

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 8, 2002

## **INTERNATIONAL LOTTERY EXPO – AUG 1-4**

**THEME: Advertising, Marketing, Sales  
& Revenue Strategies**

The International Lottery Expo is being held  
August 1-4, 2002, at Loews Miami Beach  
Hotel in Miami Beach, FL USA.

**Co-hosted by the Florida Lottery and  
Public Gaming Research Institute.**

**To register: Contact PGRI:**  
Tel. (425) 803-2900; fax (425) 803-6830  
E-mail for Elsie Grote:  
ELSIEPGR2@AOL.COM; or  
DAVEMELLO@EARTHLINK.NET  
PGRI on the Web:  
[WWW.PUBLICGAMING.ORG](http://WWW.PUBLICGAMING.ORG)

### **EXPO HOTEL ALERT!**

To insure discounted room rates of \$159 per  
night, single or double, for the International  
Lottery Expo, Aug. 1-4, call the **Loews  
Miami Beach Hotel directly at telephone  
305-604-1601** this week. Be sure to mention  
International Lottery Expo when calling.

**BIG CHANGES FOR POWERBALL.** Powerball will  
make a number of changes beginning Oct. 6. The  
matrix will change from 5:49 and 1:42 to 5:53 and  
1:42; the jackpot annuity will extend to 30 years;  
unclaimed grand prizes will now be distributed among  
all participating lotteries in proportion to each lottery's  
sales for the grand-prize drawing; the power play  
option will have a multiplier ranging from 2 to 5; and  
all power-play prizes shall be paid in single, lump-sum  
payments. Powerball will also be introducing a new  
bonus prize. When the Powerball jackpot is projected  
to reach a new record level, the amount of the jackpot  
prize will be limited to increases for each draw of no  
more than \$25 million. The prize money collected in  
excess of the advertised jackpot amount will be  
placed into a bonus-prize pool and will accumulate  
until there is a grand-prize winner. When there is a  
grand prizewinner, the bonus prize pool will be divided  
equally among all winners of the second prize. This  
bonus prize will be paid in one cash lump sum. If  
there are no second prize winners, the prize pool shall  
be divided equally among the winners in the next  
lower prize tier with winners.

**LOTTERIES REPORTING RECORD YEAR.** Several  
jurisdictions are reporting record results for FY02. The  
**Kentucky** Lottery surpassed its previous annual sales  
record of \$590.8 million with a month left in the fiscal  
year. Total fiscal year 2002 sales were \$591.8 million  
at the end of May, and sales for FY02 are projected to  
be approximately \$638 million. The state's benefit is  
\$172.7 million – \$10.5 million more than any previous  
year.

At \$84.1 million, May was the second highest sales  
month in the **West Virginia** Lottery's history – only  
August 2001 sales were better. And, the news keeps  
getting better. With one month remaining in the  
Lottery's fiscal year, sales are up 42% over 2001.  
The **Louisiana** Lottery is expecting to finish FY02 with  
\$311.7 million in sales, and \$110.9 million in  
beneficiary funds. In addition to this being one of the  
Lottery's best sales years ever, it has also saved  
nearly \$1 million in expenses.

The **Arizona** Lottery FY02 sales reached almost \$295  
million, setting a record for the agency's 20-year  
history and resulting in a distribution of at least \$85  
million from game proceeds for public programs and  
projects. It's the fifth consecutive year that sales have  
topped a quarter of a billion dollars.

**OHIO TURNS IT AROUND.** The Ohio Lottery saw a  
\$68 million sales increase over FY01 when they hit  
\$1.988 billion in sales on June 30. That figure brought  
the state's education fund \$635.1 million in beneficiary  
dollars – \$1.4 million more than the Lottery's  
commitment for the year. It also stopped a steady  
decline in yearly sales figures.

**MILLIONAIRES MEET.** Missouri Lottery made millionaires and their families were in the Lake of the Ozarks taking part in a 'Luckytown Wacky Fishing Challenge' during the Missouri Lottery's 16th Annual Millionaires Reunion. The Lottery organized the event, and the millionaires were responsible for paying their own way. In addition to participating in a fishing competition, the lottery-made millionaires also listened to seminars on finance and personal wellness.

**DESIGN YOUR OWN IN AZ.** The Arizona Lottery announced the \$5,000 winner of its first "Design Your Own Scratchers". The winning entry, "Fiesta Funds," was selected by a panel of judges from more than 3,000 entries. The winner said his ticket was designed to reflect a market that had not yet been depicted, and he thought the colors would catch people's attention. The ticket will be printed and distributed for sale sometime in 2003. Runners-up prizes of \$4,000, \$3,000, \$2,000 and \$1,000 were also awarded.

**ARIZONA INCENTIVE CHANGE.** The AZ Lottery has changed their retailer incentive policy. The current system gives an extra half-percent commission to stores where sales increase by at least 5%. The new system will reward only those stores who see annual sales increase by at least 5% above the average rise for all retailers. The new system will disqualify stores that see sales rise due to huge Powerball jackpots, or other circumstances out of retailer's controls, but should still reward those that put forth effort to increase sales.

**MICHIGAN SEEKS NEW ONLINE STRATEGY.** The Michigan Lottery is focus testing replacement games for Michigan Millions, and would like to have a new game in place by the first of the year. One possible avenue has the Lottery leaving the big payoffs to Mega Millions, and creating a game that focuses on better odds, and a prize structure featuring a capped jackpot with bigger, growing lower tier prizes.

**GOING WORLDWIDE!** The Indiana General Assembly passed Senate Enrolled Act 513, and the bill officially became law last week. It allows the Hoosier Lottery to participate in an international lottery game.

**ILLINOIS HIRES DDB.** The Illinois Lottery hired DDB Chicago as its new advertising agency. The new agency contract is in negotiation, but will most likely be for two years with two optional one-year renewals. The Lottery's total advertising and communications budget is approximately \$18 million per fiscal year.

**PA GOING PINK.** The Pennsylvania Lottery launched MDI's Pink Panther™, a licensed instant lottery game featuring logos and other imagery

associated with the classic animated character. The game features 6 million tickets costing \$2 a-piece and offering players the opportunity to win up to nine times. The Pink Panther has cash prizes of up to \$12,000 and over 220,000 BONUS BOX Prizes. PA is the first Lottery to offer the game.

**ELVIS RULES!** The Wisconsin Lottery's new \$3 Elvis ticket is doing very well in its first few weeks. "The King" is selling about twice as well as a typical \$3 game.

**PA HEADED FOR POWERBALL GAME SHOW.** The Pennsylvania Lottery took its Powerball Group membership one step further when it signed on for Powerball The Game Show. The first tickets for the game will go on sale Tuesday, July 9, 2002.

**MEGA MILLIONS ON THE RISE.** It may finally be happening! Mega Millions was promising bigger jackpots, and as of Friday, July 5, the jackpot was approaching the magical \$100 million barrier. \$96 million was on the line over the weekend, and if no one wins the excitement will only escalate.

**MILLION DOLLAR BONUS.** Virginians have won three Lotto South jackpots since that game was introduced in September 2001. All three winners have received a \$1 million bonus in addition to the jackpot. The bonuses have been funded with money left over from the last Lotto Virginia jackpot, which was never won. There is one million-dollar bonus remaining.

**NC MAY VOTE ON LOTTERY.** North Carolina State House Speaker Jim Black wants to vote on a statewide lottery referendum this week. The current plan has the issue on the floor on Wednesday, but that could change. Rumors have it that there aren't currently enough votes to pass a referendum that would put a state lottery in the hands of the voters, but that the pro-lottery side is narrowing the gap.

**SINGAPORE CASHES IN ON WORLD CUP.** The Singapore Government's attempt to snuff-out illegal World Cup betting created a windfall for Singapore Pools. The Lottery exceeded its S\$200 million (\$113 million US) projection, but would not disclose by how much (though some outside sources estimate revenue-exceeding S\$500 million). Unfortunately, other games were cannibalized, but some Asian countries that didn't legalize Cup betting saw similar Lotto losses.

**FOR LOTTERY EXPO INFO, SEE PUBLIC GAMING RESEARCH INSTITUTE'S WEB SITE: [WWW.PUBLICGAMING.ORG](http://WWW.PUBLICGAMING.ORG)**

## COMPANY ANNOUNCEMENTS

### COLLEY ACQUIRES THE LOTTERY CHANNEL.

Colley Corporation acquired 7,417,618 shares, or 52.6%, of the outstanding common stock of The Lottery Channel, Inc., doing business as Gamebank Corporation, in exchange for 7,417,618 shares of its common stock. The Company intends to change its name to Games, Inc.

**DELAWARE EXTENDS WITH SCI GAMES.** The Delaware Lottery has awarded a three-year extension on its instant ticket and cooperative services contract to Scientific Games. The contract is valued at approximately \$7 million and includes additional services for a full back office and instant validation system as well as ticket warehousing and distribution.

**MDI KEEPS ROLLING.** Before autumn leaves start falling, summertime lottery players in North America and Europe will have enjoyed playing at least thirteen new instant game promotions supplied by MDI, including three MDI licensed properties that will make their first appearance in the lottery marketplace: Pink Panther, Universal Studios Monsters, and Lionel. The company's licensed lottery scratch-off games are being introduced this summer in ten lottery states in the U.S. and by the An Post Lottery throughout Ireland.

**MDI /ICP DEAL OFF.** International Capital Partners, LLC (ICP) and MDI Entertainment, Inc. have mutually terminated discussions for ICP to acquire a majority interest in the Company.

**OBERTHUR EXTENDED IN MONTANA.** The Montana Lottery has committed its instant ticket business to Oberthur for six more years by extending its contract until August 2008.

**SCI GAMES WINS TJK CONTRACT.** Scientific Games today has completed an agreement with the Turkey Jockey Club to provide maintenance services for its network of 2500 MAX® 3000, STAN™ and Walkabout™ wagering terminals and its ECLIPSE™ central system. The contract is valued at approximately \$10 million over the term of ten years.

## PEOPLE & JOBS AVAILABLE

### VIDEO LOTTERY EXPERT WANTED.

Position available in Guatemala beginning in August for person experienced in overseeing video lottery operations. One-year contract with renewal option. Compensation: US\$75K to US\$90K. E-mail resume and availability to: [duaneburke@aol.com](mailto: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](mailto:awalette@ilh.com).

## Qe AWARDS REMINDER

PGRI's Quality and Excellence awards are for the staffs and leaders of the lotteries and the supplier organizations that make the revenues possible to accomplish the good works of the lotteries.

PGRI uses its annual International Lottery Expo as the forum for honoring these talented individuals.

The **Qe Award for Outstanding Achievement** will be presented to those recognized by their organizations for some particular contributions to their organization's success.

The **Qe Award for Outstanding Service** will be presented to those recognized for having contributed to the success of the lottery industry for a period of 15 years or more.

These awards are professional recognition in a professional forum for people upon whom successes of the lotteries depend.

All candidates for whom PGRI receives a letter of nomination, **by July 20**, from any appropriate nominator, and who is able to attend the International lottery Expo in Miami, will receive an award.

E-mail or fax letters of nomination to Elsie Grote, Awards Coordinator, Public Gaming Research Institute,  
E-mail: [elsiepr2@aol.com](mailto:elsiepr2@aol.com); fax 425-803-6830  
For questions, call 425-803-2900.

Submit material for next week's Morning Report by Wednesday of this week to [Toddpr2@aol.com](mailto:Toddpr2@aol.com)