

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 15, 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:
ELSIPEG2@AOL.COM; or
DAVEMELLO@EARTHLINK.NET
PGRI on the Web:
WWW.PUBLICGAMING.ORG

EXPO HOTEL ALERT!

To ensure 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.

MORE LOTTERY SALES RECORDS. The **Idaho
Lottery** had a record year for sales in FY 2002 – \$93.3

million. Powerball jackpots and an 11 percent increase
in Instant sales are the major factors for the record
numbers. The dividend sent to education would have
also been a record, but the Lottery had to hold \$3
million of the \$18 million for up to two months to meet
daily operating expenses.

For the sixth consecutive year, the **New Mexico
Lottery** is expected to report record sales. According to
preliminary and unaudited data for the fiscal year that
ended June 30 at midnight, the Lottery will also set a
third consecutive record for net profits. With a tip-of-the-
hat to Powerball, the Lottery reported FY02 gross sales
at more than \$133 million. Still, even without sales
during the huge Powerball jackpot, records would have
been set. Contributions to the Lottery Success
Scholarship will be in the neighborhood of \$29 million.
For the fourth consecutive year, the **Maryland Lottery**
has generated record-breaking sales and revenue for
the State. Game revenue increased in most categories,
as did the prizes awarded to players and the
commissions earned by Maryland Lottery retailers. This
year there was \$1.3 billion in sales, a 7.9% lift over last
year. Total Lottery revenues rose 8.9%, netting the
State \$443.4 million – an increase of over \$36 million
from last year. Reduced operating costs combined with
strong sales for most Lottery games helped the Lottery
to exceed their revenue goal to the State by 4.3%.

GREAT START FOR SCEL MEANS NEW GOALS.

The South Carolina Education Lottery has set a new
goal for FY03. They are now expecting to generate
\$179 million for education programs for the year. That
number is more than twice the amount expected for the
first six months, but with Powerball kicking in, the
Lottery expects the numbers to grow. Sales for FY02
reached nearly \$320 million, beating projections of \$192
million.

JUNE RECORD FOR TEXAS. Last month's estimated
\$70 million Lotto Texas jackpot drove ticket sales up
and set a new record for the Texas Lottery's June
sales. June's \$297.3 million in sales broke the previous
high of \$276.3 million set in June 1997. Total Lottery
sales for all games for the week before the June 22nd
drawing were \$99.7 million, the third highest week in
the Lottery's history.

MEGA MILLIONS MATRIX PAYING OFF. Mega
Millions continues to climb. Last Friday's drawing
reached \$138 million, and tickets were selling like
crazy.

NY EXCEEDING MEGA MILLIONS PROJECTION.

New York's sales figures for Mega Millions are
reportedly exceeding expectations. Since May 15, the
Lottery has sold nearly \$64 million, an average of \$8
million a week. Unfortunately, the game does seem to
have cannibalized the Lottery's Lotto game.

NY OFFERS RETAILERS \$50,000. New York Lottery Director Margaret R. DeFrancisco announced a new plan to award a one-time-only \$50,000 bonus to the first New York-based New York Lottery retailer to sell a Jackpot winning Mega Millions ticket. If more than one jackpot-winning ticket is sold in New York, the date and time of the ticket sale will determine which retailer will collect the \$50,000 bonus. Other retailers involved will receive the usual commission.

OHIO PANEL RELEASES FINDINGS. Last week, an Ohio gambling study committee approved the state's decision to enter a multi-state lottery, and recommended more study into the benefits and costs of VLTs. The panel also recommended a tax on charitable bingo.

NC: AND THE VERDICT IS? The North Carolina House Rules Committee on Tuesday narrowly endorsed a November 5 advisory referendum on a state lottery, but House Speaker Jim Black pulled the lottery from the legislative calendar, suggesting that there aren't enough votes to pass the lottery.

MA REVISITS PAYOUT CUT. Facing a \$400 million to \$600 million spending gap, some Massachusetts Democrats that originally scoffed at the idea of decreasing the Lottery's payout are giving the idea new consideration. The plan from acting Governor Jane Swift, which called for axing the payout from 71 percent down to 63 percent, reasoned that the cut would earn the state \$274 million. Of course, opponents countered that such a cut would cause sales to drop, making the extra \$274 million an unreasonable expectation. Now, some Democrats are mulling a smaller percentage cut that might not impact sales too greatly, while saving the state \$50-\$100 million.

AFGHAN LOTTERY RETURNS. The Afghan Lottery is back up and running. Unfortunately, the first day of operations didn't go according to plan. Players who showed up at the National Stadium during the designated time to find out the winning numbers were left bewildered when told that there would be a delay. Prizes for the Lottery include a Corolla car, a motorcycle, a Japanese TV, a Chinese bicycle and a top cash prize of \$30 – close to the average month's pay in Afghanistan.

UTHINGO BUILDS SCHOOL. The community of Letlhabile will finally have a school of its own, following a gesture by the Uthingo Trust. Uthingo yielded to the call by President Nelson Mandela to construct a school for the youth of the Osaletseng Primary School, to the tune of R2.5 million.

BANK BENEFITS FROM LOTTERY. Taipei Bank said pre-tax profit rose 5.7% in the first half, lifted by income from the Taiwan Lottery franchise started this year.

SVENSKA SPEL SEES RECORD SALES INCREASE.

The increase is mainly due to the two VLT games, Jack Vegas and Miss Vegas, which have had gross sales of 2.7 billion SEK (approx. 300 million Euro) already this year, up 37.4%. Although betting on the World Cup did not fully meet the company's expectations, the Games of Skill still soared by 6.3%. The revamp of Lotto has also been successful; the decrease in sales has been transformed into an increase of 3.3%. However, Keno is the fastest growing game in the Games of Chance segment, going up by 18.7%.

INDIA BANS FOREIGN INVESTMENT. The Indian government announced that foreign investment and foreign technical collaboration in lottery business, gambling and betting is prohibited. The announcement follows inquiries from state governments, prospective investors, technology providers, franchise/trademark/brand name licensors and management consultants and others on whether foreign investment was permitted in the sector.

777 A BIG HIT IN ISRAEL. Approximately three months after the introduction of the daily lottery game "Payis 777", Mifal Hapayis, reports revenues from this game have totaled 75.49 Million NIS. Revenues at present are 240% higher than the goal set for this period. The initial revenue estimates for this game, which was launched in March, was 55 million NIS for the first year.

POLAND LOOKING TO VLT. Polish lottery operators, Polski Monopol Loteryjny (PML) and Totalizator Sportow are waiting for the government to expand the range of legal gambling activities and are preparing to launch networks of VLTs, anticipating a leap in revenue. The only problem is that a government proposed 45% tax on revenue has some saying the venture can't succeed. Poland-based gaming services firm Polish Gaming Services plans to phase in 35,000 terminals at a cost of \$200 million, with the first phase aimed at delivering 7,500 terminals within 18 months. They are hoping the tax rate will drop to 30%. PGS estimates that each terminal will yield \$24,000 in annual revenue, generating more than \$500 million in total revenue after five years and contributing \$300 million to the budget.

FOR LOTTERY EXPO INFO, SEE PUBLIC GAMING RESEARCH INSTITUTE'S WEB SITE: WWW.PUBLICGAMING.ORG

COMPANY ANNOUNCEMENTS

CIRSA INTERACTIVE AWARDED CERTIFICATION.

Cirsa Interactive has been certified by ECA in accordance with the UNE-EN ISO 9001:2000 regulation, with the number 2100/ER/03/02. This certification covers all the activities and procedures necessary for the design and development of online systems. The certificate is highly valued due to its international recognition, which signifies that various mechanisms have been implemented within the quality system in order to guarantee a considerable reduction in design and development costs and improved quality and customer satisfaction. Cirsa will exhibit at the WLA in Adelaide, Australia.

GTECH, TRANSACT INK DEAL.

TransAct Technologies Inc. signed a five-year agreement to provide GTECH with thermal printers, in a deal worth up to \$20 million. Under the agreement, TransAct will design a thermal printer modified for GTECH, which has been one of TransAct's largest customers since it developed a 27-wire impact printer for the supplier of lottery product and services more than seven years ago.

HOOSIER ORDER FOR PTVMs. Interlott received a purchase order from the Hoosier Lottery for 500 eight-game Pull-tab/break-open Ticket Vending Machines (PTVMs). In April 2002, Interlott had announced that it had been named the apparent successful bidder by the Hoosier Lottery for up to 500 PTVMs. Indiana presently leases approximately 651 Interlott Instant Ticket Vending Machines (ITVMs).

INTRALOT STOCK RATED WELL. Intralot is ranked as the best performing stock of the Greek Stock Exchange as well as within the first 100 European stocks that demonstrated the best performance for the period of March 2001- March 2002, according to a recent stock survey produced in conjunction with the FTSE. Intralot's shares increased 19.4% during this period. Since March 2002, Intralot has increased another 10%.

ZORRILLA, LÓPEZ AT CHADWICK. Pittsburgh, Pennsylvania USA - The Chadwick Group announced today the appointment of C.P. Enrique J. Zorrilla de la Garza Evia and Rosa Maria Ochoa López as Representatives serving Mexico. Operating from Mexico City, Mr. Zorrilla and Ms. Ochoa will work with customers and prospects in both the legalized wagering and the promotional and commercial marketplace.

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.

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.

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 22, 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: elsiepg2@aol.com; fax 425-803-6830
For questions, call 425-803-2900.**



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.