

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
June 24, 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:**

Tel. (425) 803-2900; fax (425) 803-6830
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or
DAVEMELLO@EARTHLINK.NET
PGRI on the Web: WWW.PUBLICGAMING.ORG

CAROLINA 5 LAUNCHES SUCCESSFULLY. The South Carolina Lottery successfully launched 'Carolina 5' last week, featuring an after-tax jackpot of \$100,000 for its weekly drawings. Last Monday Pick 5 tickets outsold both Instants and Pick 3. Carolina 5 runs on a 5:36 matrix.

GOODLATTE REEMERGES. Virginia Republican Rep. Bob Goodlatte's bill to update the Wire Act of 1961 cleared the House Judiciary Committee last week. The bill would allow the removal of gambling sites and gaming related banner ads, and stop credit-card payments to gambling sites operating outside of the country. The latest version would limit state lottery terminals to licensed retail outlets.

MEGA MILLIONS DEFIES ODDS. While some experts were claiming that Mega Millions was too difficult to win, the game has been defying the odds. Since the game launched one month ago, there have been more than 2.2 million winners, including two jackpot. All told, more than \$56 million has been won.

FREE MEGA MILLIONS? The New Jersey Lottery teamed-up with Tropicana Casino & Resort on an exciting new wheel promotion called Gazillions. Starting on June 21 and running through Sept. 8, 2002, the Tropicana will give its customers the chance to win up to 15,000 New Jersey Lottery Mega Millions tickets, five times each day. To enter the Gazillions Promotion at Tropicana, Diamond Club members choose four numbers from 1-21 at the Gazillions kiosk. If the numbers selected match the numbers produced by the wheel in exact order, the player wins the top prize of 15,000 free Mega Millions tickets! What's more, there are additional prizes for matching from two to four numbers will win prizes of 1, 2, or 100 Mega Millions tickets.

NORTH CAROLINA'S CUT. A bill filed by North Carolina Senator Allen Wellons would attempt to collect 70% of the net proceeds of tickets sold to North Carolinians in Georgia, Virginia and South Carolina. In return North Carolina would not establish a Lottery for five years. The bill would also reverse the North Carolina law that makes it illegal to be in possession of a Lottery ticket from another state.

MORE MUSIC FROM WV. Continuing in the music business, the West Virginia Lottery has released a new CD: Songs for America – Patriotic Songs Performed by West Virginia Artists. This is the second CD the West Virginia Lottery has offered the public this year. The new CD is part of the "Summer Blast" instant ticket game introduced recently. To receive a copy of the CD, players send five non-winning Lottery "Summer Blast" instant tickets to the West Virginia Lottery by August 16, 2002. To hear samples of the songs go to the WV Lottery site www.wvlottery.com and click the "Songs for America CD" link. Send CD requests should to: **WV Lottery Patriotic CD; P.O. Box 1748; Charleston, WV 25326.**

BEETLEMANIA...AGAIN. The Maine Lottery is giving away VW Beetles, again. Three Beetles were left over from a game that ended in January 2001 – the cars were never claimed. So, the Lottery is raffling-off the cars. In April, the lottery offered a raffle ticket with every Cash 5 purchase. The next drawing, scheduled for July 13, can be entered via raffle tickets received with every \$5 Megabucks purchase.

LIONEL TO LAUNCH IN NJ. MDI reached an agreement for the first-ever lottery game featuring

railroad dream trips, nostalgic and collectable Lionel electric trains and merchandise. The New Jersey Lottery will feature the Lionel game in early fall, offering "North American Rail Dream Trips," Lionel Train sets, merchandise prize packages, cash prizes and even a series of second chance bonus drawings.

CITIBANK BLOCKS ONLINE. Citibank will now block all online gambling transactions using its credit cards. The company also agreed to pay \$400,000 to problem gambling groups. Bank of America, MBNA and Chase Manhattan Bank, also block Internet gambling transactions. In addition to these cards, the Reserve Bank of India recently announced that international credit cards cannot be used on the Net for purchasing prohibited items like lottery tickets.

TABASCO HOT CASH IN NJ. The New Jersey Lottery launched MDI's TABASCO HOT CASH. The game features 5.4 million tickets. Each \$2 ticket features a chance to win up to \$30,000. Additionally, the game features ten Second Chance bonus drawings which players can enter to win a Red Hot Kitchen Makeover Grand Prize valued at \$25,000, ten Backyard Barbeque First Prizes, and 3,000 TABASCO merchandise gift pack prizes.

NH SIGNS ON FOR NEW VERSION OF POWERBALL SHOW. The New Hampshire Lottery has signed on for Year 3 of the Instant Powerball Game show. The show is featuring a brand new look this year – the Instant ticket has been redesigned and the TV portion of the game is now filmed in Las Vegas. The show is also featuring a new host, Todd Newton, who also hosts Coming Attractions – a weekly half-hour showcase of the latest film previews found on the "E!" cable television station.

MISSOURI STILL CLIMBING. MO Lottery proceeds to education have topped the previous year's proceeds for the 10th year in a row. The latest transfer of \$13,379,123 brings the total proceeds to education in fiscal year 2002 to more than \$160 million. During the last fiscal year, proceeds totaled \$156.9 million.

MEGABUCKS RESURGANCE. On June 18, 1992, Wisconsin's Very Own Megabucks was introduced as the first and only jackpot game to be played in the state. Thanks to recent large jackpots, including a record \$20.3 million jackpot in August 2001, the game has experienced a boost in sales. With two weeks remaining in the current fiscal year, Megabucks has produced \$30 million in sales, compared to last fiscal year's total sales of \$22.9 million. Sales for the game have increased every year since 1998. To celebrate the milestone, the Lottery is planning to offer players a special Megabucks bonus this fall to coincide with the Lottery's anniversary.

QUEBEC POSTS POSITIVE RESULTS. Loto-Québec's saw a 0.5% rise in revenue for FY02 after \$3.661 billion was tallied. An even brighter note revealed a 3.2% rise in profits, as \$1.448 billion made its way into the coffers.

NUMBERS LAUNCH IN PHILIPPINES. The Philippine Charity Sweepstakes Office (PCSO) launched a daily 3-digit game, Suertes Lotto, in an effort to stamp out competition from a local illegal numbers game called Masiao. So far, reports show the new online game performing well. Suertes Lotto includes nearly all the features of Masiao.

SA MAY REDUCE GAMING MACHINES. South Australia's number of gaming machines, currently 14,600, might get cut for the first time ever. The Independent Gambling Authority will be examining options before a freeze on new machines ends in May, 2003. One option includes a NSW system allowing machines to be traded between venues while reducing the overall number.

MORE ONLINE IN INDIA. Ultra Entertainment Solutions has been given a five-year exclusive license by the Karnataka (India) Government to market and operate the state's first online lottery. The company is part of the Essel Group, who is marketing Sikkim's online lottery. The online game is the Playwin lottery.

KOREAN BANK PICKS UP LOTTERY. Korea's Kookmin Bank will continue offering Jumbo Housing Lottery tickets, previously offered by the now defunct Housing and Commercial Bank. Kookmin is picking up where the Housing and Commercial Bank left off in order to set up a 1 trillion won fund to back the lottery.

LOTTERY FOR AIDS. The Ukrainian Government has given the go-ahead for the Ukrainian Fund for Fight Against HIV and AIDS to hold a charity lottery, with funds to be used to fight HIV/AIDS in Ukraine. Plans have the Lottery launching later this year.

CHINA TO MAINTAIN FAIRNESS. China's Lotteries now have to have their regulations and distribution methods published and approved by the Government. Efforts are being taken by the government to maintain fairness within the market. Lotteries will also be required to inform the public when a game ends.

COMPANY ANNOUNCEMENTS

AUSTRIA GOES WITH KEBA. The Austrian Lotteries (Österreichische Lotterien Ges.m.b.H.) will start equipping 4,500 sales points with the new KeWin mini. The new KEBA Lottery terminal will be used for processing instant tickets. The Austrian Lotteries has been using KEBA terminals since 1998 in its 4,200 lottery outlets. In 2001 the Austrian Lotteries' KEBA

terminals processed 151 million lottery tickets. In 2003, the number of Austrian Lottery terminals will increase to 8,700.

CALIFORNIA BUYS MORE FROM INTERLOTT.

Interlott received another order from the California Lottery (the second in six months), this time for the purchase of 500 new 16-bin Expandable Dispensing System (EDS) Instant Ticket Vending Machine (ITVM) units. Delivery of these 500 ITVMs is expected to begin in August. This brings to 1,000 the total number of 16-bin EDS machines purchased by the state since January 2002. Interlott anticipates generating total revenue of more than \$8 million from the two orders.

GTECH INKS WITH MISSOURI. GTECH entered into a two-year contract extension with the MO Lottery. GTECH will continue to provide online lottery products and services to the Lottery through June 30, 2005. The Lottery also exercised an option in its contract that includes the provision by GTECH of equipment and services for Club Keno. GTECH anticipates generating revenues of approximately \$18 - \$22 million for the extension and Club Keno.

INTRALOT SPONSORS RACE. Intralot has once again sponsored the annual Athens Grand Prix "TSIKLITIRIA". It was the 3rd consecutive year the company has sponsored the event. Intralot supports a number of important regional sports events and considers the company's economic growth inseparably linked to its active involvement in a wide spectrum of social events and initiatives that aim to advance culture and sports worldwide.

SCI-GAMES IN ILLINOIS. Scientific Games has been chosen as the primary supplier for instant tickets by the Illinois Lottery. The contract is estimated to be worth \$21 million over the initial term of three years and contains two one-year options to renew and is subject to final negotiations.

SPIELO MAKES CHANGES. Spielo has a new headquarters and a new logo. Previously known as "Spielo Gaming International", the company has shortened its name to "Spielo" and has adopted a new logo. Also, Spielo will consolidate all employees from the five locations it currently uses in Moncton, New Brunswick area, to one newly renovated building. The new address is: Spielo; 328 Urquhart Avenue; Moncton, New Brunswick; Canada, E1H 2R6.

JOBS AVAILABLE:

The Leeward Islands Lottery Holding Company (LILHCo), is seeking an Instant Tickets Product Manager in St. Croix, US Virgin Islands.

Requirements: Responsible for developing, managing and coordinating all activities related to the marketing of

Caribbean Lottery Instant Tickets. Meet minimum sales goals over the short and medium term and to position ITs to account for forty percent (40%) of gross revenue by December 31, 2004. Develop and manage instant ticket games including prize structure design, algorithms, graphics, and execution of all marketing plans, objectives, strategies and tactics through a network of retail agents and distribution points throughout the Caribbean. Demonstrate mastery of all aspects of Instant Ticket marketing activities including knowledge and relationships with suppliers, technology providers, distribution, merchandising, retail outlets and consumers. Develop and coordinate plans to achieve short & long-term merchandising objectives consistent with overall company business goals & strategies. Minimum 3-5 years of lottery marketing or sales experience in Instant Tickets. Self-disciplined team player that takes initiative and is result oriented. College graduate; prefer business degree, but not mandatory. Prepared to work in the Caribbean Community through, at least, December 2004, applicants should fax resumes to Alonzo V. Wallete, Special Assistant to the Chairman and CEO, Leeward Islands Lottery Holding Company at (268) 562-1643 or send via email to awallete@ilh.com. This position is immediately available, therefore, applicants are urged to submit their resumes no later than **June 25, 2002**.

LOTTERY PROS AVAILABLE

LOTTERY SALES REP for the past 5 years. Previously worked in the Arizona Lottery claims office. Working knowledge of lottery rules, regulations and everyday operations. Inquiries to: LOTTERYPROS@AOL.COM.

ON-LINE & INSTANT EXPERT AVAILABLE

A veteran of 16 years, I am a definite battle proven Lottery soldier. My career began with the Massachusetts Lottery in the mid eighties, and includes time with Interlott Technologies. The brunt of my years were spent with a top Lottery Supplier. I am a proud participant and survivor of three major Lottery start-ups, Texas, Camelot of the U.K. and Mexico. My expertise is in Product Management, Telemarketing Sales, Distribution and Logistics of the Instant Games. Please send all inquiries to japapile@aol.com.

SEND INFORMATION FOR MORNING REPORT

Submit material for next week's report by Wednesday of this week.
Toddpgr2@aol.com



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
Co-moderators: To be announced

Noon – 2 PM **Administration and Security Roundtable**
Discussions on most effective strategies and Special considerations in today's world
Co-moderators: To be announced

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
Co-Moderators: To be announced

5 PM – 7:30 PM **Opening Reception in Circles of Learning**
Sponsor: To be announced

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.
Speaker: To be announced

Video Lottery Implementation Strategies and Associated Revenue Results – Analysis and Discussion

Co-Moderators and Panelists: To be announced

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

Moderators and Panelists: To be announced

Exciting Game and Revenue Ideas and Developments From Around the World

Presentations on effective revenue strategies from outside of North America.

Speakers: To be announced

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

Sponsor: To be announced

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.

Moderators and Panelists: To be announced

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

Speakers: To be announced

Georgia's New Loose Change Game

New game makes money from money people don't want

Speaker: To be announced

Other Promising Games for Boosting Revenues

Speakers: To be announced

Latest Uses of the Internet by Lotteries

Speakers: To be announced

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

Sponsor: To be announced

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

Speakers: To be announced

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**

Sponsor: To be announced

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.