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Anthony G. Brown
Lt. Governor



Buddy W. Roogow
Lottery Director

Maryland State Lottery Agency

Winning Ways

Fall 2007

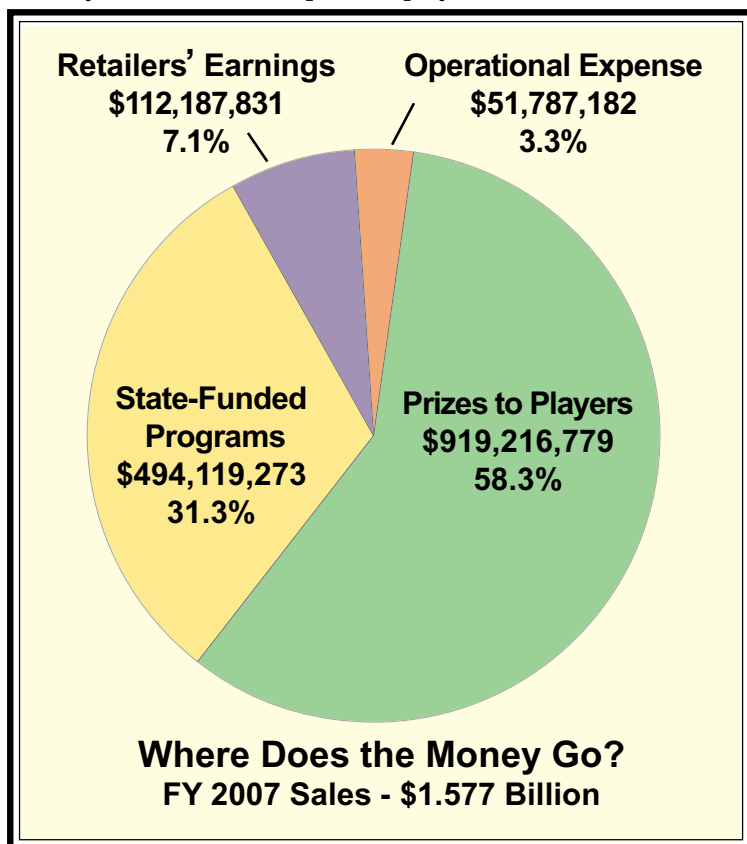
Maryland Lottery Achieves Record Sales for Tenth Consecutive Year Lottery to Contribute \$494 Million to the State of Maryland



The citizens of Maryland will once again reap the benefits of the Lottery as another successful year comes to a close. This year, the Lottery generated more than \$1.577 billion in sales – marking not just another record, but a decade-long pattern of consistent sales growth. As a result of the year's top sales, which were \$16.4 million ahead of Fiscal Year 2006, the Lottery will contribute more than \$494 million in revenue to the State.

Aside from benefits the public can expect to see with the Lottery's contribution to the General Fund, players and retailers won big as well. In addition to producing all-time high sales, records were broken in prizes awarded to players and commissions earned by retailers. Prizes paid to players totaled more than

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\$919 million, an increase of \$16.5 million over last year, and commissions earned by Maryland retailers reached more than \$112 million, an increase of \$9.4 million over Fiscal Year 2006.

“During the last ten years, we have really focused on building a powerful brand identity for the Lottery. This brand is now highly recognizable and invokes a positive image throughout the Maryland community,” said Lottery Director Buddy Roogow. “Through our brand – and with support from our many retailers, vendors, and media partners – we continue to create and deliver games and promotions that effectively drive sales.”

While sales hit a new high, the Lottery's operational expenses continue to decline, finishing the year at an estimated 3.3 percent of total sales. The Lottery's operational expenses remain among the lowest in the industry.

Advertising, Research and Public Relations Services Contracts Awarded

Following a competitive Request for Proposals (RFP) process, the Lottery's recommendation for its contracted marketing services partners was approved by the Board of Public Works in July. The creative services contract was awarded to Gray, Kirk/VanSant Advertising, Inc.; the media services and public relations contracts were awarded to Trahan, Burden & Charles, Inc.; and the research contract was awarded to Crestwood Market Research, Inc.



Lottery Director Buddy Roogow welcomes new marketing partners at a meet-and-greet session.

“There is a direct correlation between marketing initiatives and the Lottery's ability to raise revenue,” said Lottery Director Buddy Roogow. “Each of these partners offers specialty services for a great value and will help us create a well-integrated marketing plan to maximize revenue while minimizing costs for the State.”

The new contracts began August 1, 2007, and each has a four-year term with one two-year renewal option. Trahan, Burden & Charles was the Lottery's interim agency of record since December 2006, following the sudden closing of Eisner Communications, the Lottery's former advertising agency.

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Lottery officials and marketing partners discuss strategy and product plans.

Retailers and Vendors Participate in Product Forum



Lottery retailers attend a product forum to address product goals, industry trends, and retail tactics.

Maryland Lottery officials, product vendors, and several top Lottery retailers recently came together for a brainstorming and planning session. The session focused on current and future initiatives, product goals, industry trends, and retail tactics.

Presentations were given by instant ticket vendor Pollard Banknote and online services vendor Scientific Games, Inc. and featured product performance updates, research highlights, and game opportunities specific to Maryland. The session also included the Lottery's inaugural Retailer Product Forum. During the forum, retailers were given the opportunity to ask questions, make suggestions, and share sales experiences. The Lottery gained valuable insight relating to potential areas in which it can improve operations from a retail perspective, as well as processes that are viewed effectively by retailers.

Employee Dedication Recognized at Annual Employee Appreciation Week

Each year, the Lottery holds a weeklong event to more formally honor the countless contributions employees bring to the Lottery – and the State – every day. Held August 6th through August 10th, *Employee Appreciation Week* featured a variety of activities to promote teamwork, create an atmosphere of camaraderie, and provide employees with health and financial information.



Lottery Director Buddy Roogow and Assistant Director Gina Smith congratulate award recipients.

“This week gives us an opportunity to celebrate the hard work demonstrated by the Lottery’s outstanding group of men and women,” said Gina Smith, Assistant Director and Chief Financial Officer for the Lottery. The week also provides Lottery officials with a chance to present upcoming initiatives to employees.

The week culminated in the annual *Taking Pride in People* ceremony, which recognizes employees for their exceptional achievements. Twenty-nine employees received perfect attendance awards, and 26 employees received State of Maryland service awards. Also honored were individuals whose recent achievements went far beyond their standard responsibilities. In all, 23 employees were nominated for this year’s *Outstanding Employee* awards.

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Games and Promotions Showcased at Summer Events

To build awareness and excitement around the Lottery’s latest games, the Lottery’s event staff continues to travel throughout the State, participating in a variety of high-profile summer events.

Several recent events attended by the Lottery include: Zoomerang, the Philippine Festival, Pro Beach Volleyball, the African American Heritage Festival, concerts at various venues across the State, and the Maryland State Fair. Lottery baseball fans could also visit the Lottery’s booth at Orioles and minor league baseball games this summer.

“These events are a great way to tell the public about our newest products and promotions,” said Carole Everett, Director of Communications for the Lottery. “Having a physical presence across the State helps reinforce our brand and encourages play, which ultimately bodes well for the State.”

While summer is generally the Lottery’s busiest season, the Lottery will continue to promote its brand, product, and benefits messages at over 100 events throughout the year.



Event staff travels across the State to promote the Lottery’s latest games and promotions.

Increasing Number of Remote Drawings Conducted



Lottery officials held a remote drawing at this year's Zoomerang

In an effort to give players and the general public a firsthand look at what it takes to conduct a Lottery drawing, an increased number of remote drawings have been scheduled at events statewide.

From tight security and strict testing to conducting the actual drawings, holding remote drawings reinforces the honest, professional, and random nature of drawings. "Showing our players and the rest of the community that our drawings are fair and random is one of the most important messages the Lottery stresses," said Lottery Drawings Manager Patrick Morton. "By giving people an up-close and personal look at our drawings

process, we build trust among players."

Remote drawings require the collaboration of a team of people, including highly trained Lottery drawing officials, security officials, auditors, and representatives from the Lottery's television drawings partner WBAL-TV, Channel 11.

Lottery Commission Elects New Chairman

Baltimore attorney Stanley Fine has been unanimously elected as the new Chairman of the Maryland State Lottery Commission, following a commissioners meeting on August 22. The Lottery Commission serves as an advisory board to the Maryland Lottery Agency. Fine succeeds E. Randolph Marriner as Chairman.

A partner at the Baltimore law firm Rosenberg, Martin, Greenberg, LLP, with more than a decade of experience consulting in the lottery industry, Fine was appointed to the Commission by Governor Martin O'Malley and has been a member of the Commission since April 2007. He is a graduate of the Johns Hopkins University and the University of Maryland Law School. Previously Fine was involved in the start up of the Lottery in 1973 as Chief Deputy Director before becoming Director in 1974, a position he held for the next four years.



Stanley Fine was elected as the new Chairman of the Maryland State Lottery Commission in August.

"I am honored to serve as Chairman and look forward to working with commission members and Lottery Agency staff to continue the excellent reputation and performance by the Lottery," said Fine. For more information on the Lottery Commission, log on to mdlottery.com.

Maryland Lottery Hosts Industry Conference



The Maryland Lottery recently hosted the annual North American Association of State and Provincial Lotteries (NASPL) Director's Conference. Held in

Annapolis, the conference was attended by lottery directors from across the country.

The three-day event was a great success, according to Lottery Director Buddy Roogow. "The conference was very productive," said Roogow. "It was an ideal forum for developing new ideas and sharing information that can benefit the entire industry." Topics discussed included future initiatives, industry trends and other areas impacting lotteries nationwide.

