.

The National Council on Problem Gambling awarded the Connecticut Lottery Corporation the NCPG 2004 Government Award for its continued commitment to foster public awareness, prevention and treatment of problem and underage gambling. Ongoing efforts of the Lottery include distribution of responsible play information at lottery retail outlets and the posting of the CT Problem Gambling Helpline phone number on lottery terminals.

Ohio to License, Monitor Charitable Bingo

Ohio Attorney General Jim Petro announced that his office has signed a Memorandum of Understanding with the Ohio Lottery Commission that transfers the administration and monitoring of Charitable Bingo licensing to the Ohio Lottery. The change is expected to improve efficiencies and allow for better overall accounting of money raised for charitable purposes.

Massachusetts Picks WCVB-TV as Broadcast Partner

The Massachusetts State Lottery has selected WCVB-TV Channel 5 as the official broadcast partner for the Lottery's live drawings. The "Numbers Game," jackpot games "Mass Millions," "Megabucks," "Mass Cash" and the multi-state drawing, "Mega Millions," will air on their respective nights. Channel 5's live drawings will boast an exciting new look emanating from a special lottery studio inside the station's Needham headquarters. This new relationship marks the Lottery's return to Channel 5 after a six-year absence. WCVB previously hosted the Lottery drawings from 1994-1998. ♣

People



Oupa Monamodi has been appointed the new chief executive of Uthingo, the national lottery operator of South Africa. He has been acting chief executive of the organization since Humphrey Khoza resigned in January. Monamodi has been with the Lottery since it launched in 1999.

Cliff Nolan has taken up the reigns as General Manager at the Barbados Lottery. For the past three years he was Operations Director at BICO Ltd., and prior to that, General Manager of Ice Unlimited Inc. from 1990 – 1999. Mr. Nolan is still a member of the Board of Directors at these companies.

Stephen A. Meehan most recently from the Comcast Corporation and formerly of the Pennsylvania Lottery has been named Deputy Director of Sales at the Maryland State Lottery Agency. Mr. Meehan served as a sales and marketing researcher for Comcast and was Deputy Marketing Director of the Pennsylvania Lottery for seven years. Mr. Meehan officially joined the agency on Monday, August 2, 2004.

Kenneth Hensley was elected chairman of the Missouri Lottery Commission during the commission's quarterly meeting on June 23. Hensley replaces Bill James of Harrisonville, whose term with the commission expired. Hensley, 69, has served on

the commission since April 24, 1996, after being appointed by Gov. Mel Carnahan and confirmed by the Missouri Senate. He is the fourth person to serve as chairman since the Lottery Commission was established in June 1985. Hensley, who is now retired, formerly owned and operated Hensley Chev-Olds-Buick Inc. in Albany.

GLI is proud to announce that **Bill Treger** has been promoted to the position of Director of Development. Treger, who has been with the company since December 2001, will oversee all of the Company's development activities in North America, South America, Central America and the Caribbean. Additionally, Treger will assist the Company's development team in coordinating visitation schedules for all clients in these regions.

Aristocrat Technologies, Inc., has named **Sean Evans** Vice President, Sales to lead the Company's North American and Caribbean games sales organization. Evans is responsible for driving the sales and placement of Aristocrat's video and mechanical reel slot games, Hyperlink® progressive systems, progressive jackpot meters, and casino signage. He joined Aristocrat in 2000 and has served in various sales and marketing positions, most recently as General Manager-Gaming. ♣

California

Featuring a top prize of \$20,000, California's latest \$3 instant, Crossword, will allow players to enjoy the familiar game theme they grew up with. Prizes range from winning a free ticket to the top prize of \$20,000. Overall odds of winning any prize are 1 in 3.58.

Maine

Maine Lottery players bought \$570,779 worth of Powerball tickets in the first 34 hours sales for the game. In a little less than a day-and-a-half, the Lottery managed to achieve the third-highest sales per capita among the Powerball jurisdictions. The Lottery reported no noticeable cannibalization of its Tri-State Megabucks game.

Michigan

Michigan Lottery players across the state have been asking for another exciting, easy-to-play game offering great cash prizes with frequent payouts. Michigan players will be happy to learn that is exactly what Fantasy 5, which makes its debut on September 12, provides. Fantasy 5 offers players a chance to win a \$100,000 daily jackpots and grows daily by at least \$5,000 until someone matches all five numbers to win. The Fantasy 5 replaces the current game Michigan Rolldown.

Since the Big Game became Mega Millions in May 2002, Michigan Lottery retailers have sold three jackpot-winning tickets. The third jackpot winning ticket was sold during the July 23, 2004 drawing. The winner, who has not yet come forward to claim his or her prize, can chose to take the winnings in a one-time, lump sum payment for \$26,903,270 (before taxes) or in annual installments beginning with the initial payment of \$1,825,000 (before taxes) and then subsequent annual payments of \$1,807,000 (before taxes) over the next 25 years.

Missouri

The Missouri Lottery is making some changes to its drawings and daily on-line games to add convenience, enhance security and save costs. The changes include converting to an automated drawing system for daily Numbers Games drawings (which is expected to save the Lottery more than \$192,000 in equipment replacement costs and \$80,000 annually in production expenses), adding a midday drawing for daily Numbers Games, raising some Pick 3 and Pick 4 payouts, introducing a four-week bonus ball promotion for the midday Pick 3 drawings, and eliminating the Xtra play feature.

Nebraska

Ipsos-Reid is conducting a survey on behalf of the Nebraska Lottery to help shape a new Lotto game. Players participating in the survey have the chance to win \$1,000. There is no purchase necessary to enter. The contest is open to Nebraska residents only, and consumers can complete the survey and enter only once. Only those consumers who register on-line are eligible to participate in the Nebraska Lottery Lotto Game Survey Contest during August 2004. On August 24, 2004, a random drawing will be held from among entries received. Three top prizes of \$1,000 each will be awarded to the winning entries.

North Dakota

The North Dakota Lottery is offering free gas in an effort to promote Powerball's Power Play option. The promo offers a year's worth of free Ethanol gas.

Pennsylvania

The Pennsylvania Lottery sponsored a "Buy Five CASH 5, Get One CASH 5 Free" promotion from August 2 through August 29, 2004. The tickets had to be purchased for the very next CASH 5 drawing; and advance play was not included. The "free" play was a quick-pick for the very next CASH 5 drawing.

Quebec

Loto-Québec will continue to lend its support to Les Grand Feux Loto-Québec until at least 2007. Attracting huge crowds every year, the world-class musical fireworks competition is a major event whose economic impact is widely felt in the community.

South Carolina

This fall, the South Carolina Education Lottery will end its summer promotion by giving away \$1 million. It's all part of SCEL's Carolina Millionaire Summer Promotion. On October 14, the Carolina Millionaire will be selected at the SC State Fair in Columbia. To date, SCEL has received nearly 100,000 entries vying for the million dollars. Players are asked to collect any \$20 combination of non-winning Carolina Millionaire qualifying instant tickets, fill out the back of at least one ticket, and mail them in an envelope to the designated post office box listed on the back of each ticket.

Texas

Sales of Texas Lottery tickets were hot in July, producing a total of 22,626,142 winning tickets. That translates into a whopping \$277,412,014 in prizes that were paid to players. Texas sales are more than 10% above the same time period last year.

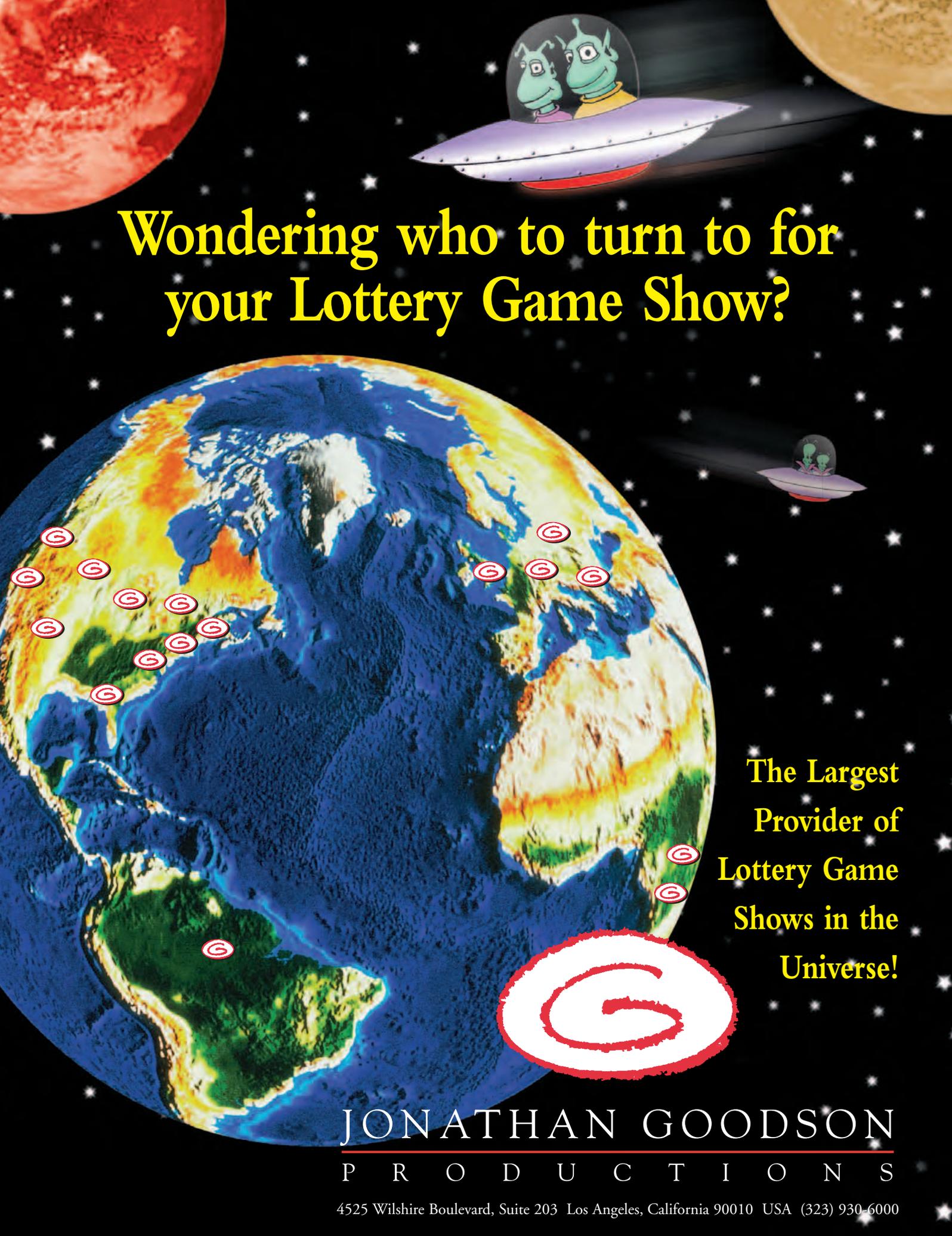
Virginia

Virginia Lottery players, especially those with Internet access, like second-chance drawings. In one year, Internet entries have more than doubled – and rocketed from 39% of total entries to 61% of total entries. Three Harley-Davidson drawings in 2003 drew 171,000 entries (67,000 Internet). Two drawings for Corvette convertibles in late 2003 drew 198,318 entries (100,318 Internet). A Ford F-150 drawing in 2004 attracted 233,676 entries (142,676 Internet). These numbers are sure to increase this fall when the Virginia Lottery will conduct two more drawings: one for a second F-150 truck and one for a 2004 Ford Mustang convertible.

Wisconsin

To mark its 16 years in business, the Wisconsin Lottery has put together a new "Sweet 16" scratch game featuring \$3.7 million in instant cash prizes and bonus trips for two to Cancun, Mexico courtesy of Funjet Vacations.

"Sweet 16" is a \$5 instant game with 16 chances to win on each ticket and a top cash prize of \$10,000. In addition, there are 16 weekly bonus mail-in drawings between August 26 and December 9. In each drawing one player will win a Funjet Vacations Getaway for two to Cancun for three nights, along with \$1,600 in cash. Fifteen other players will win \$1,000. On February 3, 2005 a Grand Prize Drawing will be held and one lucky player will win a Funjet Vacations Getaway for two for seven nights, with accommodations at the all-inclusive Melia Turquesa Hotel in Cancun and a \$16,000 cash prize. ♦



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