

To: Lottery CEO's, IALS Members, Marketing Directors,
PR/Communications Directors

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

Your weekly supplement to
Public Gaming International Magazine
April 22, 2002

A TAXING ISSUE. In a lopsided vote (100-19), the Kansas House of Reps called to end the sales tax exemption on Lottery tickets. If instituted, the 7% tax would do a nasty number on Lottery products, and could kill Powerball. In a recent survey, three-fourths of retailers said they would drop Powerball if they had to pay 7% tax on the sale of the product – the game can't be sold for more than \$1. Still, lawmakers feel there's \$11 million worth of tax money just waiting to be taken – but that's only true if sales don't drop after the tax is implemented.

BIG GAME PAYS OFF. The Big Game jumped to \$325 million for Tuesday's drawing, before three winning sets of numbers were picked in three different states (GA, IL, NJ). The pot was the second biggest in U.S. history.

SAYING GOODBYE. Don Fuller, president and CEO of United Tote, announced his retirement effective August 1, 2002 after 37 years in the pari-mutuel industry. Don began his totalisator career at Charles Town Race Course as data processing manager in 1965. Don will continue on as a consultant for United Tote. Succeeding Don will be Joe Tracy, who has been named managing director of United Tote as of August 1, 2002. Joe has over 20 years experience managing system installations, service and marketing programs in the gaming industry. Most recently Joe managed the Maryland Lottery account for AWI.

THRIFTY AND RELIABLE. The Hoosier Lottery found a way to save a bundle. When their drawing equipment for four online games started to show wear and tear, rather than spending \$75,000 on just one of the machines the lottery spent \$25,000 on new computers and designed their own program to generate the winning numbers. Even though they saved thousands of dollars, the Lottery insists

they went with the computers because they wanted the most reliable solution.

POWERBALL – ISLAND STYLE. Virgin Islands Governor Charles Turnbull says he has applied on behalf of the Virgin Islands to join Powerball. If the territory ends up getting the game, they'll have to either put some money into computerized terminals or look to the Caribbean Lottery Services for help (they utilize online terminals). Proceeds from the game would be shared between the Education Department, Veterans Affairs Office, Disabled Persons fund, Small Business Development and Loan Fund, And Summer Employment of Youth Program.

NEW NOVA SCOTIA OUTLETS. Nova Scotia is planning to start selling lottery tickets in bars and restaurants. Fifty ITVMs will be placed in establishments this summer, and if all goes well more machines will be added later. It's all part of the Lottery's goal of increasing their take from tickets by \$9 million this year.

NEW AD FIRM IN LA. The Louisiana Lottery's advertising placement firm, Media Direct of New Orleans, has been replaced with the Graham Group of Lafayette. Apparently, Media Direct is closing for "personal reasons". The Graham Group will place the Lottery's ads through June 2003, with two optional one year extensions.

SC ESTIMATES ON THE RISE. Strong sales and the possibility of participating in a multi-state have pushed the South Carolina Education Lottery's first year sales estimate up. Initially, the state was counting on \$67.2 million coming in the first six months, but have now revised that to \$80 million. The next fiscal year's estimate has also been revised, from \$127 million to \$192 million.

EBA DROPS AD CONTRACT WITH WV. West Virginia Governor Bob Wise was not happy when the Educational Broadcasting Authority won the bid for the state lottery ad contract. He felt state entities funded by taxpayer dollars should not be competing with private-sector businesses. He feels so strongly that he's cut the EBA's budget by \$200,000 for next the fiscal. Since that time the EBA has voted to drop the ad contract with the Lottery.

ILLINOIS RFP. The Illinois Lottery has issued an ad agency RFP for their \$20 million contract. Their current ad agency is Ogilvy & Mather, based out of Chicago.

CAMELOT PLAYERS MISS DRAW. Camelot's Birmingham retailers were unable to sell online tickets for last week's mid-week draw due to technical problems. Apparently there was a fault in the distribution nodes. At any rate, they fixed the problem fairly quickly.

INDIA TO EXPAND ONLINE. India's first online lottery, Playwin, has been so successful the Maharashtra

government is starting to explore other forms of online gambling. The Royal Western India Turf Club (RWITC) has been given permission to launch online gambling for horse races.

GETTING UGLY. It's been leaked that Tennessee's anti-lottery contingent is getting ready to institute a smear campaign against Senator Steve Cohen. They've targeted the Senator because he is heading the lottery fight, and by targeting him they should dominate the media coverage. At any rate, a recent survey found 63% of Tennesseans in favor of a lottery, so the anti-lotteries have got their work cut out for them.

DRIVE ME TO THE JACKPOT. The Australia Institute is recommending a bus ticket that doubles as a lottery ticket. It's all part of their plan to fund a new light-rail system for Canberra.

INTERLOTT IN IDAHO. Interlott received a purchase order from the Idaho Lottery for additional ITVMs. The order includes six remanufactured eight-bin combination units configured for pull-tab and scratch-off ticket sales, 18 new 12-bin ITVMs and 10 certified new 16-bin ITVMs. The Lottery joined as part of Interlott's certified new program. With the order, the Idaho Lottery will have the widest array of Interlott products in service for any domestic lottery.

PA EXTENDS WITH SCI-GAMES. The Pennsylvania Lottery has extended its contract with Scientific Games to provide instant tickets and Cooperative Services for three years. The agreement is valued at nearly \$48 million.

AUTOTOTE GETS RIGHTS FOR CHURCHILL DOWNS. Scientific Games' subsidiary, Autotote, has been awarded the satellite broadcasting rights by Churchill Downs Incorporated, for Churchill Downs racetrack, Ellis Park and Hoosier Park. The contract is for three years. Autotote currently provides satellite-broadcast services for two other CDI racetracks -- Arlington Park in suburban Chicago and Hollywood Park in the Los Angeles area.

GOING THE "EXTRA" MILE. The Michigan Lottery's Daily 3 and Daily 4 players will have the opportunity to win both "on the spot" and in the daily drawings! Players who purchase a Daily 3 or Daily 4 ticket can ask for the EXTRA play for an additional dollar. The three EXTRA numbers for the Daily 3, or four EXTRA numbers for the Daily 4, are randomly chosen and printed at the bottom of the ticket, with the prize amount listed underneath each number. Players can win up to \$500 instantly by matching the EXTRA numbers that are in the same position as their Daily 3 or Daily 4 numbers.

3-2-1 LIFT-OFF! New Jersey Lottery Heroes of Space (MDI) will be featuring 16 American Astronauts lifting off in the state of NJ. In addition to cash prizes of up to \$30,000,

the game offers a grand prize of a three-night trip to explore space in person at the Kennedy Space Center/Space Port in Florida and visit the Universal Studios Theme Park in Orlando (for two) plus \$1,000 in cash. Winners may instead choose a Big Screen Home Theater. The second-chance grand prize also includes a merchandise prize package of NASA – authentic Astronaut Flight Jacket, logo cap, tee-shirt and a long sleeve denim shirt. In all, 1,500 of the Heroes of Space merchandise prize packs will be given away in second chance bonus drawings which can be entered through the Lottery Bonus Zone Internet platform on the Lottery's site.

BIG GAME FEVER STRIKES VA. More than 50 additional online terminals were distributed among high-volume retailers in Virginia to assist in Big Game ticket sales. Lottery employees from Richmond headquarters and from regional offices drove to many of the high-selling border retailers to help with crowd control and player education. :

ROAD TRIP. The MO Lottery's "Road Trip Promotion," for Pick 3 players, offers a top prize of a 2002 Ford Excursion, or one of 75 64-inch rear-projection TVs. Through May 12, players making a \$3 single-ticket Pick 3 purchase for the current draw will receive an entry ticket for the drawing via the terminal. The Lottery is also coming out with an EZ Pick 3 slip for first-time players.

RECORD PACE. On the strength of growing Instant and Pick 3 play, the KY Lottery set a record for FY2002 third-quarter sales. Ticket sales reached \$162.76 million in the quarter, \$10.8 million more than the same period last year. YTD FY2002 sales reached \$482.2 million, keeping the Lottery on pace to surpass the state's \$603 million record.

SLINGO IN MARYLAND. The Maryland Lottery successfully launched OGT's Slingo instant. Sales for the \$3 ticket exceeded one of the lottery's \$10 games by nearly 25%.

NASCAR KEEPS ROLLING IN VA. The Virginia Lottery teamed up with Hermie Sadler for the '02 Winston cup Series. Sadler, a VA native, will race the lottery's car in all four Cup races in the state. The Lottery just introduced a stock car-related Scratchers – Fast Cash, featuring seven drives, including Hermie and his brother Elliott. A second-chance element features a NASCAR race weekend.

WHAT WERE WE THINKING? We admit it – we printed an error in last week's Morning Report. We erroneously stated that Promo Travel's \$10 Caesars Palace game, recently launched in Connecticut was the highest price point licensed property ticket in industry history, when in fact the highest price point licensed game in history was Connecticut's \$20 Times Square 2000 Millennium Millions game. Sorry about that. Is my face red or what?

**KENTUCKY LOTTERY – HELP WANTED
ON-LINE AND NEW PRODUCT DEVELOPMENT
MANAGER.**

The Kentucky Lottery has an immediate opening for an individual to be responsible for the implementation and day-to-day management of on-line products to meet strategic plans and sales revenue goals. In addition, this individual will actively search, justify, and recommend appropriate new games across product categories to meet player and KLC needs and manage this process from conceptual to execution stages to optimize profit and meet growth objectives. Requires: demonstrated ability to analyze data and theorize potential implications & opportunities; strategic thinking; ability to understand, formulate and execute against strategy to meet both short-term and long-term objectives; requires minimal supervision; proactive; self-motivate; aggressive in pursuing business opportunities; have proven success in exercising decision making, problem solving and judgment. Productively lead cross-functional teams; possess general knowledge of a variety of corporate functions (IT, Mkt. Research, sales, instant product) and the ability to motivate/lead without direct line responsibility. Project management and prioritization skills along with proven organizational, interpersonal, and communication skills are needed.

A Bachelor's degree in Business, Marketing or Communication is preferred, equivalent experience is acceptable. Three years marketing/product experience and two years lottery industry experience. Proven computer proficiency in Word and Excel is also required. This position reports to VP of Marketing.

Starting annual salary -- \$44,514-\$55,659. KLC offers relocation assistance, comprehensive benefits, including medical, dental, life, retirement, 401K, flexible spending, etc. Only candidates meeting the min. qualifications and listing SALARY REQUIREMENTS will be considered. Email, fax, or mail resumes to the address listed below.

Fax: 502-560-1592
E-Mail: klcjobs@kylottery.com
Kentucky Lottery Corporation
Attn: Human Resources
1011 West Main Street
Louisville, KY 40202

Equal Opportunity Employer
KLC is Committed to a Diverse Workforce

ADVERTISE IN MORNING REPORT

You can now use PGRI's Morning Report to get your commercial messages to readers around the world. PGRI is now accepting classified-type ads for the weekly issues of Morning Report.

E-mail ad detail in body copy or as formatted attachment suitable for insertion in an MS Word document. Include, for accounting purposes:

name/title/organization/telephone/fax of person submitting ad. Also include credit card number for charge. Rate: \$175/col. Inch.

E-mail: DAVEMELLO@EARTHLINK.NET

INTN'L LOTTERY EXPO 2002
August 1-4
PROFESSIONAL PRESENTATIONS

Lottery professionals: Share your success stories and at the same time benefit from hearing about the successes of others:

E-mail subjects of interest to you and an expression of your willingness to participate on the program to: duaneburke@aol.com

INTN'L LOTTERY EXPO 2002
August 1-4
TO REGISTER

E-mail or fax your name, title, organization, e-mail address, phone, fax and mailing address to:
Fax 425-803-6830 or

E-mail to: ELSIEPGRI@AOL.COM

HOTEL RESERVATIONS

Loews Miami Beach Hotel

www.loewshotels.com

Tel: 305-604-3918; Fax 305-604-5730

For more info: WWW.PUBLICGAMING.ORG