

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

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LOTTERY SALES SUCCESS. The **Nebraska** Lottery saw FY03 ticket sales increase 9.4 percent. This coming after FY02 sales jumped 11 percent over FY01, breaking five straight years of decline. Nebraska's FY03 sales reached \$80.9 million – second only to 1996's \$81.8 million. The sales increase was attributed to changes in distribution and ticket display, and the two high Powerball jackpots.

The **Wisconsin** Lottery saw FY03 sales jump 1.7% to \$435 million, the Lottery's highest mark since 1996. It's the Lottery's second-straight year with an increase, following three years of decline. The sales mean 135 million in property tax relief to Wisconsin citizens. Instant sales were credited with much of the sales boost.

Iowa Lottery sales have increased for a second straight year, led in fiscal year 2003 by a sales upswing in the lottery's core product, instant-scratch tickets. Preliminary figures show lottery sales hit \$187.8 million in FY03, an increase of approximately 3.6% over FY02, and well ahead of the Lottery's budget projection of \$175 million. Unaudited figures show the lottery raised \$48.1 million in revenues for state programs during FY 2003, unchanged from the previous year.

NY ISSUES FINAL VLT RULES. The New York Lottery issued its final ground rules for operating VLTs at statewide horse tracks. Among other things, these regulations require tracks to pay an annual \$10,000 licensing fee, while requiring employees to pay \$100 for fingerprint background checks. The Lottery will get 10% of machine revenue, tracks will receive 29% and the state will get 61%. The rules, coupled with a judge's ruling validating the VLTs in the state, is good news for track owners eager to get the machines running. Saratoga Springs is planning to launch the machines on New Year's Eve, Aqueduct is expected to have the machines running by the first quarter of 2004.

PA SLOT PASSAGE COULD DERAILED BILL. The Pennsylvania House passed the state's slot machine legislation, but wholesale changes occurred in the process. That means the bill must go back to the Senate, and Senate Democratic leader Robert J. Mellow of Lackawanna is said to be very upset with the changes. There have been rumblings that the Senate may let the bill sit until fall.

TEXAS MULTI-STATE UPDATE. The Texas Lottery could make its recommendation for which multi-jurisdiction game to join as early as August 4th. While there has been no indication as to which direction the Lottery was leaning, Lottery officials acknowledged that it was unlikely to attempt to join both games.

GFOA HONORS RI, CT. For the sixth consecutive year, the Rhode Island Lottery has received the GFOA Certificate of Achievement for Excellence in Financial Reporting. The Lottery remains the first and only State Agency in **Rhode Island** to receive this award. For the fifth time in as many years, the **Connecticut** Lottery Corporation has earned the prestigious Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for fiscal year 2002.

MN HONORED BY NCPG. The Minnesota State Lottery has received a national award for its efforts supporting responsible gambling. The National Council on Problem Gambling (NCPG) awarded the Minnesota State Lottery the Government Award for 2003. This award recognizes the government agency or program that has demonstrated superior achievement in addressing issues of problem and pathological gambling. Among the Lottery's efforts to address problem gambling are its advocacy for programs that benefit problem gamblers, its active support of problem gambling organizations, including membership on both the national and state problem gambling councils, building awareness of the Problem Gambling Helpline and educating lottery retailers, players and staff.

\$2,000,000 FORTUNE. The Michigan Lottery launched its newest \$20 instant game, "\$2,000,000 Fortune." The game is different in that its \$2,000,000 top prize will be awarded through a drawing. The top-prize winning ticket will be drawn from the pool of players who claim one of the 1,100 \$1,000 prizes in the "\$2,000,000 Fortune" game.

ASK THE 8 BALL. The world's first licensed instant lottery game based on the classic pop culture icon Magic 8 Ball® was launched July 1, 2003 by the Pennsylvania Lottery. The \$2 Pennsylvania game, printed by Scientific Games, features 4 million tickets and gives lottery players the opportunity to win cash

prizes of up to \$8,888. The Magic 8 Ball® brand and related imagery are offered exclusively by MDI to lotteries in the United States.

WIN A TRIP TO SPACE. Forget jackpot fatigue. Space Adventures, the US company that put the first tourists into space (Dennis Tito – USA, and Mark Shuttleworth – South Africa), is proposing a unique prize – a trip to outer space. Eric Anderson, president and CEO Space Adventures, has apparently talked to a number of lotteries around the world, suggesting tickets could sell for as little as \$5, with two flights per year from 2005 to 2006 and rising to four annually.

WA TEAMS WITH MARINERS. The Washington Lottery and Seattle Mariners are stepping up to the plate for a fifth season of collecting children's books and supporting literacy. Continuing the success of the Lottery's *Home Runs for Reading* program, the Mariners Wives and Lottery staff were outside SAFECO Field collecting children's books and cash donations before Sunday's Mariners game against the divisional rival Texas Rangers. The first 2,000 fans age 18 or older who donated a new children's book received a \$1 "Cash Celebration" *Scratch* ticket for a chance to win \$1,776. Limit 10 tickets per person while supplies last. Books collected benefit the Page Ahead Children's Literacy Program, a 13-year-old, non-profit agency dedicated to putting books in the hands of at-risk children who have none in their homes.

OHIO MOVE. The Ohio Lottery Commission has announced that it is moving from its Cincinnati location on Western Ave to Blue Ash. The new location is expected to be a more convenient distribution center for the Lottery's sales representatives. The Lottery is expecting to move by the end of October.

THAI LOTTERY LAUNCH. Thailand's Government Lottery Office finally launched its new two-digit and three-digit tickets. The first drawing will take place on August 1. Officials are expecting to sell 35 million tickets, translating to approximately 500 million baht.

GIGI REPRESENTS CAMELOT. Camelot has introduced a NativeMinds virtual rep in the likeness of the UK lottery draw presenter, Gigi Morley, to provide 24-hour customer support for visitors to the National Lottery Web site at www.national-lottery.co.uk. Virtual reps are automated service agents that improve consumer relations and decrease call center costs by immediately answering questions on the Web. vRep "Gigi" joins a growing roster of Web site personalities such as "Hank" at Coca-Cola Co., "Kate" at Ford Motor Co. and "Lisa" at Pepsi-Cola. Camelot introduced the service when the National Lottery Web site became

transactional for the first time this year with the launch of Instant Win Games on the Internet.

COMPANY ANNOUNCEMENTS

A NEW HOPE FOR IGT. IGT announced a contract with Lucasfilm Ltd. that will allow IGT to create a gaming machine based on the Star Wars movie series. The Star Wars gaming machine will be developed as a MegaJackpots™ progressive system game on IGT's AVP™ (Advanced Video Platform). The machines boast enough computing power to produce vibrant 3D-like video and theater-style audio. IGT's Star Wars machine will be previewed at the Global Gaming Expo, scheduled for Sept. 16-18 at the Las Vegas Convention Center. It has not been determined when the new machine will be available in casinos. The first games available will likely be based on the first Star Wars movie, *A New Hope*.

FRANCE SIGNS WITH AGS. Access Gaming Systems Europe and La Française des Jeux have signed a new 5-year contract. LFDJ will continue to use AGS's 'ACES' system supplied under the initial contract in 2000, prior to migrating to AGS's new leading-edge interactive gaming product, Xenia, released in April 2003. LFDJ currently use AGS's technology to offer Instant games and Soccer Betting via the Internet. In the coming phase, this offer will expand to include Draw games as well as augmenting the distribution channel to include Interactive TV alongside Internet.

GTECH SIGNS WITH IDFG. GTECH has been awarded a two-year contract extension by the Idaho Department of Fish and Game to continue to provide products and services to operate Idaho's Fish and Game Licensing System through December 31, 2006.

TEXAS SIGNS INTERLOTT. Interlott has been named the Apparent Successful Proposer to supply ITVMs to the Texas Lottery. The Texas Lottery Commission will lease the new ITVMs to upgrade and replace its existing ITVM network of Interlott machines. Specifics of the deal, including the number and type of ITVMs, timing and delivery, will be negotiated at a later date.

LOTTERY PEOPLE

The UK's Department for Culture, Media and Sport announced that **Deborah Oliver** has been appointed to head the new National Lottery Promotions Unit. The aim of the Unit is to let people know how their Lottery money is being spent. Ms. Oliver will be supported by a small team, currently being recruited whose first job will be to look at current levels of awareness of the national Lottery and what the money is spent on and to find out what players and the public would like to know.

Submit material for next week's Morning Report by Wednesday of this week to Toddpr2@aol.com