

To: Lottery CEO's, IALS Members, Marketing Directors,
PR/Communications Directors

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

Your weekly supplement to
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GRIFFIN STEPS DOWN IN FLORIDA. Florida Lottery Secretary David Griffin submitted a resignation letter saying he would not return as head of the Lottery. Griffin had previously submitted a resignation letter along with other agency heads as a formality Governor Bush requested as he begins his second term on January 7. Currently, Griffin is serving as executive director of the governor's second-term transition team that is examining state agencies to find new ideas and new people to head the agencies. He plans to continue heading the Lottery for several more months to oversee the selection of an online vendor. He is expected to fill a high-profile job in the governor's office. Griffin served as director since June 1999.

LYONS RETIRES IN OREGON. Oregon Lottery Director Chris Lyons announced her decision to retire, citing personal reasons including the recent death of a family member. Her resignation was effective November 30, 2002. Oregon Governor John Kitzhaber said he didn't ask Lyons to resign, but that he "accepts her decision." Kitzhaber will appoint an acting Lottery director soon, but will leave the job of finding a permanent replacement up to Governor-elect Ted Kulongoski. It's been reported that Lyons intends to rest a while and eventually pursue other opportunities.

SUNOCO TO FEATURE LOTTERY. Sunoco is launching a new kind of convenience store in Brampton, Ontario. Among the many improvements made is a lottery terminal shift from the side of the counter to the center. Why? Lottery tickets are popular. The goal of the new format is to raise sales of merchandise, the profit margin of which is eight times that of the slim margin on Sunoco's fuel.

LOTTERY – OK. Oklahoma Gov.-elect Brad Henry used the model of the Georgia Lottery during his campaign to show that a Lottery could generate as much as \$300 million per year toward education. The push for an OK Lottery is continuing. The state

Legislature may consider a simple resolution for a lottery amendment, which could result in a vote by April or May. If approved without a special election it would appear on the 2004 election ballot.

POWERBALL IN VERMONT? Powerball has been suggested as a new source of revenue for Vermont. Apparently, the game has bi-partisan support; although, most do not expect it to be the answer to the state's budget woes. Estimates have it pulling in \$2 million to \$10 million per year.

ND DEBATES LOTTERY. North Dakota lawmakers began debating how to regulate their new Lottery. Questions that have come up include age of player, cash requirements for ticket payments, criminal background checks for retailers and more.

SD CONTEMPLATES A BIGGER VLT SHARE. South Dakota lawmakers are considering a number of options to make up for a budget shortfall that is looming over next year's budget. One of the options being discussed is taking a larger share of VLT profits. Opponents of this strategy fear that taking a larger piece of the pie may cause some retailers to bail out. Currently, the state gets 50% of the profits.

HOLIDAY INSTANT TICKET GIVEAWAY. The Rhode Island Lottery and several major radio stations have teamed up in a *Holiday Festive Giveaway*. Instant Ticket Holiday Gift Packs will be given away during on-air promotions in December. The Lottery will receive 10-second spots promoting the giveaways.

MN'S POWERBALL BLIMP. The Powerball blimp just completed its 4th season of representing the Minnesota Lottery through flights at the HHH Metrodome flying at Twins, Vikings and U of M Gopher football games. The 23'x 6' blimp has dropped more than 20,000 prizes (hats, shirts, etc.) at more than 400 sporting events.

INTERNET SALES IN OHIO? A bill introduced in the Ohio Senate would give the OLC authority to develop rules and conduct games on the Internet. The fact that the bill, which was created to add revenue to the budget, has been speculated to be a Governor Taft veto candidate is the least of its worries. There are still many questions about the legality of Internet Lottery sales in the U.S. that need to be answered on a federal level.

MA CONSIDERS VLTs. Massachusetts lawmakers are looking at the possibility of casino gambling and VLTs to offset an expected budget deficit. Sen. Steven Panagiotakos is one Legislator saying the state has no choice but to consider, among other options, gaming proposals. It's becoming clear that increasing taxes is not an option, as 45 percent of the voters cast ballots to eliminate the state income tax in the recent election.

FABIO PITCHES THE GLC. The Georgia Lottery's ad agency will use celebrity-hunk Fabio to garner attention

for the Lottery. Fabio will pose as the pool boy for a client that was also featured in another popular GLC commercial featuring James Brown.

KLC HANDS OUT \$4 BILLION. The Kentucky Lottery passed a major milestone, reaching \$4 billion in prizes paid to players since it started in 1989. Tony Revack of Burlington, Kentucky helped put the Lottery past the magic \$4 billion mark when he won \$240,000 on the scratch-off game called Monthly Money. In addition to his cash, Lottery officials gave Revack a gift basket full of Kentucky Lottery paraphernalia and scratch-off tickets along with a commemorative inscribed clock noting \$4 billion in prizes.

SOUTH KOREA LAUNCHES LOTTO. South Korea launched a new online lottery (Lotto) on December 2. Lotto is offered by Kookmin Bank and seven government ministries. Proceeds from the game will finance the ministries. The average daily sales over the first three days amounted to W1 billion, accounting for 50% of the total lottery market. Lotto is being sold at 5,000 branches of Kookmin Bank, convenience stores and supermarkets. There is no ceiling to the prize money, and as the sales figure increase, the size of the prizes from first place to fourth will also rise.

CAMELOT HAS NEW COMPETITION. Sainsbury's, a U.K. supermarket group, is competing with Camelot. The group recently launched its own scratchcards. Sportech PLC announced a deal with J Sainsbury PLC to deliver a series of Sainsbury's branded tickets offering prizes of up to £75,000. Twenty-percent of the proceeds from the £1 tickets go to Comic Relief. The company hopes to sell £5m of the cards in the first six months while paying-out £2.25m in prizes.

TASMANIA SEES BIG BOOST. The Tasmanian Gaming commission reported \$1.9 billion in sales last year. The gambled in pubs and clubs rose by more than \$100 million over the previous year. The Tasmanian Government received \$66.1 million from gambling in casinos, pubs and clubs and lotteries.

SA CHANGES LOTTO. Changes to SA Lotteries' popular Saturday night Lotto game take effect this week. One change saw an average 12.5% increase in prizes across all five Divisions, with the Division One prize rising by approximately \$200,000 to a guaranteed \$3 million. The game price also rose, from 40c to 45c. It is the first price raise since 1995.

PAGCOR EYES THEME PARK. The Philippine Amusement and Gaming Corp. is getting ready to launch its project for a proposed world-class, multi-themed amusement and entertainment complex in line with revitalizing the country's tourism industry. The site, deemed the Bagong Nasyon Pilipino Tourism Estate will be located on 120 hectares straddling Roxas Boulevard and Manila Bay. It will be a self-sustaining city featuring

first-class theme hotels, educational and cultural complexes, shopping malls, sports stadium, restaurants, convention centers, a state-of-the-art monorail system and other facilities.

MO LAUNCHES COOL CASH AND 25 GRAND. Two new Scratchers games from the Missouri Lottery will heat up player's wallets. Beginning December 11, "Cool Cash" has a top prize of \$1,000 while "25 Grand" allows a chance to win up to 10 times on a single \$2 ticket and a top prize of \$25,000.

COMPANY ANNOUNCEMENTS

MDI LANDS OTHELLO. MDI acquired exclusive marketing rights to instant and online lottery games for Othello®, the best-selling, licensed strategy game in the world. MDI signed a three year agreement with Becker Associates, the exclusive worldwide licensor of Othello merchandise, for territories that include the United States, Canada, Mexico, Australia, England, Ireland, France, Germany, Norway and Sweden. The game is immensely popular among game enthusiasts, having sold more than 40 million units worldwide.

E-SUCCESS SIGNS WITH BCLC. e-Success contracted with the BCLC to assist in development of visual display technology for Keno and other point-of-sale game information. The visual display technology has the potential to be extended to other retail locations and applications for BCLC. e-Success's WebShow is one component of the visual display technology.

MILESTONE ENTERTAINMENT SIGNS WITH LA FRANCAISE DES JEUX. Milestone Entertainment recently signed a multi-year agreement with La Française des Jeux for the development and marketing of television and multimedia games for Internet, mobile phone and interactive television applications.

LOTTERY PEOPLE

Diversinet Corp., a provider of m-commerce security infrastructure solutions, announced the appointment of **James T. Walters** to Vice President, Gaming and Wagering. Prior to joining Diversinet, Mr. Walters founded and led International Totalizator Systems, Inc. (ITS) to become the largest worldwide supplier in the pari-mutuel wagering industry and second largest in the lottery industry.

LOTTERY RFP

RI RFP. The Rhode Island Lottery is issuing an RFP&Q to qualify Technology Providers for possible licensing as Video Lottery Terminal Providers. RFP&Q will be available as of December 5, 2002. All request are to be directed to: **Gerald S. Aubin; Executive Director; 1425 Pontiac Avenue; Cranston, RI 02920; 401-463-6500 (Voice); 401-463-5669 (Fax)**

Submit material for next week's Morning Report by Wednesday of this week to Toddpg2@aol.com



Make Plans to Participate in PGRI's 2003 Events!



SMART-TECH 2003
Charleston, SC

SMART-Tech 2003

*Co-hosted by the South Carolina
Education Lottery*

February 9-12, 2003

DoubleTree Suites in Historic Charleston, SC



ILAC Congress 2003

*Co-hosted by the
National Lottery of Mexico*

April 26-29, 2003

Hilton Cancun Beach and Golf Resort in Cancun, Mexico



International Lottery Expo 2003

Co-hosted by the Florida Lottery

July 17-21, 2003

Sonesta Beach Resort in Key Biscayne, FL

For more information, please contact Public Gaming Research Institute, Inc. at 425-803-2900, fax 425-803-6830, e-mail publicgam@aol.com, or visit us on the Web at www.publicgaming.org