

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
July 1, 2002

INTERNATIONAL LOTTERY EXPO – AUG 1-4

Advertising, Marketing, Sales & Revenue Strategies

is the theme of this year's Expo being held August 1-4, 2002, at Loews Miami Beach Hotel in Miami Beach, FL USA. Co-hosted by Public Gaming Research Institute and the Florida Lottery. It is PGRI's annual conference that brings lottery and industry people together from around the world for business-building and planning. A special focus at this Expo will be strategies for accelerating revenues to help state revenue shortfalls.

**To register and for more information,
Contact PGRI:**

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POWERBALL IN PA. Approximately 6,000 Pennsylvania Lottery vendors began selling Powerball tickets last Thursday, June 27. The state's first drawing was Saturday June 29. The Lottery expects to sell \$60 million to \$100 million in Powerball tickets this year. Of that, about \$35 million would go toward senior citizens programs. PA is the 23rd U.S. jurisdiction to join the Powerball group, and is the largest state of the 23 (it makes up 15 percent of the

Powerball population). The average Powerball jackpot is expected to rise from \$33 million to \$38 million.

AND THE WINNER IS. . . .

Powerball's most recently won jackpot for \$30.6 million was another win for West Virginia. Lottery Director John Musgrave presented Bob Cogar, formerly of Morganstown and who chose the cash option, with a check for \$12 million.

DC'S NEW MASCOT. The D.C. Lottery picked Rocky, a 2-year-old midnight black mix of Lab and Border Collie, as its mascot. A contest to find the mascot was held at the Marriott Wardman Park Hotel in Woodley Park. Rocky was competing with 22 other dogs for the honors; all dogs were adopted from the Washington Humane Society. Rocky's owners walked away with a \$1,500 prize. Second prize won \$750 and third prize won \$250.

HOME CD IS A HIT. Because of overwhelming public response, the West Virginia Lottery has decided to extend to July 19 the time by which players must redeem five non-winning "Hot Lotto" tickets for a free "Songs of Home" CD. Introduced May 8, players were originally given until June 28 to redeem their non-winning tickets. Reasons for the demand include the fact that the CD is a one-of-a-kind collector's item. "Songs of Home" CD requests should be sent to: WV Artists CD; P.O. Box 993; Charleston, WV 25324.

CT PARTNERS WITH TV STATION. Starting July 1, 2002, Channel 3, WFSB-TV will enter into a two-year news-integrated marketing partnership with the CT Lottery. Each morning and evening, Monday through Friday, this program will reach tens of thousands of morning commuters who turn to Channel 3's Timesaver Traffic Reports to see what's in store for their daily commute. Each time viewers tune in, they'll see the CT Lottery logo as part of WFSB's Timesaver Traffic backdrop, and they'll also be able to learn the current Classic Lotto or Powerball jackpots! Rachel Lutzker, Timesaver Traffic Reporter, will mention the upcoming jackpot level in each broadcast, for further promotional benefit. Also, all "Traffic Cam" shots will feature the CT Lottery logo.

MA REPLACES VEHICLES. The Massachusetts Lottery bought a new Ford Expedition to replace one of the vehicles seized and auctioned to pay for Clean Elections. Two 2001 Ford Expeditions had been seized in April and sold for a combined \$35,900. The group that seized the vehicles claimed the Lottery didn't need the SUVs, but the Lottery actually does need a rugged vehicle to reach six data-relay towers in remote locations. If the towers break down and the

Lottery can't reach them, it could cost the state millions.

ALC OVER/UNDER. In August, the ALC is launching its second sports game, OVER/UNDER. Players must decide if the total score of the two teams playing will be OVER or UNDER the projected score provided by ALC. The projected score will be referred to as the "Line." Players choose two to 10 games from the game list and mark the number of games they wish to play on a selection slip. Players may select games from more than one sport, and can wager from \$2 to \$25.

AZ INKS DEAL WITH COYOTES. The Arizona Lottery signed a naming-rights deal with local hockey team the Phoenix Coyotes. Players who win on the instant tickets may win hockey tickets, Zamboni ice sweeper rides and autographed team merchandise. The Instant game is set to launch in October, in time for the team's season opener. In exchange, the Coyotes get exclusive naming rights to the Lottery's Pick Three drawing.

OHIO WINNING AT MEGA MILLIONS. Mega Millions seems to have played a role in boosting Ohio ticket sales by 8.3%. The Ohio Lottery has seen profits increase \$7.1 million in the one month the multi-state game was launched.

DELAWARE TO LOOK AT SPORTS GAMBLING. The Delaware House of Representatives is reviewing a resolution that would create a task force to research the potential for introducing sports gambling at the state's three race tracks. The state once allowed wagering on pro football, so the federal governments ban on sports betting would permit sports gambling in Delaware due to the grandfather clause within the ban. Nevada and Oregon are the other two states that benefit from the grandfather clause.

ELVIS IN WISCONSIN. "The King" has been spotted in Wisconsin! Sales for the \$3 Elvis instant ticket started last week. It features eight different photographs of the legendary singer, bonus merchandise drawings and a chance to win a trip for two to Graceland. The ticket will be supported by launch activities and a retailer incentive program.

NC IN FOR A FIGHT. North Carolina churches will be urging their congregations to oppose the Lottery in the upcoming election. Several surveys have shown a majority of North Carolina residents support an education lottery, but if the churches start to bus their people to the polls, the majority may lose out.

ARIZONA AUDIT. A state audit in Arizona suggested that the lottery invest in more ITVMs, and high priced Instants. The auditor came to this conclusion after seeing a 38 percent increase in revenue after introducing 100 ITVMs last year. The Lottery has sought funding to buy more machines in recent legislative sessions, but has not been given the go-ahead. Hopefully the auditor's assessment will lend a hand in January, when the Lottery will request to buy 100 more machines. The Lottery is currently planning to launch a \$10 Instant in the fall.

SCENTED TICKETS? Israel's Mifal Hapayis has launched a scented ticket that gives off a floral scent when scratched. This is the "Hishgad-Scented", affording prizes of up to NIS 100,000. Players will enjoy a smell of roses coming from the card when it is scratched. Hishgad-Scented comes in a design of roses in four colors. The new ticket will be accompanied by an advertising campaign on radio and television.

UTHINGO SECOND CHANCE. South Africa's launched the Double Fortune ScratchCards Promotion, where players stand a chance of winning one of eight cash prizes of R10,000 and two new cars (both 1.6 Alfa Romeo 147s). The second chance game can be played by dropping off or mailing in any non-winning scratch ticket.

KUNG FU...AUSTRALIAN STYLE. The Western Australia Lottery's June 29th Super Draw (jackpot at \$20 million) will be using a Kung Fu theme. Retailers will be going crazy with point-of-sale and dressing up their stores to reflect everything that is "Kung Fu".

PAGCOR SEES RECORD MONTH. The Philippine Amusement & Gaming Corp. (PAGCOR) net income for the month of May reached P1.81 billion, the highest ever in the corporation's history. The record income is a jump of P170 million from April's showing of P1.64 billion. P1.12 billion or 61.86% of P1.81 billion has been earmarked for the government and its mandated beneficiaries. PAGCOR's income from January to May this year has already reached P8.10 billion, an increase of 19% from the same period in 2001.

MARYLAND WINS HONORS. The Maryland Lottery was honored at the 2002 Best in Maryland Awards, sponsored by the Maryland Chapter of the Public Relations Society of America. The Lottery took two first place awards: Marketing Communications and Web Site.

NE'S AD FIRM MERGES. Ayres Advertising/Marketing of Lincoln and Kahler & Co. of

Omaha, two NE marketing firms have become one as of today, July 1. The new enterprise, Ayres-Kahler, will have capitalized billings of \$25 million when the merger takes place and will employ 35 professionals. Among the new company's clients is the Nebraska Lottery.

CAMELOT LOSING CONTROL? Tessa Jowell, UK's Secretary of State for Culture, is considering an overhaul of the rules governing the National Lottery. Possible changes include multiple companies being allowed to run games, the commission's powers to block new games could be weakened; or the game could be nationalized by giving control to the commission. At the same time, Jowell is under pressure from Camelot to increase the company's freedom to introduce new games.

OVER THE HILL? Tattersall's Tattslotto turned thirty last week. Tattslotto has given away more than \$6 billion in prizes over the past 30 years, with 6,300 people winning the magic Division One. The game has created 118 instant millionaires in the past five years alone and the average Division One prize pool today is \$2.8 million.

COMPANY ANNOUNCEMENTS

GELFGREN AT ESSNET. Mr. Ralph Gelfgren has been appointed new Managing Director of EssNet Interactive AB. Gelfgren was previously VP of IT Development at Svenska Spel, where he was responsible for the development of retail and direct sales channels.

INTERLOTT RANKS IN TOP 100. Interlott has been named one of the 100 fastest-growing small businesses in the United States by FSB: FORTUNE Small Business. The award is based on earnings growth, revenue growth, and total stock return for the past three years. Editors for FSB: FORTUNE Small Business, a publication of Fortune magazine, worked with Zack's Investment Research to rank companies trading on the major indexes with annual sales of less than \$200 million. Interlott enters the list ranked No. 94 nationally.

KY GOES WITH OGT. Oberthur has been chosen as the secondary supplier of instant tickets by the Kentucky Lottery. The contract is for an initial term of three years and contains a four-year renewal option.

OGT'S SLINGO DOING WELL. Oberthur recently announced that every state that has launched Slingo to date has experienced phenomenal incremental sales. The latest release of Slingo has boasted the greatest sales figures to date. Wisconsin's first week

of Slingo sales accounted for more than 35% of total instant sales for the week ending April 12.

FLORIDA EXTENDS SCI GAMES. The Florida Lottery extended Scientific Games' contract for Cooperative Services and Instant Tickets by four years. The estimated value of the contract is \$65 million over the term of the agreement. Adding to the existing contract, this extends Scientific Games' relationship with the Florida Lottery until 2008.

SGC STOCK OFFERING. Scientific Games Corporation has commenced a public offering of 12.5 million shares of Class A common stock at \$7.25 per share before the underwriters' discount. The net proceeds, before expenses, to the Company will be approximately \$85.64 million. The offering is expected to close on July 2.

PEOPLE & JOBS AVAILABLE

POSITION WANTED. Lottery Supervisor with well-rounded experience in management, operations and licensing seeks to relocate internationally to assist your lottery in streamlining operations, increasing efficiency and effectiveness. Interested parties should direct their inquiries to.

VIDEO LOTTERY EXPERT WANTED.

Position available in Guatemala beginning in August for person experienced in overseeing Canadian or US video lottery operations. One-year contract with renewal options. Compensation: US\$75K to US\$90K depending on qualifications. Moving expenses and health insurance included. E-mail resume and availability to duaneburke@aol.com.

INSTANT TICKET PRODUCT MANAGER WANTED.

Position immediately available: The Leeward Islands Lottery Holding Company (LILHCo) is seeking an Instant Tickets Product Manager in St. Croix, US Virgin Islands. **Requirements:** Minimum 3-5 years of lottery marketing or sales experience in Instant Tickets. Applicants should fax resumes to Alonzo V. Walette, Special Assistant to the Chairman and CEO, Leeward Islands Lottery Holding Company at (268) 562-1643 or send via email to awalette@ilh.com.

**SEND INFORMATION FOR
MORNING REPORT**
Submit material for next week's report by
Wednesday of this week.
Toddpgr2@aol.com

**FOR INTERNATIONAL LOTTERY EXPO INFO,
WWW.PUBLICGAMING.ORG**



Directors From the Following 22 Lotteries are Confirmed for Expo 2002!

California

DC

Delaware

Florida

Georgia

Iowa

New Mexico

Virginia

Washington State

West Virginia

Bolivia's National Lottery

Colombia's Lotería del Atlántico, Lotería del Cauca, and Sorteo Extraordinario de Navidad

Ecuador's National Lottery

El Salvador's National Lottery

Ireland's An Post National Lottery

Mexico's National Lottery

Nicaragua's National Lottery

Venezuela's Lotería de Oriente, Lotería de Falcón, and Lotería de Miranda

In Addition, Staff From the Following 14 Lotteries Are Also Confirmed:

California

DC

Florida

Georgia

Iowa

Loto-Québec

New Mexico

New York

Ohio

Virginia

Washington State

Aruba's Fundación Lotto Pa Deporte

Guatemala's Lotería del Nino

Honduras' PANI

For more information, please call PGRI at 425-803-2900, or visit us at www.publicgaming.org.



International Lottery Expo 2002

Co-Hosted by the Florida Lottery & Public Gaming Research Institute, Inc.
August 1-4, 2002 Loews Miami Beach Hotel Miami Beach, Florida

Program Outline

Expo Theme for 2002:

Advertising, Marketing, Sales and Strategies to Maximize Revenues

Wednesday, July 31

3 PM – 6 PM Registration Open

Thursday, August 1

8 AM – 3 PM Exhibitor Set-Up

9 AM – 6 PM Registration Open

Noon – 2 PM **Sister Lottery Roundtable Sessions**
Developed Lotteries Helping Developing Lotteries

Noon – 2 PM **Administration and Security Roundtable**
Discussions on most effective strategies and Special considerations in today's world

3 PM – 5 PM **GENERAL SESSION I**

Welcome to Florida

Speaker: David Griffin, Secretary, Florida Lottery, Co-Host

Welcome to International Lottery Expo And Introduction of Participating Lotteries and Companies

Speaker: Duane Burke, CEO, PGRI, Co-Host

What's New, What's Best and What's Most Promising In Lotteries Today – A Panel

5 PM – 7:30 PM **Opening Reception in Circles of Learning**

Friday, August 2

8 AM – 6 PM Registration Open

9 AM – Noon General Session II

The New York Lottery Success Strategies
Formulas for record breaking revenues.

Video Lottery Implementation Strategies and Associated Revenue Results
Lottery and Supplier Presentations Followed by a Panel Discussion

The Latest Developments, Trends and Plans in Multi-Jurisdictional Games Around the World
Multi-State Games – Getting Bigger; More Going Regional And Now Going International

Exciting Game and Revenue Ideas and Developments From Around the World
Presentations on effective revenue strategies from outside of North America.

Noon – 2:30 PM **Lunch in the Circles of Learning Area**

2:30 PM – 5 PM General Session III

The Best in Lottery Advertising – A Panel

Examples of the best of lottery advertising today will be shown, how advertising budgets are being spent, how lotteries are getting the most for their ad money & ad and budget trends.

Lottery TV and POS Advertising Competitions

All Ads shown in the previous session will be voted upon by attendees to see which are most popular. PGRI will present each lottery showing ads in this session with an Excellence In Lottery Advertising Award. Those ads voted most popular will be announced at Expo and will be publicized in Public Gaming International Magazine.

Marketing Strategies That Work:

Maximizing Retailer Effectiveness

Georgia's New Loose Change Game

New game makes money from money people don't want

Other Promising Games for Boosting Revenues

Latest Uses of the Internet by Lotteries

5 PM – 7 PM **Reception in the Circles of Learning**

Saturday, August 3

8 AM – 1 PM Registration Open

9 AM – 11 AM General Session IV

Instant Games – The Latest Strategies for Maximizing Sales and Net Revenues

The Irish National Lottery and European Lottery Developments

Speaker: Ray Bates, National Lottery Director, Irish National Lottery

11 AM – 1 PM **Awards Brunch - Honoring all PGRI Quality and Excellence Award Recipients**

Master of Ceremonies: Duane Burke

Introduction of Lifetime Achievement Award Recipient

Speaker: Dr. Ed Stanek, Commissioner, Iowa Lottery

Lifetime Achievement Award Recipient: Ray Bates, National Director, National Lottery of Ireland; President, European Lottery Association

Quality and Excellence Awards for Individuals recommended by the heads of their organizations

Quality and Excellence Awards for lottery professionals with 15 or more years of experience

Quality and Excellence Awards for all advertising session contributors and announcement of most popular ads

1 PM – ON Open for private meetings and social activities

Sunday, August 4

9 AM – 11 AM **Closing Session**

Open discussion and planning session for all attendees

11 AM Expo Adjourned



International Lottery Expo 2002

Registration Form

Twenty First Century Lottery Marketing & Revenue Strategies
August 1-4, 2002 • Loews Miami Beach Hotel • Miami Beach, FL USA
Co-hosted by Public Gaming Research Institute and the Florida Lottery

First Name: _____ Last Name: _____
First Name for Badge: _____ Spouse's Name (if attending): _____
Title: _____ Organization: _____
Street Address: _____
City: _____
State/Province: _____ Zip/Postal Code: _____ Country: _____
Phone: _____ Fax: _____
E-mail: _____ Web Site: _____

Registration Fees (check one):
 Non-Government: \$795 Exhibitor: \$695 Government (No Charge)
Method of Payment:
 Check Amex Mastercard Visa

Credit Card #: _____ Exp.: _____
Print Name (as it appears on card): _____
Signature: _____

Fax Registration Form to: Public Gaming Research Institute, Inc. at 425-803-6830.

For additional information: Call, e-mail or see Web site:
Tel.: 425-803-2900 • E-mail: elsiepgr2@aol.com • www.publicgaming.org

Hotel Reservations

For the discounted room rate of \$159, please contact the Loews Miami Beach Hotel directly at:
Telephone: 305-604-1601 or 877-563-9762 • Fax: 305-535-5218 • www.loewshotels.com

Be sure to mention International Lottery Expo when calling.