

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 22, 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

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.

LOTTERY SALES RECORDS. The **Pennsylvania**
Lottery ended its 2001-2002 fiscal year approximately
\$154 million ahead of last year's record-breaking year,
with sales of \$1.934 billion. Previously, fiscal year 2000-
2001 was the highest sales year ever ending at \$1.779
billion. The 8.67 percent increase in sales over the last
fiscal year was fueled by sales growth across all
product offerings. This year, net revenue is up 19.6% at
approximately \$122 million, and the Lottery will turn
over a record \$749 million in net revenue to fund
programs for older Pennsylvanians, besting the '97-'98
total of \$715 million.

The **Illinois** Lottery closed Fiscal Year 2002 with \$1.59
billion in sales, marking an increase of \$140.2 million
over those of Fiscal Year 2001. In addition, FY 02 sales
mark the highest one-year sales increase since Fiscal
Year 1989 and the fifth-highest in Lottery history.
Instant ticket sales were \$643.8 million, the highest in
six years and the second highest in Lottery history. In
addition, sales recorded in the multi-state (Big
Game/Mega Millions) category were \$221 million,
marking the highest multi-state sales ever. In another
success story, the state's Common School Fund
received \$54 million more than the previous year, as
year-end transfers exceeded \$555 million.

Minnesota Lottery sales totaled \$366.1 million in FY01.
Lottery officials described it as a good, but not great,
year following record sales in FY00. \$81.7 million was
generated for the State of Minnesota.

It's another record year for the **Massachusetts** Lottery.
The \$4.2 billion in sales represents a near 7% increase
over last year. Strong sales, as well as reduced
operating costs were responsible for a record \$896.8
million to beneficiaries.

FY02 was the **Virginia** Lottery's best year. The Lottery
turned over almost \$368 million for local public school
education, a 12% increase. Fiscal sales exceeded \$1.1
billion, also a record. The Lottery also dished out record
winnings to players and record commissions to
retailers.

The **Georgia** Lottery saw record sales of \$2.45 billion in
FY02, 12% higher than the previous year and 6%
higher than 2000, the previous record year. Record
profits were also achieved, as \$726 million made its
way to education.

NORTH DAKOTA SEEKS POWERBALL? North
Dakota Rep. Andy Maragos, R-Minot, is trying for the
third time in three years to put a Lottery issue on the
ballot. He has proposed a constitutional measure that
would allow the state to join Powerball. If it is approved,
supporters must get 25,688 signatures to put the
measure to a vote in November.

MEGA MILLIONS SALES BEATING BIG GAME'S.
Georgia's ticket sales for last Tuesday's \$165 million
Mega Millions jackpot were ahead of sales for the \$331
million Big Game jackpot in April. In the first seven
weeks of April's jackpot, 18.8 million tickets were sold in
Georgia. In the first seven weeks of this Mega Million
jackpot, 23.9 million tickets were sold in the state. A
single New Jersey player laid claim to the \$165 million
Mega Millions jackpot.

THE BEST OF BOTH WORLDS. A pharmacy on the
Ohio/Pennsylvania border is bearing witness to the
heavyweight fight of the century. A red stripe through
the store marks the line of the two states. When
customers walk in, the left side of the stripe resides in
Sharon, PA, and sells Powerball tickets. The right side
is in Masury, OH, and sells Mega Millions. Ohio's Mega
Millions won round one, thanks to a \$168 million

jackpot. At any rate, this store could provide us all with a very interesting case study.

SENATOR WANTS VLTS IN MEADOWLANDS. New Jersey Senator Robert E. Littel, R-Sussex, proposed VLTs for the Meadowlands Sports Complex. One concern he used in his proposal was the fear that the expansion to VLTs in New York could seriously affect Atlantic City casino figures. To pacify casino owners, his proposal suggested that the casinos run the proposed Meadowlands machines.

MICHIGAN ADDS SUNDAYS. The Michigan Legislature lifted a long-standing ban on Sunday lottery drawings. Now Michigan Roll Down and the Daily 3 and 4 games will all add on the extra draw day. The new drawings, which may start in August, are expected to raise nearly \$33 million per year.

OR LOTTERY IN THE MOVIE BUSINESS. A movie company filming "The Dust Factory" will receive up to \$100,000 in lottery funds – the first time Oregon has provided such aid to a theatrical film. The money comes from a discretionary account controlled by Governor John Kitzhaber.

NY RETAILER APPRECIATION KICKS OFF. Stop One Grocery in Richmond Hill, Queens County, became the first Lottery retailer in New York State to benefit from the agency's new Retailer Appreciation Bonus program. The program awards a \$25,000 bonus to each Lottery retailer who sells a jackpot-winning LOTTO or Mega Millions ticket. The Lottery award the first NY seller of a Mega Millions jackpot \$50,000.

LOTTERY LIVE. Massachusetts' Lottery Live drew a huge crowd at its annual stop at Salisbury Beach on Friday, July 12th. Cheering Lottery fans crowded around to be part of the Lottery's live audience for the Numbers and Mass Cash drawings as they were broadcast on UPN 38. Lottery Hostess Dawn Hayes signed autographs and "Lotto-man" tossed T-shirts to the crowd. The remote drawing was one of six per year that the Lottery does at various spots throughout the state.

NEW CT TAX LAW. The state of Connecticut has implemented a new tax law for out-of-state Lottery winners. Previously, nonresidents were only subject to CT tax on lottery winnings exceeding \$5,000. The new tax law eliminates the \$5,000 threshold.

RECORD POT IN PHILIPPINES. Last week the Philippine Charity Sweepstakes Office drew its biggest lotto jackpot ever – a P120 million giant.

BOTSWANA PAVES WAY FOR LOTTERY. The trade, industry, wildlife, labor, home affairs and tourism ministries of Botswana have produced a draft gaming and gambling policy that had a provision for the establishment of a national lottery.

THAILAND RETHINKS POSITION. Thailand's Government Lottery Office is rethinking its policy of

"taking on" underground lotteries. Researchers will be seeking feedback from focus groups, which could result in the legalization of the underground games.

TAIWAN LOTTERY DOLLARS AT WORK. Taiwan's first center for mentally and physically challenged people should be running by the end of the year. The project is the first in a series of public works projects funded by the national lottery.

GREECE SELLS OPAP. The Greek government generated 508.7 million euros from the sale of an 18.9% stake in lottery and soccer pool company OPAP. International investors took up 71% of the offer and local investors the remaining 29%. OPAP employees bought up their entire allotment of 300,000 shares.

WA FINANCES FILM. The West Australian Lotteries is helping to finance a new feature film, 'Japanese Story'. The movie, which will be filmed in Pilbara and Perth, begins production at the end of July. The Lottery is pumping \$400,000 into the film.

MOBILE LOTTERY LAUNCH IN UK. A former dotcom millionaires, who at the age of 15 created Sojewish.com is planning on launching a free online lottery with prizes of up to £100,000. Benjamin Cohen, now 20, is launching Numbermatch.com, which allows users to enter their mobile phone number for a chance at winning £100,000. Users must agree to receive text messages and emails from CyberBritain (another of Cohen's companies) and other third parties.

COMPANY ANNOUNCEMENTS

CO EXTENDS INTERLOTT. Interlott received a 28-month contract extension from the Colorado Lottery for the lease, operation and service of the State's 550 eight-bin Instant Ticket Vending Machines (ITVMs). With the extension, the Colorado Lottery contract now runs through October 2004.

HYPERCOM BEEFS UP TAIWAN. Hypercom Corporation has created and installed a customized transaction communications network for the Taiwan Lottery in concert with Pagic.net, a value-added networking service in Taiwan. The new network is now operational and handling the transmission of more than 10 million lottery ticket purchases daily, or a projected 3.65 billion transactions annually, between Pagic.net and more than 7,000 online and in-store retail lottery retailers. The customized, scalable network, which uses X.25 protocol at the central and remote sites, has a capacity to conduct more than 40 million transactions a day, or more than 14 billion transactions every year.

GENESIS LAUNCHES CHINESE LOTTERY SITE. Genesis Technology Group announced that the IT Division of Shanghai Yastock Investment Consulting Company has officially launched a website devoted to Chinese gaming, football, and lotteries at <http://www.zc8888.com>. Since the company started beta testing the website three months ago, they've

attracted over 40,000 unique visitors. Over 1,000 visitors have signed up for membership and over 100 have paid a fee to become VIP members. VIP members pay between US\$10 and \$100 per person for a one-year membership.

GTECH SIGNS WITH SVENSKA SPEL. GTECH was named the preferred vendor to supply a new video lottery central computer system for AB Svenska Spel. GTECH will implement the Enterprise Video central system, to be operational by 2003. GTECH's central system will monitor the security and integrity of approximately 7,000 video lottery terminals in the network. GTECH anticipates generating revenues of approximately \$4 million for the video lottery central system project implementation. The Company also anticipates negotiating a five-year software support agreement with Svenska Spel.

MA EXTENDS SCI-GAMES. The Massachusetts Lottery extended Scientific Games' instant ticket contract for one more year. The contract's estimated value is \$9.5 million.

OGT GETS BRAZILIAN EXTENSION. Oberthur Gaming Technologies' Brazilian unit, Impressores de Segurança Associados Ltda. (ISA), has signed a contract extension for one more year with the Loteria do Estado de Minas Gerais, Brazil, for the production of its instant lottery tickets.

QUEBEC SIGNS ON WITH RADIANT. Loto-Quebec has joined Radiant Logic's Early Adopter Program (EAP) for the RadiantOne Virtual Directory Server solution for real time directory and application integration. The Virtual Directory for NonStop Servers provides customers with an advanced Lightweight Directory Access Protocol directory. Radiant Logic focuses on increased security in login authentication and authorization from disparate data sources. Loto-Quebec is now able to implement an enterprise directory infrastructure for e-business solutions that is fault-tolerant, massively scalable and continuously available.

RIMPAC IN VIETNAM. Rimpac Resources announced the grand opening of its Internet Lottery marketing and business development office in Quang Trung Software City, located in Ho Chi Minh City, Vietnam. The completely wireless office, one of the first in the country, is highly integrated with Internet access and secured network capabilities to collect and analyze data specific to the lottery market segments for Vietnam and Asia. In addition, the Vietnamese staff is working closely to develop alliances with various Internet cafes and licensed casinos to promote and market the InternetLOTO.com Web portal, where qualified players may purchase e-lottery tickets to win large weekly jackpots.

SCI-GAMES GETS CT CONTRACT. Scientific Games Corporation has been awarded a contract to supply instant tickets by the Connecticut Lottery Corporation. The company estimates that the new contract may result in the procurement of significantly more instant tickets than the prior agreement, and could be worth approximately \$3.0 million over the initial term of two years. The contract also provides for three one-year options to renew.

SINGAPORE EXTENDS GTECH. GTECH also signed three contract extensions with Singapore Pools (Private) Ltd. Under the extension agreements, which expire on April 30, 2005, GTECH will continue to provide Singapore Pools with ongoing software maintenance and consultancy, terminal and communications equipment services, and emergency services. GTECH expects to generate revenues of approximately \$4 million over three years due to the extensions.

TELECOM INTRODUCES REAL PEOPLE. The TeleCom Game Factory unveiled the world's first secured "Real People Lottery Drawings Show," and announced the hiring of Bob Davidge as director of global marketing. The "Real People Lottery Drawings show," uses TeleCom's patent-pending Random Animated Digital Drawing System, (RADDS™), and packages prerecorded video clips of real people from local communities to deliver their state's winning lottery numbers on television. The Real People Lottery Drawings Show allows lotteries to shape the public's perception of their players, showcase nightly endorsements from voters, and integrate lottery games into the player's lifestyle with true precision.

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.

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.

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



Dear Lottery Associate:

As co-hosts, it is our pleasure to cordially invite you to participate in this year's International Lottery Expo. The Expo is being held August 1-4 at the beautiful Loews Miami Beach Hotel in Miami Beach, Florida.

The very timely theme for Expo 2002 is "Advertising, Marketing, Sales and Revenue Strategies." Presentations and panel discussions will focus on the best of current developments and plans that lotteries are using to bring more money to the bottom line for the good causes of the lotteries. Every person attending should expect to go home at the end of the conference with new information and ideas that will help grow lottery revenues.

A key part of the program will be presentations by lottery suppliers from around the world showing the best of their new products and services to help the lotteries be most successful.

In addition, there will be the added benefit of participation from lotteries from outside of North America which will offer other perspectives and success stories.

At this time of great need for more revenues by each lottery jurisdiction, what better investment could there be for your time than finding new ways to increase those revenues?

If you haven't already done so, please register and make your hotel reservations today. We will look forward to seeing you at Expo 2002.

With best regards,

David Griffin
Secretary
Florida Lottery

Duane Burke
CEO
Public Gaming Research Institute, Inc.

Encl. International Lottery Expo 2002 Program



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

Interim Program

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

3 PM – 5 PM **GENERAL SESSION I**
Welcome to Florida
What's Happening at the Florida Lottery
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

The Challenges and the Promises of Lotteries Today – A Panel

Moderators:
Rebecca Paul, CEO, Georgia Lottery Corporation
Panelists will be from among the attending directors who are available at Session I.

5 PM – 7:30 PM **Welcome to Florida Reception in the Circles of Learning**
Sponsor: **Scientific Games International**

Friday, August 2

8 AM – 6 PM Registration Open

9 AM – Noon General Session II

The New York Lottery Success Strategies
Win for Life - - What's Your Game Plan?
Generating \$20 billion for education, the New York Lottery doesn't leave it to

chance when it comes to accomplishing its mission. Instead, it operates with a strategic focus, strong internal controls, high expectations of accountability and a plan for the unexpected.

Speaker:

Margaret DeFrancisco, Director, New York Lottery

Video Lottery Implementation Strategies and Associated Revenue Results

Lottery and Supplier Presentations Followed by a Panel Discussion

Video Lottery is currently the last principal lottery product not widely adopted by lotteries in the US and overseas despite the fact that it is the most important single revenue source in jurisdictions where it is implemented. The following speakers and panelists will provide useful information for lotteries wishing to pursue this extremely successful revenue strategy.

Speakers:

Wayne Lemons, Director, Delaware Lottery

John Musgrave, Director, West Virginia Lottery

Panelists:

Speakers + **Clint Harris**, Executive Director, South Dakota Lottery

Duane Burke, CEO, PGRI

Developments, Trends and Plans in Multi-Jurisdictional Games Around the World

Multi-State Games – Getting Bigger; More Going Regional And Now Going International

Virginia Lottery's Most Successful Year Ever Thanks to the Lottery's Multi-State Lottery Games Strategy

Speaker:

Penny Kyle, Director, Virginia Lottery, Mega Millions game member and member of the Lotto South regional lottery

Powerball's Big Bucks from Power Play

Speaker:

Doug Orr, Advertising Director, Multi-State Lottery Association

'Real People' Lottery Draws: The brand building lottery idea of the century!

Speakers:

Robert Davidge, Director Global Marketing, TeleCom Game Factory

Michael Fisk, Managing Director, TeleCom Game Factory

Game and Revenue Ideas and Developments From Latin America

Bolivia: Keeping Pace with Changing Technology

Speaker: **Jorge Jordan**, President, Lotería Nacional de Bolivia

Ecuador: Lottery College – Training of Sales Reps Makes Sales Sense; and Heightening Media Awareness and Creating Goodwill

Speaker: **Javier Castillo**, Administrator, Lotería Nacional de Guayaquil

Colombia: Lotería Uniapuestas: Profits from Lottery – A Good Bet

Speaker: **Lisandro Lopez**, Manager

Colombia: Lotería del Cauca: Magicticket.com, the New Game in Town

Speaker: **Jose Pito-Zamora**, Manager

Colombia: Sorteo Extraordinario de Navidad: Lotteries in Colombia

Speaker: **Dr. Gilberto Caicedo**, Manager

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

2:30 PM – 5 PM General Session III

Lottery TV and POS Advertising Competitions

All Ads shown 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*.

Moderator:

Sharon Sharp, Lottery Consultant, Scientific Games Corp.

Game and Revenue Ideas and Developments From Latin America (continued)

Colombia: Lotería del Tolima: Quality Management Systems

Speaker: **Victoria Infante**, Marketing Manager

Venezuela: Lotería de Falcon: A Vision of The Venezuelan Market

Speaker: **Cedric Bages**, Manager

The Hybrid Lottery: A Forgotten Game in the Lottery Market

Speaker: **Alejandro Fontanet**, Sales Director, Scientific Games Latino America

SCEL: Launch Revenues and Future Challenges

Speaker:

Ernie Passailaigue, Director, South Carolina Education Lottery

Managing Change in the Retail Environment

Speaker:

Tony Molica, Director, Washington State Lottery

Marketing Strategies That Work

Speaker:

Tricia Metzger, Senior Marketing Specialist, California Lottery

Georgia's New Loose Change Game

New game in Georgia makes money from money people don't want.

Speaker:

Rebecca Paul, CEO, Georgia Lottery Corporation

DC Lottery's Strategies for Marketing to the New Player

Speaker:

Jeanette Michael, Executive Director, DC Lotteries and Charitable Games

Raising Revenues Through Cost Reductions

Speaker:

Tom Shaheen, Director, New Mexico Lottery

5 PM – 7 PM **International Guests Welcome Reception in the Circles of Learning**

Saturday, August 3

8 AM – 1 PM Registration Open

9 AM – 11 AM General Session IV

Latest Uses of the Internet by Lotteries – A PGRI Survey Report

Speaker:

Duane Burke, CEO, Public Gaming Research Institute, Inc. (PGRI)

How About Totally New Money?

Speaker:

Nathalie Rajotte, Director General, Ingenio, Loto-Quebec

The Irish National Lottery and European Lottery Developments

Speaker:

Ray Bates, National Lottery Director, An Post National Lottery Company of Ireland

11 AM – 1 PM

**Awards Brunch in the Circles of Learning
Honoring all PGRI Quality and Excellence Award Recipients**

Master of Ceremonies:

Duane Burke, CEO, PGRI

Introduction of Lifetime Achievement Award Recipient

Speaker:

Dr. Ed Stanek, Commissioner, Iowa Lottery

Lifetime Achievement Award Recipient:

Ray Bates, National Lottery Director, An Post National Lottery Company 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.