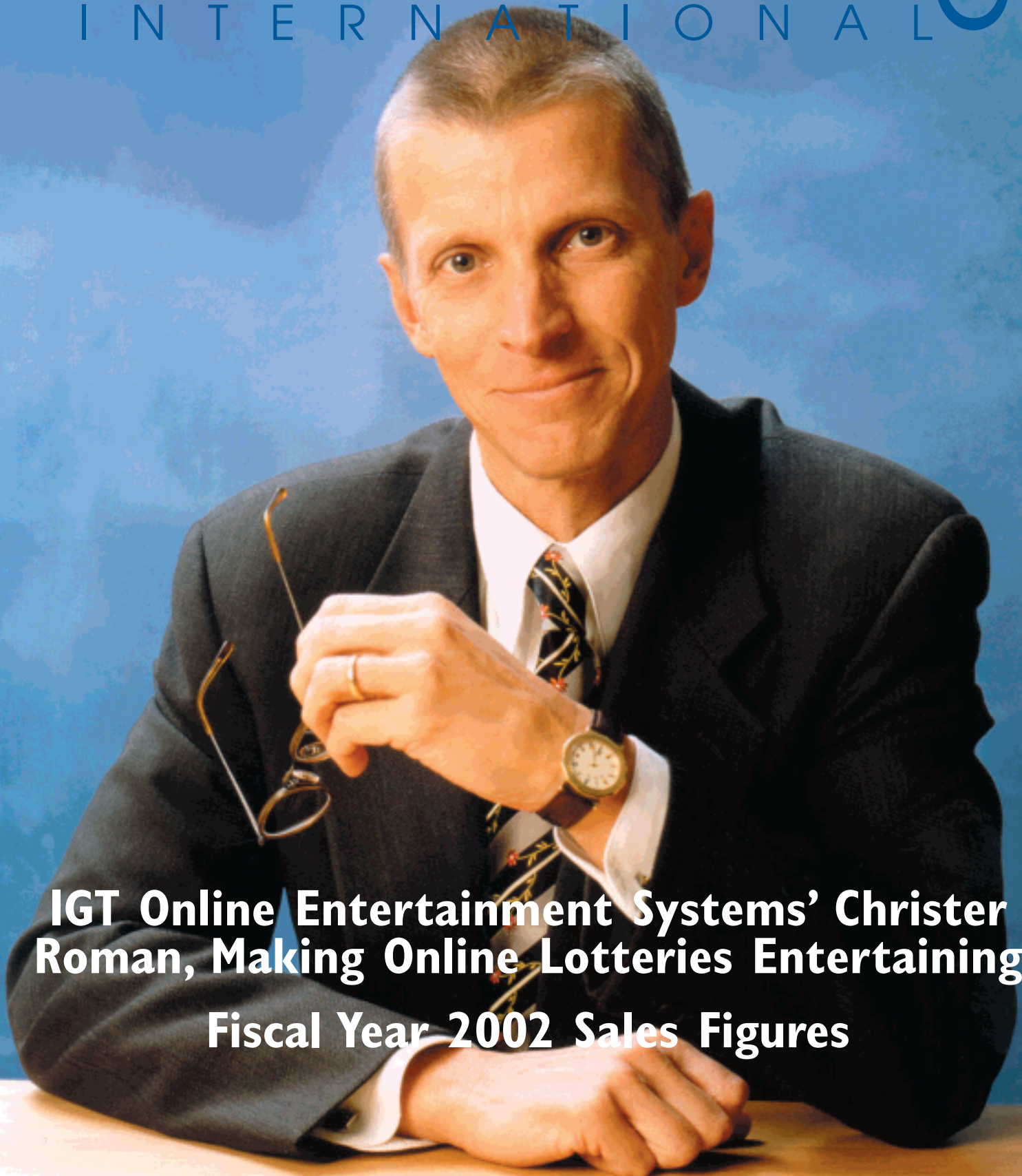


PublicGaming

I N T E R N A T I O N A L



IGT Online Entertainment Systems' Christer Roman, Making Online Lotteries Entertaining
Fiscal Year 2002 Sales Figures

Until now the best lottery terminals came from ILTS.



The ILTS Intellimark is
built around the Epson IR 300

Now they come from the ILTS/Epson team!

For more than two decades, ILTS has designed and built the most reliable terminals in the wagering industry. Their performance is near legendary. Datamark 4 terminals in Sweden have been in continuous service for 20, and are still in active use today. DATAMARK 8 terminals in New South Wales proved so reliable that on average they required a service call only once every two years.

Overall, ILTS terminals achieve MTBF more than double the industry average.

The message is clear. ILTS makes incredibly reliable terminals that are built to last.

Now ILTS has teamed with Epson, the world's leading supplier of value-added POS solutions to introduce the Intellimark, a new on-line lottery terminal that integrates field-proven ILTS ticket-handling technology and its legendary performance with the latest point-of-sale technology.

The Intellimark's powerful microprocessor and advanced modular design provide a flexible platform that can be configured

to meet the lottery's exact needs. The large color touch screen and patented, custom-tailored graphical user interface reduce the number of steps in selling and guide the operator through all essential functions.

A new standard of performance from a new team in the industry.

ILTS EPSON
The advantage of teamwork!

**ON THE COVER:**

Christer Roman, President,
IGT Lottery division.

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\$50 billion! \$50 billion!!



Yes, I needed a double take to be sure I was seeing that number correctly; the un-audited combined sales figure for lotteries in the U.S., Canada, and Mexico for Fiscal Year 2002. The actual total for FY02 is around \$50.7 billion, compared to \$46.2 billion for FY01, an increase of 10 percent.

It is incredible news, the North American lottery industry surpassing the \$50 billion mark for the first time, combining U.S. and Canadian dollars.

Even better, our collective NASPL beneficiaries received a record \$16 billion, based on an average return to our governments of between 31 and 32 percent. That means more money than ever for pre-school, elementary and secondary education. More money than ever for college grants and scholarships. More money than ever for senior citizens programs, environmental projects, housing, and other worthy projects that our lotteries' dividends help fund.

Lotteries were one of the few shining revenue stars for most government jurisdictions in the past year as tax receipts declined in many places because of the slowing economy. Recent media reports indicate that better than two-thirds of U.S. states are in the midst of serious revenue shortfalls. It's natural to wonder how much worse things could be for our governments' budgets without the success of North American lotteries in FY '02. I think it would be quite dire.

But, let's look at the positive! As an industry, we had our best year ever, and the vast majority of our individual lotteries did too.

What allowed for the record \$50 billion sales mark and unprecedented dividend success? The major contributing factors were increases in U.S. multi-state jackpot games, which increased over \$900 million or 47%, U.S. instant scratch-off ticket sales, which increased \$2 billion or 12%, and video lottery sales, which increased \$480 million or 17.5% for the U.S. and \$640 million or 45% for the

Canadian provinces. Of course, there was a lot of smart and hard work put in by our lottery staffs to make all of these things happen.

Of course, the question now is, "How do we achieve such great success again in FY 2003?"

It won't be easy. We'll have to have some more good jackpot luck and continue to create new and entertaining games to hold our current players' interest while attracting new players to grow our customer base. Many of us will also need to work closely with our government leaders as they consider expansion to more aggressive games. As budget shortfalls continue to get larger, policy makers will certainly be giving serious consideration to providing their lotteries the authority to expand. It seems much more palatable (politically acceptable) than raising taxes or cutting services.

Of course, in cases where policymakers may determine that expansion is not in the best interest of their jurisdictions, we in the lottery industry will need to work even harder and more creatively than ever to match the tremendous year we just completed. Yes, that presents a difficult proposition, but it is one that some of us will no doubt have to face.

Whatever the case, let's always remember that we have all been placed in charge of a public trust. It is our duty to do our best to provide our stakeholders with the best lotteries that we possibly can. Stick to that simple principle and we'll have another record year in FY '03!

A handwritten signature in black ink that reads "Arch Gleason". The signature is fluid and cursive, with a large, stylized 'A' and 'G'.

PINK POWER!

PINK PANTHER™

MDI is happy to welcome MGM's Pink Panther to its family of hot licensed lottery brands. With the best consumer awareness and appeal scores of any cartoon character currently being marketed to lotteries, we know you'll want to welcome him to your family, too. To put the Pink Panther on your game schedule, call toll-free, **1-800-572-7082**. Players won't be able to resist getting their paws on these tickets!

Q Score Results – Character Awareness*

	Pink Panther	Beetle Bailey	Dilbert
Males 18 and over	89%	84%	67%
Males 18–34	92%	83%	74%
Females 18 and over	89%	80%	65%
Females 18–34	97%	80%	73%

Q Score Results – Character Appeal*

	Pink Panther	Beetle Bailey	Dilbert
Males 18 and over	38	21	28
Males 18–34	38	16	30
Females 18 and over	25	15	8
Females 18–34	20	8	10



MDI

Brands that speak for themselves.

The Pink Panther™ and © 2002 UNITED ARTISTS CORPORATION
 *Source: Syndicated Study, Cartoon Q, November 2001 Market Evaluations, Inc.

Industry News

Popeye, Elvis, and the NBA All Grab Headlines for MDI

MDI reached a licensing agreement with the NBA to create the first-ever NBA and WNBA-themed Scratch and Win Game Cards for government sponsored lotteries in the U.S. and Canada. The new multi-year agreement runs through September 2005. MDI has already begun working with state and provincial lotteries and NBA teams to introduce the first games during the 2002-2003 NBA season. In addition to cash prizes, the games will offer a variety of NBA and WNBA merchandise and experiences as secondary prizes.

Popeye the Sailor Man, one of the best cartoon pitchmen in history, has also joined the MDI team, as a three-year deal was inked with King Features Syndicate and MDI Entertainment, Inc. The agreement will enable government sponsored lotteries in the U.S. and Canada to build games and promotions using images of Popeye and co-stars: Olive Oyl, Swee'Pea, Brutus and Wimpy.

Finally, Elvis and MDI are about to make Ireland the second stop on their global tour, under terms of an agreement with the An Post National Lottery Company. The agreement will enable The National Lottery to market 1.4 million Elvis instant lottery tickets to be priced at two Euros each. In addition to cash prizes, the Irish game will offer trips for two to Graceland.

Scientific Games Awarded Connecticut Instant Ticket Contract – Massachusetts Extends

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 million over the initial term of two years. The contract also provides for three one-year options to renew.

The Massachusetts Lottery has extended Scientific Games' instant ticket contract for one more year. The contract's estimated value is \$9.5 million.

Oberthur Contracts with Kentucky, Extends with Rhode Island

Oberthur Gaming Technologies has been chosen as the secondary supplier of instant tickets by the Kentucky Lottery Corporation. The contract is for an initial term of three years and contains a four-year renewal option.

The Rhode Island Lottery has signed a one-year contract extension with OGT, exercising all of the extensions in the contract executed in August 1998. OGT's partnership with the Lottery began in 1994. The Lottery plans to increase their number of game orders to utilize OGT's extensive printing capabilities

Kentucky extends with Schafer Systems

The Kentucky Lottery recently extended two of its contracts with Schafer Systems for an additional year. The contract for Attention Grabbers has been extended through August 13, 2003 and the contract for Instant Ticket Dispensers and Accessories has been extended through August 16, 2003. Since 1990, Kentucky has purchased a variety of products from Schafers including Attention Grabbers, Dual and Single Snap Together Modular Mini Dispensers, Promoters, and Play Centers.

TeleCom Game Factory Announces 'Real People' Lottery Draws

The TeleCom Game Factory unveiled the world's first secured "Real People Lottery Drawings Show."

The "Real People Lottery Drawings show," uses TeleCom's 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 clips are randomly selected from secured databases just like numbers from an automated draw machine. 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.

TeleCom can assist lotteries in building their state's video databases in a variety of ways depending on their budget, including taping celebrities, lottery winners, retailers and employees.

Colorado, Illinois, New Mexico Extend 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.

Also, the company received an order from the Illinois Lottery for 250 16-bin ITVMs. The new 16-bin Expandable Dispensing System (EDS) ITVMs are scheduled for delivery beginning in late August. The Lottery also extended its contract with Interlott for the lease, maintenance and service of its more than 2,800 unit ITVM network.

Finally, Interlott received a three-year contract extension from the New Mexico Lottery for the lease, maintenance and service of its ITVM network. The original five-year contract, which expired on May 21, 2002, will now run through May 21, 2005.

In other news, Interlott has been named for the third consecutive year to The Plain Dealer 100, which recognizes top-performing publicly traded companies based in Ohio. The company returns to the list at number 62. ■

Seiko Secure



If a lottery ticket printer goes down, a whole terminal goes down with it.

Money is lost. Customers too. And there may not be a repairman in the whole county—or the next. Why not rely on a pound of prevention instead? Insist on Seiko Instruments thermal printing solutions.

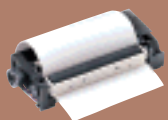
Talk about dependable. There are no ribbons to change. No ink. No misprints. No jams. And as for maintenance—just drop in a new roll or stack of paper every once in a while.

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And make sure you're Seiko Secure.

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Around the World

Australia

According to the Australian Bureau of Statistics (ABS), Australians spent \$13.8 billion on organized gaming last year. The figures show that the average Australian adult wagered \$944 over the year, with gaming machines accounting for nearly two-thirds of the figure.

The West Australian Lotteries Commission is helping to finance a new feature film to be shot in its jurisdiction. The film, titled "Japanese Story," is receiving \$400,000 from the WALC.

A trial is starting in August for a new Statewide-linked jackpot game for pubs with maximum prizes ranging from \$15,000 to \$25,000. The new game, called 'The Stash,' has been developed by Tab Ltd and will eventually link gaming machines (pokies) in 1,800 hotels across NSW.

China

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. 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, paying US\$10 to \$100 per year.

Surging Internet usage has made China the No. 3 user of the Internet in the world, with more than 45 million citizens now logging on regularly. The figures mark a 72% rise over last year. Only the U.S. and Japan have more Internet users.

Denmark

The Danish Lottery, Dansk Tipstjeneste A/S, has entered into a contract with Australia's Structured Data Systems to extend the Trackside™ animated racing game to over 50 PitStop cafés and other outlets throughout Denmark.

Trackside is a new online game, which shows realistic representations of racing thoroughbreds, trotters or greyhounds on TV screens. It can be run across hundreds of venues, where players may purchase tickets at fixed odds in races run every few minutes.

El Salvador

El Salvador's congress has voted to outlaw gambling. Under the law, casinos can stay open but won't be allowed to sponsor any type of gambling — aside from a few exceptions like the lottery.

Greece

OPAP betting offices closed down at the end of July as agents of the Lottery organization staged a 48-hour strike, aiming for a new work agreement.

The Greek Government generated 508.7 million euros from the sale of an 18.9% stake in lottery and soccer pool company OPAP after setting a price at the lower end of the

cost range.

Instant Lottery S.A won the silver and bronze medal for an advertisement campaign during the Ermis Awards 2002, known as the "Annual Festival of Greek Advertisements". The campaign titled "The taxi driver" won the awards for both radio and TV.

India

India-based Zee Telefilms plans to launch two new lottery game shows in August. Each week the two game shows will highlight the group's online lottery venture.

Taiwan

Hypercom Corporation has created and installed a customized transaction communications network for the Taiwan Lottery in concert with Pagic.net. The new network is now operational and handling the transmission of more than 10 million lottery ticket purchases daily, between Pagic.net and more than 7,000 online and in-store retail lottery retailers. The customized, scalable network has a capacity to conduct more than 40 million transactions a day.

Space within Taipei's MRT stations will soon be made available for handicapped lottery retailers. The government prohibits the operation of lottery stands in MRT stations, but is changing policy to improve the income potential for handicapped retailers.

Taiwan's first center for mentally- and physically-challenged people set up from revenues earned by the National Lottery is scheduled to become operational by the end of the year. Taipei Bank Vice President Wu Kuo-chang recently released records showing that the accumulated lottery revenues by the end of May had reached an estimated NT\$12.4 billion, and that NT\$6.2 billion of that amount had already been distributed to local governments.

UK

The BBC has negotiated a new four-year extension with the National Lottery to cover the live Saturday and Wednesday night draws up until 2006. The BBC has had the rights to broadcast draws since the lottery was launched in 1994.

Vietnam

Rimpac Resources opened its Internet Lottery marketing and business development office within the prestigious high-technology campus, Quang Trung Software City, located in Ho Chi Minh City, Vietnam.

The completely wireless office 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. ■

17.11. – 22.11.

2002



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ASSOCIATION CONGRESS
ADELAIDE, AUSTRALIA

Citigate SEA

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Get the decisive edge. If you want to stay out in front in the lottery business, you've got to be perfect at every phase of the race: top-notch consulting before you start, sophisticated technology along the way, and first-class service to bring you across the finish line. You'll lead the race with Wincor Nixdorf's future-oriented Lottery Solutions concepts. We also give you a particular edge over the competition: terminals from Wincor Nixdorf combine the reliability of modular standard components with the flexibil-

ity of individual solutions and open systems. And our service will be right behind you worldwide when you pick up the pace. One more thing: you'll still be in the lead tomorrow, because our hardware and software solutions are expandable. So team up with Wincor Nixdorf – a partner who will keep you out in front. Check us out. Call us for more information at **Phone: +49 7531 942 26-0** or visit our website at **www.lottery-solutions.de**

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IGT Online Entertainment Systems, Inc.

Bringing the Promise of Entertainment Based Games to On-Line Lotteries

By Todd Koeppen, Editor, Public Gaming International Magazine

PUBLISHER'S NOTE: The world lotteries are getting an exciting new option for on-line games with the commitment of International Game Technology, Inc. to the on-line market. As the financially strongest company in the industry, and with a focus on on-line lottery game innovations based on IGT's experience as the most successful game innovator in the casino industry, there is now the promise of changing lotto and other on-line games into entertainment rather than jackpot driven games. — Duane Burke, CEO, Public Gaming Research Institute, Inc.

The world's most successful gaming machine company is ready to take on the challenge of serving the world's on-line lottery market.

When IGT purchased Anchor Gaming, thereby acquiring AWI in 2001, some lottery experts speculated the purchase was only intended to obtain Anchor's licensing agreements for IGT. Once that was accomplished some thought AWI would be sold off, or simply disappear. Not many foresaw what was actually in the works – the restructuring and refocusing of AWI in order to commit IGT's vast resources to the world lotteries. In order to announce this new commitment to Lotteries worldwide, AWI's name is being changed to IGT Online Entertainment Systems, Inc.

"The name is a big deal to me," said Christer Roman, President, IGT Lottery division. "We like it very much. In order to put that name on the company you have to be very ambitious. We're saying we're not infrastructure providers. We're not plumbers. We are entertainment guys. It might take us two to five years to get there, but we're going to put the name on the company now just to show the world and our customers where we're going. The name in itself is very important."

IGT Committed to the Online marketplace

It's nice to hear that IGT has ambitious goals for on-line lottery gaming because on-line games of today have grown stale. The only excitement associated with them is provided by the large jackpots, and the fallacy of depending on large jackpots is that they have to keep getting bigger and bigger to remain of interest to the players. Something else has to be put into the game design equation and IGT On-

line Entertainment Systems believes that it has the solution.

Seeing that fresh ideas were needed, Christer Roman hired Ken Lathrop, a lottery industry outsider who had previously been one of the most successful marketing executives in Las Vegas. "After spending seventeen years in Las Vegas, I had witnessed the exact same phenomenon in the slot

world," commented Lathrop, now Director of Products and Marketing at IGT, on the earlier staleness of the slot machine games in the casino industry. "Eighteen years ago the slot machines in Vegas all looked the same. It was all about technology – who could build the best box. Then some bright and creative people started focusing instead on the entertainment value. How much fun was it to play? How interesting was it to play? As a result of that, if you look at the casino world and track table game revenue versus slot revenue against a beta-like occupied room night, you see continual compound growth in the slot revenues over the last eighteen years while the table games have remained relatively flat. What really drove that was the providers of the games. IGT was the leader in this effort. They stopped



worrying about who was building the best slot machine in terms of the technology. They kept up with the technology, but they focused their efforts on creative game design."

The correlation to the on-line lottery quandary in the slot machine world was Megabucks. IGT invented the multi-site linked progressive featuring big jackpots and operated Megabucks for years with good growth as people got more excited with jackpots in the \$10-\$20 million range. Still, as exciting as the possibility of being an instant millionaire was, it didn't stand up against pure entertainment value. The-most-successful-slot-machine-ever came out after Megabucks' \$20 million jackpots. Even with the possibility of becoming a millionaire in one pull of the slot arm fresh in consumers minds, the Wheel of Fortune game went on to become the most successful slot machine ever. The Wheel of Fortune game isn't jackpot dependent – its jackpots start at \$200,000. What has attracted customers is the entertainment value. Players can't wait to see the wheel spin and hear the Wheel of Fortune theme song. That's what's driving them – the entertainment value.

Now, with a new challenge at hand, IGT sees a great opportunity to repeat that same business model in the on-line lottery market.

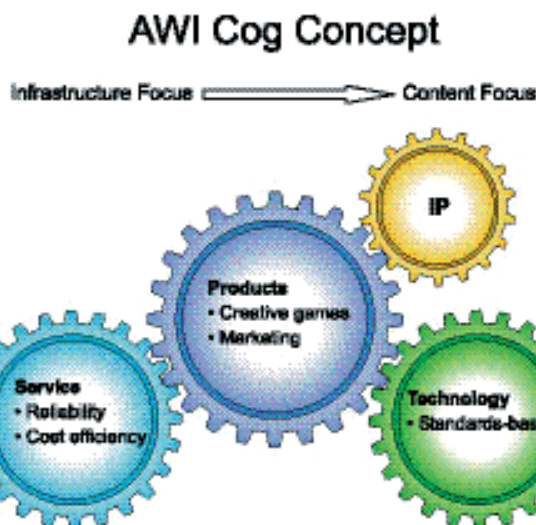
Cogs – A New Business Model

Five quarters before IGT acquired AWI, a strategy was put in place that inevitably worked perfectly with what IGT would be pursuing little more than a year later.

At that time, from AWI's viewpoint, there were several on-line vendors doing the same thing – providing technology and services to on-line operations worldwide. They formulated a long-term strategy for the company called the "Cogs" strategy. They wanted a strategy so simple to understand that one could actually describe it graphically. Within this strategy are three very important pieces of product offering: technology, service and content.

There are two base Cogs. One of the base Cogs is the technology that will always be provided. That would be a modern host system – various ways of communicating to various terminals. So the technology Cog is the technology you need to have in place in order to offer services, which is the second Cog.

The second cog is the "services" cog. The services cog is what is offered to a customer in order to either operate an entire lottery system, or to service and maintain a lottery system which the customer is operating internally. Of course, AWI agreed that the services they provide must have good quality and dependability, and needless to say, IGT Online Entertainment Systems wants to continue in that endeavor. All along, the company has recognized that developing these base cogs would be a lengthy process.



The Big Blue Cog

Now that they have reached a level where they have very good technology and very good services that can be delivered consistently, they are focused on what they call the big blue cog – game content.

"We're saying that being IGT Online Entertainment Systems, our core business is to provide game content to the player," stated Christer Roman. "That's what we do. In order to provide game content to the player we need to be able to supply the products and the services as well."

Roman continued, "Our CEO, Tom Baker actually says to the Market that we see ourselves as being in the entertainment

Christer Roman

President, IGT Lottery division

In December 2001, International Game Technology, Inc. merged with Anchor Gaming, Inc. and Christer Roman was named President of the IGT Lottery division.

Prior to that, Mr. Roman's illustrious, international career has included being COO of the Gaming Systems Division of Anchor Gaming, Senior VP of Product and Business Development at Powerhouse Technologies Inc. in Atlanta, CEO of EssNet AB based in Sweden, and CEO and President of Datech Group PLC in London.

His education includes: Master of Science in Civil Engineering, Royal Institute of Engineering, Stockholm; Stanford Executive program for smaller companies, California; a Diploma in Company Direction, Institute of Directors, London; and Advanced Management Program, INSEAD, Paris.

In addition to all this, he was navigator / tactician in the Swedish offshore sail racing team for ten years and also built a 27-foot sailing boat and sailed it for 17 months through Europe. ■

business. That's what we want to do 'big time'. We're starting on a rather long journey here with a lot of effort and investment into this blue cog. But, where we would like to end up three years down the road is to be known as the guys who develop exciting games for worldwide lotteries – that's what we do. The technology systems and the services, we'll deliver that too. That's the long-term objective that we have."

If there is one company that is set up to make game development its main focus, it is IGT Online Entertainment Systems. The company has access to hundreds of individuals whose sole responsibility is to develop new games. IGT has its main game design studio in Reno, a studio in Montana devoted to games for the VLT market, a game design studio in Las Vegas, three in the UK and two in Australia. The combined number of employees who focus solely on game design is 300. There's no engineering in that figure. That's 300 people every day that do nothing but work on new game concepts. It's an impressive investment – approximately \$40 million per year. This group of employees steadily introduce one new game per week to the casino floor, totaling more than fifty new games per year.

As if that wasn't enough, Ken Lathrop has been in charge of building up the first stage of an IGT Online Entertainment Systems game design studio in Clifton, New Jersey. He now has fifteen people there – several at the PhD level. The studio is linked with Reno in a way which enables them to look at any type of game or license and tweak the current set-up in order to create a new type of on-line game that hasn't been seen in the industry before.

On-line Focus and More

Ultimately, what IGT Online Entertainment Systems is trying to achieve in the next two to five years is a line of on-line games that can be played in stores at on-line terminals, on a cell phone, on the Internet, and at machines on the casino floor – perhaps even the ability to play the exact same game concept on a scratch ticket.

"What we think, long-term, is that we're not going to design a game specifically for a ticket terminal," said Roman.

"The only company that can really do that sort of global convergence is IGT, because they are tied into all these areas now," added Lathrop.

Roman continued, "This is the key focus of the company. There is no doubt that we have the financial backing and the global network just by being part of IGT. We have offices in all parts of the world. We have the sales force and the political force. But there is no doubt in my mind that being the number one provider in the world of game content to the gaming market is what's going to change the product offering for our on-line business. That is what's going to have an

impact on the industry, long-term. There's no doubt about it."

At the base of all this is the COGS strategy, and in the forefront is the name change to IGT Online Entertainment Systems.

Christer Roman summed it up best by saying "From my point of view the COGS concept itself really fits on the foundation of IGT, and that foundation is financial strength and global reach. While getting the cogs structure in place and restructuring the company, we started discussing the timing of the name change. When the decision was made at IGT to make

the lottery market a long term strategic business, we felt that the best way that we could tell the market that we're committed to the industry long-term is to change the name of the company. It's going to be an important message to the market, it's going to be an important message to our current customers, and it's going to be very important for our own employees." ■



ONLINE ENTERTAINMENT SYSTEMS

International Game Technology (IGT)

IGT is recognized as the world leader in slot machine and video gaming machine design and production. IGT gaming machines are the most popular in the casino industry. Its slot games, like Triple Diamond® and Five Times Pay®, are nine of the top 10 in player popularity year after year. And nine of the top 10 earning poker games in the United States are made by IGT.

IGT's video poker machines ushered in the video gaming revolution in the 1970s, and its spinning reel slots completed the slot machine's transformation from an electromechanical device to a microprocessor-driven game.

On December 30, 2001, IGT completed its acquisition of Anchor Gaming. Previously, IGT and Anchor formed a joint venture to operate several proprietary gaming systems including those based on the Wheel of Fortune® and video Wheel of Fortune® games. These are some of the most popular games ever to be introduced onto the casino floor and represent almost one-half of all machines operating on such systems.

In addition, the acquisition, through Anchor's AWI division, makes IGT a significant player in the lottery business. Currently 39 states and over 100 foreign jurisdictions operate lotteries, and most are currently looking to increase revenue from this source. Better game content, IGT's strong suit, should help AWI respond effectively to this need. The Company is now adapting a number of the entertainment world's best-known themes and creating the most innovative and popular products in its history. Those familiar themes include video Wheel of Fortune®, The Addams Family™, Austin Powers™, I Dream of Jeannie™, The Munsters™, and Creature from the Black Lagoon™. Other current IGT successes are Little Green Men™, Elephant King™, Leopard Spots™ and Double Diamond 2000™. ■

Canadian Fiscal Year Summary

FY02 was a great year for the Provinces. Overall, Canada's Lottery sales increased by 4.29 percent, and all but one jurisdiction, OLGC, saw a sales increase.

The interesting part about this sales increase is that it came without much help from the multi-jurisdictional games category. After seeing a 14.3 percent rise in the multi-jurisdictional category in FY01, this year saw a 3.52 percent decrease.

Instant games also saw a decrease, 1.65 percent, in FY02. With losses in both of these major categories, comprising nearly 54 percent of the country's total lottery sales, it's amazing that such a large overall increase occurred, but it happened nonetheless.

No one category can be hailed the savior of the Canadian Lotteries fiscal year. Keno saw an 11.93 percent rise, making up 13.7 percent of the overall gain; Sports games rose 4.23 percent and chipped in 3.8 percent of the overall gain; VLT sales climbed 5.25 percent, accounting for more than

29 percent of the overall gain; 3- and 4-digit games jumped 1.83 percent, and while it's .4 percent contribution to the gain didn't add much, at least it ended on the plus side. Overall, the big gain was contributed by the "Other" category. Scores of games combined their efforts to boost the Other category by 47.5 percent. This rise of \$309 million laid the biggest claim to the overall gain, as it provided 90.9 percent of the total. It should be noted that Instants and Multi-jurisdictional games contributed negatively to the overall gain by 37.7 percent.

Good News for North America

The success of the Canadian lotteries combined with the success of the U.S. lotteries (summary to follow) to boost North American sales figures past the \$50 billion figure for the first time. Overall, FY02 sales for Canadian and U.S. lotteries rose nearly \$3.9 billion over FY01, an 8.3 percent sales increase. ■

(Sales figures in millions. Per Capita in dollar amounts.)													Fiscal 2002 Sales & Profits		CANADIAN LOTTERIES	
													Total Sales	Population		
ALC	Instant	Lotto 6/49	Super 7	Keno		Pik 4	Pro Line	TAG	Video Lottery	Pull Tabs	Wild 5	Total Sales	Per Capita	Millions		
FY01	177	118.4	50.9	Atlantic	9.5	3	14.5	45.6	375.2	119.7	11.3	878.5	381.96	2.3		
FY02	174.9	118.2	52.4	13.4	2.7	17.6	45.9	399.6	121.9	17.2	963.8	419.04				
% Change	-1.19%	-0.17%	2.95%	41.05%	-10.00%	21.38%	0.66%	6.50%	1.84%	52.21%	9.71%	9.71%				
													Total	Total Sales	Population	
BCLC	Instant	Lotto 6/49	Super 7	BC49	Daily 3	Sports	Keno	Special Event	Pull Tabs	Extra	Chaser	Bingo	Casino	Total Sales	Per Capita	Millions
FY01	191.5	204.7	58.7	72.5	4.3	22.3	204	3.2	108.2	66.1	1.6	53.8	492.3	1,483	368.91	4.02
FY02	199.3	194.9	61.3	70.8	4.5	25.9	222.8	2.9	113	64.9	2.4	92.3	552.4	1607.4	399.85	
% Change	4.07%	-4.79%	4.43%	-2.34%	4.65%	16.14%	9.22%	-9.38%	4.44%	-1.82%	50.00%	71.56%	12.21%	8.39%	8.39%	
													Total	Total Sales	Population	
Loto-Quebec	Instant	Lotto 6/49	Super 7	Quebec 49	La Quotidienne	Sports	Keno	Video Lottery	Televised Lotteries	Extra	Others	Total Sales	Per Capita	Millions		
FY01	591.1	462	243.6	64.8	25.8	42.3	107.6	1,053.10	84.2		47.7	2722.2	371.89	7.32		
FY02	590.3	421.9	223.3	64.6	27.8	42.5	124.6	1067.5	89.1	147.7	39.6	51.5	2890.4	394.86		
% Change	-0.14%	-8.68%	-8.33%	-0.31%	7.75%	0.47%	15.80%	1.37%	5.82%		7.97%	6.18%	6.18%			
													Total	Sales Per	Population	
OLGC	Instant	Multi Jurisdiction	Pick 3	Sports	Keno	Encores	Other	Total Sales	Sales Per Capita	Population Millions						
FY01	655.2	944.3	55.8	166.7	67.6	162.1	105.5	2157.2	190.23	11.34						
FY02	620.72	911.27	56.39	167.3	74.35	185.69	95.98	2111.7	186.22							
% Change	-5.26%	-3.50%	1.06%	0.36%	9.99%	14.55%	-9.02%	-2.11%	-2.11%							
													Total Sales	Population		
WCLC	Instant	Lotto 6/49	Super 7	Western 6/49		3 Digit	Sports	Keno	Plus	Special Event	Extra	Total Sales	Per Capita	Millions		
FY01	179.1	234.5	77.1	31.7	13.4	61.7	0.7	74.3		20.2	692.7	131.94	5.25			
FY02	176.2	227.7	81.1	32.2	14.3	67.2	0.7	75.4	4.6	21.6	701	133.52				
% Change	-1.62%	-2.90%	5.19%	1.58%	6.72%	8.91%	0.00%	1.48%		6.93%	1.20%	1.20%				
													Total Per			
Totals	Instant	Multi Jurisdiction	Keno	Sports	Video	3 & 4 Digit	Other	Total	Capita							
FY01	1793.9	2795.2	389.4	307.5	1,920.60	76.5	650	7,934	262.44							
FY02	1764.32	2696.76	435.85	320.5	2,019.50	77.89	959	8,274	273.71							
%Change	-1.65%	-3.52%	11.93%	4.23%	5.15%	1.82%	47.50%	4.29%	4.29%							

U.S. Fiscal Year Summary

FY02: The Year of the Multi-State

FY02 was an extremely successful year for U.S. lotteries, and it couldn't have come at a better time. With states facing severe budget deficits, lotteries really stepped up to the challenge. Of course, two of the biggest jackpots in lottery history, courtesy of the Big Game/Mega Millions and Powerball, spearheaded the effort. That's why PGI is dubbing FY02 as the Year of the Multi-State.

Only one jurisdiction, D.C., with an 11.58% dip, saw multi-state sales slip in FY02. Delaware, at 85.78% saw the largest increase for jurisdictions offering a multi-state jackpot game, while the average lottery saw a 44.58% jump in the category. This trend is set to continue in FY03 as the launch of Mega Millions, which revamped the odds on the Big Game to increase jackpot size, adjustments to Powerball (also aiming at higher jackpots), and the addition of several million potential customers in several jurisdictions should add several million to multi-state sales totals.

The success of multi-state did filter down to other games in several jurisdictions, but that's not to say that lotteries that aren't part of a multi-state group didn't see tremendous success in FY02. All but two U.S. jurisdictions, Michigan and Washington, reported an increase in overall sales in FY02. Michigan's decrease is slight, and is based on a very conservative estimation. Their fiscal year ends in September, so don't be surprised if they end up ahead as well. As for Washington, prospects look good for FY03, as a revamped Lotto game, new membership in the Mega Millions group, and new Director Tony Molica set the stage for a big turnaround.

Overall, the year was so impressive that we could truly put out several glowing pages of rhetoric detailing the individual successes of each game. Instead, we put together some charts that allow the numbers to tell the story. If you're a stats fan, this section should tickle your fancy. Enjoy. ■

How They Rank

(sales totals are in millions)

Games Totals

Total Sales

1. Instant - 18,668
2. 3-Digit - 5401.3
3. Lotto - 231.5
4. Video - 3226
5. 4-Digit - 2988.2
6. Multi-State - 2667.8
7. 5-Digit - 1789.6
8. Keno - 1788.9
9. Other - 572.1
10. Pull-Tabs - 103.3

Sales Per Capita

1. Video - 403.25
2. Instant - 74.58
3. Keno - 25.59
4. 3-Digit - 23.46
5. Lotto - 21.93
6. Multi-State - 19.79
7. 4-Digit - 17.03
8. 5-Digit - 8.05
9. Other - 3.46
10. Pull-Tabs - 2.99

% Change

1. Multi-State - 44.58%
2. Video - 17.9%
3. Instant - 12.45%
4. 4-Digit - 6.14%
5. 5-Digit - 4.13%
6. Keno - 4.11%
7. 3-Digit - 2.43%
8. Pull Tabs - .68%
9. Lotto - -2.57%
10. Other - -20.56%

Jurisdictions Seeing Increase (increase/decrease)

1. Video 5/0 - 100%
2. Multi-St. 27/1 - 96.4%
3. 4-Digit 23/2 - 92%

4. Instant 34/4 - 89.5%
5. 3-Digit 21/8 - 72.4%
6. 5-Digit 15/10 - 60%
7. Keno 6/4 - 60%
8. Pull-tabs 5/5 - 50%
9. Lotto 14/16 - 46.7%
10. Other 9/14 - 39.1%

Lotteries Totals

Total Sales

- NY - 4753.6
MA - 4211.4
TX - 2975
CA - 2916
GA - 2449.4

Total Sales Per Capita

- RI - 1064.55
DE - 853.25
SD - 787.38
MA - 658.03
WV - 471.44

% Change

- WV - 42.17%
RI - 19.71%
CO - 16.37%
NE - 16.35%
NM - 15.9%

Instant

Instant - Total

- MA - 2924.9
NY - 1966.5
TX - 1927

Instant - Per Capita

- MA - 457.02
CT - 159.76
GA - 145.94

Instant - % Change

- NY - 41.87%
WV - 26.75%
GA - 22.85%

3-Digit

3-Digit - Total

- NY - 736.5
GA - 688.2
PA - 492

3-Digit - Per Capita

- DC - 120.5
MD - 56.83
NJ - 53.68

3-Digit - % Change

- IA - 25%
IN - 12.85%
MO - 11.4%

4-Digit

4-Digit - Total

- NY - 523.8
MA - 374.7
MI - 290.5

4-Digit - Per Capita

- DC - 113.33
MA - 58.55
MD - 37.3

4-Digit - % Change

- TX - 29.14%
GA - 18.71%
MO - 18.60%

5-Digit

5-Digit - Total

- NY - 434.9
FL - 262.9
PA - 244

5-Digit - Per Capita

- NY - 22.89
PA - 19.84
FL - 16.03

5-Digit - % Change

- ID - 84.62%
NM - 57.69%
KY - 45.38%

Lotto

Lotto - Total

- CA - 1275.5
FL - 806.1
TX - 613.1

Lotto - Per Capita

- FL - 49.15
NY - 29.75
TX - 28.78

Lotto - % Change

- MA - 66.48
CT - 45.43
WI - 16.28

Multi-State

Multi-State - Total

- NJ - 239.9
IL - 221.1
MI - 200

Multi-State - Per Capita

- DE - 53.88
DC - 45.83
WV - 42.17

Multi-State - % Change

- DE - 85.78%
NJ - 76.62%
MD - 64.35%

Keno

Keno - Total

- MA - 640
NY - 488.8
MD - 355.7

Keno - Per Capita

- MA - 100
RI - 71.64
MD - 65.87

Keno - % Change

- MD - 11.33%
RI - 13.87%
MA - 7.87%

Video

Video - Total

- RI - 771
DE - 565.03
SD - 563.7

Video - Per Capita

- RI - 850.18
SD - 754.5
DE - 706.63

Video - % Change

- WV - 46.47%
RI - 21.3%
DE - 12.83%

Pull-Tabs

Pull-Tabs - Total

- KY - 32
IA - 27.6
MO - 27.4

Pull-Tabs - Per Capita

- IA - 9.52
KY - 7.8
MO - 4.89

Pull-Tabs - % Change

- KS - 780%
WV - 7.14%
MO - 3.01%

Other

Other - Total

- CA - 194.6
FL - 98.3
OH - 45

Other - Per Capita

- FL - 5.99
CA - 5.64
MD - 5.28

Other - % Change

- VT - 38.89%
ME - 31.58%
OR - 17.78% ■

Caesars Rules

Above
All The
Rest!



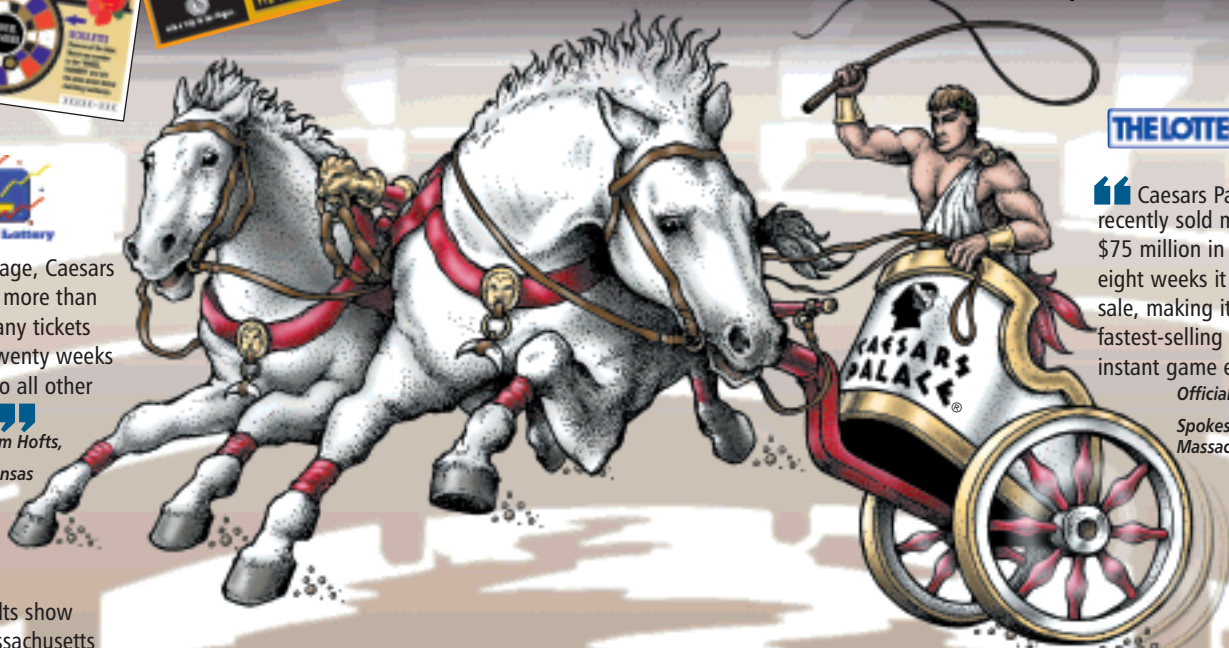
“On average, Caesars Palace sold more than twice as many tickets in its first twenty weeks compared to all other \$5 games.”

Tom Hofts,
Kansas

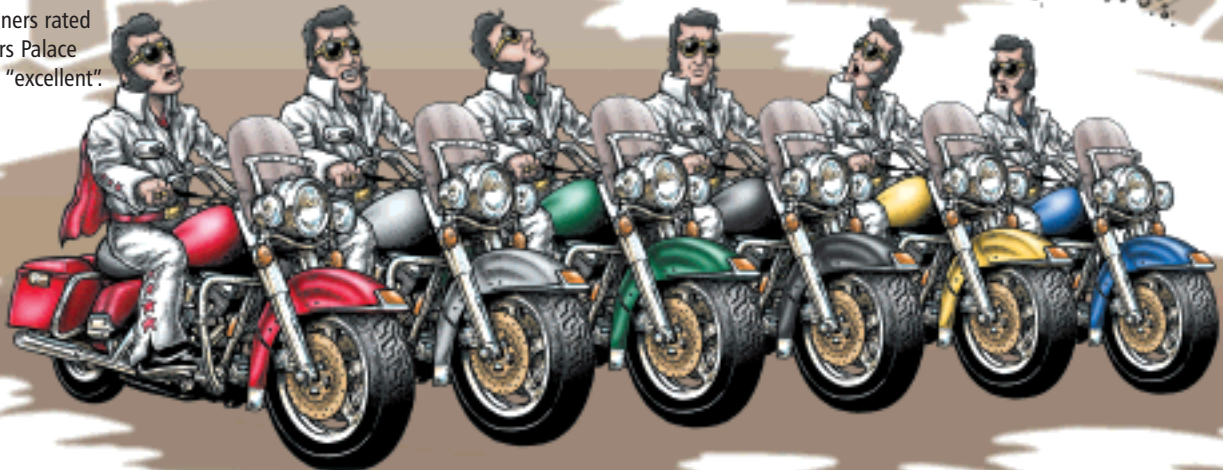


“Caesars Palace recently sold more than \$75 million in the first eight weeks it was on sale, making it our fastest-selling \$5 instant game ever.”

Official Lottery
Spokesperson,
Massachusetts



Survey results show 90% of Massachusetts Lottery winners rated their Caesars Palace vacation as “excellent”.



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(Sales figures in millions. Per Capita in dollar amounts.)

Fiscal 2002 Sales & Profits

U.S. LOTTERIES

	Instants			3 Digit			4 Digit			5 Digit			Lotto			Multi-State		
	FY'01	FY'02	% Change	FY'01	FY'02	% Change	FY'01	FY'02	% Change	FY'01	FY'02	% Change	FY'01	FY'02	% Change	FY'01	FY'02	% Change
AZ*	136.9	143.4	4.75%	6.6	6.2	-6.06%				9.9	9.8	-1.01%	45	39.3	-12.67%	74.3	96.2	29.48%
CA*	1,190	1,203.9	1.17%	85.1	93.9	10.34%				154.2	148.1	-3.96%	1,272.4	1,275.5	0.24%			
CO	249.2	257.2	3.21%							12.5	13.2	5.60%	88.9	57.7	-35.10%	79.9		
CT*	528.3	543.2	2.82%	178	179.6	0.90%				41.8	42	0.48%	37.2	54.1	45.43%	54.3	88.9	63.72%
DE*	19.7	21.1	7.11%	29.4	28.5	-3.06%	15.5	15.3	-1.29%				8.2	8.3	1.22%	23.2	43.1	85.78%
DC**	33.2	34.5	3.92%	71.2	72.3	1.54%	66	68	3.03%	5.4	5	-7.41%	4.2	4.2	0.00%	31.1	27.5	-11.58%
FL*	724.9	754.6	4.10%	326.5	329.8	1.01%	163.2	170.7	4.60%	191.6	262.9	37.21%	845.6	806.1	-4.67%			
GA*	997.9	1,225.9	22.85%	729.6	688.2	-5.67%	111.2	132	18.71%	84.9	86.8	2.24%	80.6	84.8	5.21%	140.5	187.7	33.59%
ID	51.8	56.5	9.07%	1.2						1.3	2.4	84.62%				23.4	31.3	33.76%
IL	592.4	643.8	8.68%	320.4	341.5	6.59%	152	167	9.87%	89.7	81.7	-8.92%	144.2	134.9	-6.45%	155.9	221.1	41.82%
IN*	309.1	352.6	14.07%	28.8	32.5	12.85%	29	31.7	9.31%	9.3	9.1	-2.15%	66	64.3	-2.58%	100.5	132.2	31.54%
IA*	84.2	80.6	-4.28%	4	5	25.00%				4.3	4.3	0.00%				52.1	60.8	16.70%
KS*	84	79.7	-5.12%	5.5	5.5	0.00%							15.5	14.9	-3.87%	42.9	53.7	25.17%
KY*	273	298	9.16%	113.8	122.5	7.64%	27.3	29.7	8.79%	11.9	17.3	45.38%	28	27.1	-3.21%	97.1	112	15.35%
LA*	111.2	111.3	0.09%	43.1	44.9	4.18%	14.9	17.3	16.11%				29.7	30.8	3.70%	76.4	101.1	32.33%
ME*	106.4	117.2	10.15%	5.2	5.6	7.69%	4	4.3	7.50%				27.4	25.8	-5.84%			
MD	263.9	299	13.30%	305.5	306.9	0.46%	198.8	201.4	1.31%				52.8	37.9	-28.22%	47.4	77.9	64.35%
MA*	2,728.8	2924.9	7.19%				374.3	374.7	0.11%	48.2	47	-2.49%	54.3	90.4	66.48%	69.5	114	64.03%
MI**	637.8	647	1.44%	406.9	418.2	2.78%	280.8	290.5	3.45%		41.1	-100.00%	105	72	-31.43%	139	200	43.88%
MN	250.9	241	-3.95%	13.5	13.9	2.96%				20.3	22.4	10.34%				75.6	94.2	24.60%
MO*	272.5	316.4	16.11%	46.5	51.8	11.40%	12.9	15.3	18.60%	23.3	22.7	-2.58%	28.5	27	-5.26%	97.9	121.5	24.11%
MT	9	9.7	7.78%							3.8	4.4	15.79%				13.8	15.7	13.77%
NE	32.1	36.8	14.64%							4.8	5.9	22.92%				26.7	29.8	11.61%
NH*	139.3	140.4	0.79%				10	10.9	9.00%				12.3	11.7	-4.88%	30.4	44.5	46.38%
NJ	675.8	773.7	14.49%	437.6	456.3	4.27%	239.3	256	6.98%	67.5	75.1	11.26%	195.8	189.9	-3.01%	166.4	293.9	76.62%
NM	74.9	81.2	8.41%	1.7	1.5	-11.76%				5.2	8.2	57.69%				33.9	43.2	27.43%
NY	1,386.1	1,966.5	41.87%	709.1	736.5	3.86%	472.4	523.8	10.88%	388.3	434.9	12.00%	558.5	565.3	1.22%			
OH*	988	1,001.1	1.33%	418.2	409.2	-2.15%	150.7	154.6	2.59%	56.5	63.3	12.04%	262.5	298	13.52%	16.5		
OR*	129.3	130.7	1.08%				2.4	2.2	-8.33%				30.9	33.2	7.44%	38.1	44.3	16.27%
PA	607.8	721	18.62%	489.3	492	0.55%	249.7	252	0.92%	229.1	244	6.50%	204	225	10.29%			
RI*	69.4	78	12.39%				28.5	29	1.75%							36.4	46.3	27.20%
SC*		306.3			27.8						1.4							
SD	11.6	12.4	6.90%										1.3	1.4	7.69%	8.5	10.8	27.06%
TX**	1754.2	1,927	9.85%	211.8	231.7	9.40%	65.9	85.1	29.14%	146.9	118.1	-19.61%	707.3	613.1	-13.32%			
VT*	67.4	68.6	1.78%	1.4	1.5	7.14%	1.1	1.2	9.09%				9.9	8.3	-16.16%			
VA	460	492.5	7.07%	230	243.1	5.70%	131.4	141.2	7.46%	25.9	27.3	5.41%	79.8	86.8	8.77%	74.4	117.3	57.66%
WA*	243	242.4	-0.25%	18.2	18.1	-0.55%				40.9	30	-26.65%	155.2	120.8	-22.16%			
WV*	74.4	94.3	26.75%	10.2	10.1	-0.98%	4.7	4.7	0.00%				6.5	6.6	1.54%	48.4	75.9	56.82%
WI*	233.2	233.6	0.17%	26.1	25.5	-2.30%	9.4	9.6	2.13%		2.3		52.2	60.7	16.28%	67.1	86.5	28.91%
Total	16601.6	18668	12.45%	5273.2	5401.3	2.43%	2815.4	2988.2	6.14%	1718.6	1789.6	4.13%	5209.7	5075.9	-2.57%	1845.2	2667.8	44.58%

All U.S. lotteries ended Fiscal Year 2002 the week of June 30 except: New York (March 31); D.C., Michigan, Texas (see below).

*Unaudited at press time.

**Estimated figures.

(Sales figures in millions. Per Capita in dollar amounts.)

Fiscal 2002 Sales & Profits**U.S. LOTTERIES**

Keno FY'00	FY'01	% Change	Video FY'00	FY'01	% Change	Pull Tabs FY'00	FY'01	% Change	Others (see notes) FY'00	FY'01	% Change	Total Sales FY'00	FY'01	% Change	Total Sales Per Capita FY'00	FY'01	Population (millions)
												272.7	294.90	8.14%	53.16	55.64	??
									194.3	194.6	0.15%	2,896	2,916	0.69%	85.5	84.52	34.5
												350.6	408.00	16.37%	81.53	92.73	4.4
												839.6	907.80	8.12%	246.25	267.00	3.4
			501	565.3	12.83%				1.8	1.001	-44.39%	598.8	682.60	13.99%	771.54	853.25	0.8
									2.5			211.1	214.00	1.37%	370.35	356.67	0.6
									108.8	98.3	-9.65%	2360.6	2,422.4	2.62%	147.72	147.71	16.4
49.2	44	-10.57%										2193.9	2,449.4	11.65%	267.86	291.60	8.4
						1.4	1.1	-21.43%	3.9	0.5	-87.18%	81.8	93.00	13.69%	63.3	71.54	1.3
												1454.6	1,590	9.31%	116.4	127.20	12.5
						0.8	0.7	-12.50%	4.8	3.5	-27.08%	548.3	626.60	14.28%	90.18	102.72	6.1
						27	27.6	2.22%	3.3	2.5	-24.24%	174.9	180.80	3.37%	59.39	62.34	2.9
42	39.9	-5.00%				0.5	4.4	780.00%	2.8	2	-28.57%	193.2	200.20	3.62%	71.86	74.15	2.7
						32.6	32	-1.84%	5.9		-100.00%	589.6	638.60	8.31%	145.92	155.76	4.1
									8.8	6.1	-30.68%	284.1	311.50	9.64%	63.65	69.22	4.5
									3.8	5	31.58%	146.8	157.90	7.56%	115.59	121.46	1.3
319.5	355.7	11.33%							25.4	28.5	12.20%	1213.3	1,307.3	7.75%	228.92	242.09	5.4
593.3	640	7.87%							20.4			3868.4	4,211.4	8.87%	619.78	658.03	6.4
9.8	10	2.04%				3.1		-100.00%	64.1	37	-42.28%	1687.6	1,674.7	-0.76%	163	167.47	10
									5.9	5.6	-5.08%	366.2	377.10	2.98%	74.3	75.42	5
3.1						26.6	27.4	3.01%				508.2	585.2	15.15%	90.75	104.50	5.6
									3.8	3.7	-2.63%	30.4	33.50	10.20%	33.77	37.22	0.9
										1.5		63.6	74.00	16.35%	38.83	43.53	1.7
									4.7	5.4	14.89%	196.7	212.90	8.24%	158.88	163.77	1.3
									24.3	23.7	-2.47%	1806.7	2,068.6	14.50%	214.83	243.36	8.5
												115.7	134.10	15.90%	63.51	74.50	1.8
508.4	488.8	-3.86%							162.6	37.8	-76.75%	4185.4	4,753.6	13.58%	220.51	250.19	19
									42.9	45	4.90%	1918.8	1,987.7	3.59%	169.01	174.36	11.4
104.8	106.7	1.81%	462.4	480.2	3.85%	4.2	3.8	-9.52%	13.5	15.9	17.78%	785.6	817.00	4.00%	232.11	233.43	3.5
												1779.9	1,934	8.66%	144.71	157.24	12.3
69.2	78.8	13.87%	771	935.2	21.30%	0.2	0.2	0.00%	3.5	3.5	0.00%	978.2	1,171	19.71%	931.61	1064.55	1.1
												0	335.5			81.83	4.1
			563.7	603.6	7.08%				1.8	1.7	-5.56%	586.9	629.90	7.33%	782.53	787.38	0.8
												2886.1	2,975	3.08%	138.42	139.67	21.3
									1.8	2.5	38.89%	81.6	82.10	0.61%	132.62	136.83	0.6
									1.3	0	-100.00%	1002.8	1,108.2	10.51%	141.64	153.92	7.2
8.9	8.1	-8.99%							17.8	19.2	7.87%	484	438.60	-9.38%	82.16	73.10	6
13.2	13.8	4.55%	438.1	641.7	46.47%	1.4	1.5	7.14%				596.9	848.60	42.17%	329.78	471.44	1.8
						4.8	4.6	-4.17%	8.6	4.7	-45.35%	401.4	427.50	6.50%	74.85	79.17	5.4
1718.3	1788.9	4.11%	2736.2	3226	17.90%	102.6	103.3	0.68%	720.2	572.1	-20.56%	38741	42281.2	9.14%	8546.498675		250.3

Michigan Lottery fiscal year ends September 30. Figures are estimated.

Texas Lottery fiscal year ends August 31. Figures are estimated.

Multi-State Games are Powerball and Mega Millions.

Lottery Beneficiary Programs

Now that we've seen how much money has come in, let's look at where the proceeds are going for some of our lotteries...

California

In California all proceeds from lottery sales are transferred to California's public schools. Since California sales began on October 3, 1985, the Lottery has transferred nearly \$14 billion to school's. Currently, Lottery revenues represent less than 2% of all public revenues that public school districts and higher education systems receive each year.

The local school boards for the K-12 and community college districts as well as the governing boards for the state's public higher education systems have nearly total discretion over how they spend their Lottery allocations, except that they can not use it on capital expenditures. The latest state data on the usage of Lottery funds indicates that approximately 90% of the K-12 revenues are used to cover salaries and benefits in the districts. Community colleges and public higher education tends to use their Lottery money for one-time or more specified programs. The UC System uses almost all of its money to upgrade computer systems each year.

The current fiscal condition of the state funding available for the public schools may dictate that, in FY03, Lottery revenues be used more for district general fund needs and less for specific programs.

Florida

All Florida Lottery proceeds go into the Florida Educational Enhancement Trust Fund, and are used for the enhancement and improvement of education in Florida.

The primary recipients are as follows: K-12 public schools, \$396.4 million; Bright Futures Scholarships, \$190 million; school construction bonds, \$180 million; state universities, \$98.67 million; community colleges, \$98.6 million; and other state student financial aid, \$19.4 million.

Highlights Include: 92,202 additional students attend Florida universities with the aid of Bright Future Scholarships.

Legislative appropriations for FY 2002-2003 are as follows: K-12 public schools, \$334.4 million; Bright Futures Scholarships, \$226.8 million; school construction bonds, \$180 million; state universities, \$110 million; community colleges, \$101.3 million; and other state student financial aid, \$16.7 million.

Kansas

For every dollar of Kansas Lottery sales, 30 percent is returned to the state and goes directly into the State Gaming Revenues Fund. From this fund; 85 percent is directed to the Economic Development Initiatives Fund, 10 percent for prison construction and 5 percent for juvenile detention facilities.

There are many success stories about businesses in the state that benefit from Lottery proceeds, as well as employee training

programs, new business grants, Wildlife and Parks, and many other areas that have received funding. The majority of funds are geared toward economic development in the state.

Kentucky

The majority of Kentucky Lottery dividends support need-based grants and merit-based scholarships for post-secondary education. In addition, \$3 million annually goes to adult literacy and early childhood reading programs. Some unclaimed prize money goes to the Affordable Housing Trust Fund to build homes for needy citizens. About one-third will go to the state's General Fund in the current fiscal year.

The Kentucky Higher Education Assistance Authority used over \$96 million in Lottery revenues to make over 50,000 grant and scholarship awards. The Affordable Housing Trust Fund used \$3.7 million in Lottery revenues to build over 1,000 units of housing for needy Kentuckians.

Grant and scholarship awards will increase from 57 to 64 percent of total Lottery revenue this year.

Maryland

The Maryland Lottery is the third largest revenue source to the State's General Fund. The General Fund is the State's financing source for services and programs such as education, public health, human resources, public safety and much more.

During FY 2002, the Maryland Lottery contributed more than \$443 million to the State of Maryland.

Michigan

Michigan Lottery revenue is used to benefit kindergarten through 12th grade public education. Some of the needs that are covered by this money include instructional support, administrative costs, operations, maintenance and transportation. Within each of these categories there may be expenditures for salaries, benefits, supplies and purchased services.

Michigan Lottery revenues comprise roughly four percent of the total state and local spending for K-12 education.

Minnesota

In Minnesota, the Legislature determines how lottery proceeds are distributed. Currently, 60 percent of net proceeds (9.8 cents of every lottery dollar) are directed to the General Fund. The remaining 40 percent of net proceeds are constitutionally dedicated to the Environment and Natural Resources Trust Fund through the year 2025.

The Environment and Natural Resources Trust Fund finances a variety of projects that preserve, restore and enhance Minnesota's natural resources, including improvements to state parks, construction of state trails, enhanced hunting and fishing

[illegible]

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habitat and research to improve Minnesota's environment.

The Lottery also transfers 6.5 cents in-lieu-of-sales tax to the State. A portion of this money goes to the Natural Resources Fund, supporting projects for state parks and trails; parks and trails in the Twin Cities metropolitan area; local trails; and the Duluth, Como and Minnesota zoos. The Game and Fish Fund also receives a percentage of the in-lieu-of-sales tax money. This money is spent on activities that improve, enhance or protect fish and wildlife resources, including conservation, restoration and enhancement of land, water and other natural resources of the state.

New York

The New York Lottery's sole purpose is to raise revenue for education. The Lottery's return of \$1.58 billion in revenue to the State Aid to Education Fund comprises 5% of the Empire State's total aid to education budget.

In addition to its monetary support, the Lottery also sponsors a select number of educational programs as a means of staying involved with the communities it serves year-round.

The Lottery's premier educational program is the New York Lottery Leaders of Tomorrow Scholarship, which awards a \$4,000 scholarship to one graduating senior from every high school in the State. Other programs include: the Winter Achievers Statewide Essay Contest (which challenges 6th through 8th grade students to express the lessons they've learned through their participation in sports); the Empire State Games; the New York Lottery Educator of the Week program; the Education Bus which travels the length and breadth of the State every year making appearances at schools and community events to teach young adults about the history, culture and geography of New York; and the Education Wins! program which awards computer equipment to schools in need.

During FY 01-02, the New York Lottery awarded its Leaders of Tomorrow Scholarship to 1,189 graduating high school seniors across New York State, representing a financial commitment of more than \$4.7 million.

Oregon

Three beneficiaries receive Oregon Lottery profits: K-12 Public Education, Economic Development, and Natural Resource Programs.

Currently, 64% of all Lottery profits (\$436.2 million) go to K-12 public education. Almost 20% (149.4 million) goes to economic development; 15% (\$99.6 million) goes to natural resource programs; and 1% (\$7.1 million) go to problem gambling treatment programs.

With the expected shortfall in the state budget and the pressure to adequately fund public education for the 2003-2005 biennium, there will be increased pressure to direct more Lottery profits to education.

Rhode Island

By law, all Lottery proceeds in Rhode Island are turned over to the State General Fund. The General Fund supports a variety of

programs in the state, from education and health care to public safety and the environment.

South Carolina

The South Carolina Education Lottery sends all its money to scholarship programs for higher education, including: Hope Scholarships for students obtaining a 3.0 GPA; Life Scholarships requiring a "B" average at two-year schools, or to enter a four-year school with two of the following three: 1100 on the SAT, a 3.0 GPA, or place in the top 30% of his/her graduating class; and Palmetto Fellows Scholarships, which require a 1200 or higher SAT, a 3.5 GPA, and a top five percent placement in class ranking. The Lottery also offers or is involved in the Lottery Tuition Assistance for Technical and 20-Year Institutions, Need Based Grants, and a National Guard Student Loan Repayment Program.

South Dakota

South Dakota Instant ticket proceeds go to the General Fund (State Aid to Education and Local Government; Higher Education; Health, Human and Social Services, etc.). On-line proceeds go to the Capitol Construction Fund (Ethanol Incentives, Special Transportation, Water and Natural Resources Development). Since 1995, VLT proceeds have been directed to the Property Tax Reduction Fund. The PTRF saves owners of owner-occupied property and Agricultural property about 30 percent on their property taxes.

Virginia

All Virginia Lottery profits go exclusively to public school education, K-12. Every school district in Virginia receives a portion of each year's lottery profits. Each district then decides how that money will be used in that district, within state guidelines. By law, the money cannot be used to reduce the amount that district locally spends on education.

Here are some examples: Spotswood Elementary School in Harrisonburg built a new front of its building using lottery funds. Patrick County used lottery funds to replace fire alarms, install a new communication system, install gym floors at three schools, repave parking lots, refinish floors, and upgrade playground equipment at six elementary schools, among other things.

Wisconsin

Wisconsin statutes require that all lottery profits be applied to property tax relief for state residents. On average, the Wisconsin Lottery maintains a 55.6% prize payout level. Operational costs are approximately 6.42%. Retailer commissions account for approximately 5% of total revenue. The remaining revenue, about 33%, is returned to eligible Wisconsin taxpayers in the form of a property tax credit. The Lottery property and farmland tax relief credit is distributed by the state and the amount changes from year to year based on lottery revenues. The credit is issued to residential property owners, based on taxes paid in their school districts. In FY01, Wisconsin taxpayers each received an average lottery tax credit of \$76, up from \$67 in FY00. ■

Congratulations PGRI Award Winners

Publishers note from Duane Burke, CEO, PGRI:

One of my pleasures of co-hosting the International Lottery Expo each year is the opportunity to use this professional forum to recognize some of the outstanding people in the lottery industry with awards that PGRI presents annually. The Co-host Award went to David Griffin, Secretary of the Florida Lottery. Many thanks to David and the folks at the Florida Lottery who helped make the Expo successful. Chuck Kline received the first annual Lottery Visionary Award. Those individuals who received the Outstanding Achievement Awards this year are listed below followed by the lotteries that were given Excellence in Advertising Awards.

Ray Bates, National Lottery Director of An Post Lottery of Ireland was honored this year with the "Peter J. O'Connell Lottery Lifetime Achievement Award". The introduction of Ray for the award was made by his long-time friend and lottery associate, Ed Stanek, Commissioner of the Iowa Lottery. Following are Ed's remarks honoring Ray.

Our hearty congratulations to Ray and to all award recipients.

Excerpts of the Ray Bates Introduction by Dr. Edward Stanek:

I have had the privilege of knowing Ray Bates for 15 years. He was the original number two man at the National Lottery in Ireland. He and the number one man came to Iowa for a visit to learn about U.S. lotteries in 1987.

The Iowa Lottery was in its second year as An Post was preparing to begin operations. I fondly boast that we in Iowa trained Ray and his boss in two days.

Before the lottery, Ray held senior positions in the Irish Ministries of Public Services, Social Welfare, and Finance; had a bachelor's degree in Computer Science and a Master's degree in Economics. With that background, Ray moved up to National Lottery Director in only two years (1989), and was appointed to the Board of Directors of the National Lottery in 1991.

About that time, the U.S. was in hot pursuit of larger and larger lotto jackpots. Each new record brought an avalanche of sales and headlines. While many of us were drunk with adrenaline thinking that the sky was the limit, Ray prepared an analysis and delivered speeches about how unchecked jackpots spoiled the lotto product life cycle. Jackpot fatigue was the name of the disease and those lotteries who doled out unchecked top prizes would end up with a consumer base of jackpot junkies that needed higher and higher doses to get energized. That would put an ever-increasing burden on lottery managers until the expectation could not be realized. In retrospect, I for one believe that Ray's prescription should have been heeded. Instead of a lotto game with slowly progressing new record jackpots that would keep us in business for centuries, we opted for games with uncontrolled



jackpots that will allow Lotto as we know it to last perhaps another decade if we are lucky.

Ray jokes that we in America will just keep increasing lotto jackpots until some day we give one winner all the money in the United States. Perhaps the need for ever-increasing jackpots is a fact of life and a consequence of human nature. But with proper management, using Ray's advise, we would not need to offer all the money in the U.S. to get our players to buy tickets. With the jackpot growth in U.S. games in recent years, we might have to face that prospect in

our lifetimes unless we amend our business plan and manage jackpot growth to be a tool that we control as opposed to one that makes unreasonable demands of us. It may be too late for the U.S., but Ray's recommended strategies have served the rest of the world well.

One who truly understands the frailties of human nature must either become a fatalist or develop a sense of humor. Ray's sense of humor is priceless and proved to be a major asset in the entertainment side of our business. He has produced a televised Bingo game called TellyBingo and hired a transvestite impersonator as the host...or...hostess. He...she...is a national hit. Who else in the industry would have had the insight to predict public response to such an unconventional tactic.

All of these attributes have contributed to making Ray a leader. His lottery has had 14 years of continuous growth. In 1995 he was elected President of the European State Lotteries and Toto Association. He held that position until 1999, when he was elected the first President of the newly formed European Lotteries Association. He has remained on that Association's Executive Committee since 2001 and also serves on the Executive Committee of the World Lottery Association. ■

Outstanding Achievement Award Recipients

William Conway	Tricia Metzger	Tom Shaheen
Margaret DeFrancisco	Jeanette Michael	Sharon Sharp
Bill Fox	Tony Molica	Dr. Ed Stanek
David Griffin	John Musgrave	Charles Strutt
Clint Harris	Doug Orr	Bret Toyne
Penny Kyle	Ernie Passailaigue	Joan Wilson
Wayne Lemons	Rebecca Paul	
Robert Mars	Nathalie Rajotte	

Countries and Jurisdictions Presented the Excellence in Advertising Awards

Colombia	Honduras	South Dakota
DC	Iowa	Virginia
Delaware	Multi-State	Washington
Ecuador	New Mexico	West Virginia
Florida	New York	
Georgia	South Carolina	

The Ever-Advancing ITVM

Instant Ticket Vending Machines (ITVMs) are a tool that any lottery should consider. Many lotteries have witnessed the benefits these devices bring, and while they are not the only solution for optimum positioning in the retail marketplace, there are many instances in which they are the best solution, and several more where having them available to supplement other solutions would be beneficial.

The good news for lotteries that are able to utilize ITVMs is that manufacturers are always working to make the product a better selling tool for Instant games. Public Gaming International recently spoke with some North American lotteries that utilize ITVMs to get their take on the advancing ITVM marketplace.

PGI: *With some retailers reducing the number of games available for sale due to shrinkage at the counter, how could your retailers benefit from an automated dispensing system located on the counter that had features similar to an ITVM?*

Colorado (CO): Our retailers could definitely benefit from some type of automated dispensing system located at the counter if it was not cost prohibitive and was easy to operate from a clerk and customer standpoint. Retailers are always looking for ways to ensure clerk accountability and eliminate shrinkage at their locations.

Ohio (OH): The counter is the most lucrative spot for all impulse items so making the tickets secure and visible would increase sales.

Oregon (OR): We believe in some situations, this form of technology has merit. For example, if a large supermarket would be offered this technology it may decide to sell product through the check stands. Potentially, this could have the same affect as having 10 or more convenience stores in a single retail location. To make this idea work for this type of retailer, the ITVM must tie directly into the retailer's POS. The sale of the product must not create additional steps or labor from the store clerk. The industry should approach this new technology very carefully with our convenience store retail segment. We should consider other ideas to help manage the product efficiently.

Arizona (AZ): We are looking at alternatives to address this situation.

PGI: *Wall mount and counter top instant ticket dispensing systems have been recently introduced as a way to enter new markets like age controlled environments, customer service areas and stores with limited floor space. How do you see the future of expanding sales through these types of vending applications?*

CO: These types of systems could be valuable in the future by enabling lotteries to recruit new trade styles to gain incremental sales or to grow sales in existing accounts by selling at secondary locations such as customer service areas in supermarkets or mass merchandisers. Again, the cost of this technology is a key factor in evaluating the benefits of these types of systems.

OH: It will introduce the product to a different group of people and give access to more varieties of businesses.

OR: In special instances, this may be a viable idea. The key here is to select viable, high sales potential locations that can help you increase your overall sales.

WV: Age control and floor space have not been a problem here.

AZ: These smaller systems have the ability to help us gain multiple game distribution in smaller retailers as well as secondary display in large-volume outlets.

PGI: *ITVMs can now be connected to a central computer system for tracking sales on a more real-time basis. What types of benefits could be realized with this technology and what are your plans for pursuing it?*

CO: Currently, our sales force manually pulls sales

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reports from the ITVMs on a quarterly basis. It would be very beneficial so have sales figures on a more real-time basis to enable us to react to trends in the marketplace quicker, to avoid out-of-stock conditions, to customize our Scratch product mix at retail, and to be able to ensure that our ITVM retailers are producing sufficient sales on a weekly basis to justify them having a vending machine.

OH: It gives more accurate and up to date sales activity – especially by bin. It will help us determine what games, price points and bins are most effective in reaching a target audience. Also the sales will allow us to determine if the machine is properly placed, is up and selling during prime hours and is selling to its capability.

OR: We are currently pursuing this technology. We believe there are multiple benefits to this idea. First, we will be able to see how ITVMs are performing and have the ability to identify both problems and increased sales potential. This is difficult right now because we are unable to separate ITVM sales from register sales. Secondly, we would be able to capture sales by bin, price point, etc. This would help us understand how games perform and help us better manage placement of games in the ITVM. Thirdly, a bin out-of-stock situation is a huge issue for lotteries. Many times ITVMs are out of sight, out of mind. Through our experiences, we have also learned that the person responsible for managing inventory in the ITVM may not have an employee on the floor. We believe we could minimize bin outage problems if the system could identify inventory problems and notify the retailer of the situation via the on-line terminal. This would also allow the Lottery to track problems and identify opportunities with chronic retailers.

AZ: This technology could greatly enhance the Arizona Lottery's ability to have consistent reporting of sales data, especially on a game-specific basis. We have no immediate plans to go to a single source platform of combined online and instant reporting.

PGI: *Lotteries have moved from 8 bin ITVMs all the way to 24 bin ITVMs. How many bins do your current ITVMs have and what are your plans for increasing the number of ticket faces available for your customers?*

CO: The Colorado Lottery has 550 8-bin ITVMs under our current contract with Interlott Technologies, Inc. until June 30, 2004. In the future we would like to be able to customize our ITVM bins based on an account's volume from a minimum of 8-bins up to 16-bins.

OH: We currently have 120 8-game machines and 1500 12-game ITVM's. Our plans are to eliminate the 8-game models and predominately use the 12's in low selling locations, 16-game units in our mid volume stores and the expandable (20 and 24 game units) in our high volume locations.

OR: We have proven that offering players a larger variety of games helps increase overall sales. We just finished installing 225 16 bin ITVMs to replace our older 8 bin ITVMs. We believe that this effort along with increasing the number of games sold at the register will help increase overall sales.

WV: We now use 8 bin units as per our contract with our vendor. Yes, we would like to see more bins at certain locations. We allow two machines at certain retailers.

AZ: Currently we use 12-bin ITVMs and will probably stay with that configuration. ■

ITVM Usage Set to Increase

Not every lottery is allowed to utilize or purchase ITVMs, but the number is growing. The Michigan State Legislature recently passed the budget bill for FY 2003 and in it there is a provision for the Michigan Lottery to purchase ITVMs that will be placed in large chain stores in Michigan. The exact date yet for when the machines will be placed has not yet been released, but the estimate is sometime after January 1, 2003.

In Wisconsin, the Legislature has not authorized the Wisconsin Lottery to purchase ITVMs for retailers, so ITVMs currently are not used on a large scale. The machines are permitted if the retailer purchases them but the cost is prohibitive for most retailers.

One convenience store chain in Wisconsin currently uses ITVMs, mostly 12 or 16 bin machines, in its 19 stores. The retailer purchased the ITVMs to prevent theft and to cut down on work for store employees. Total lottery sales for all of the stores combined were down 27 percent over a year of using the ITVMs.

Wisconsin Lottery instant product is in good shape right now, with average game facings per location increasing from 12 to 16-18 without the use of ITVMs. The Wisconsin Lottery values the use of ITVMs as a secondary outlet for purchase, especially in a grocery location, and research into ITVMs will continue. ■

Eric Turner Returns to Lottery Industry

Former Massachusetts Lottery Executive Director Elected to Scientific Games Board of Directors



Throughout the centuries-old history of gaming, the number seven has stood as a symbol of good fortune.

Seven was lucky for Scientific Games Corporation when, in the final week of July, Eric Turner was elected to the company's board of directors. Mr. Turner's acceptance of the position marks his return to the lottery industry after a seven-

year hiatus. His election also marks the first time a former U.S. lottery director has served on the board of directors of a publicly traded lottery provider. Scientific Games Corporation is a member of The NASDAQ Stock Market and trades under the ticker symbol SGMS.

"Eric Turner brings a proven and balanced blend of both lottery and private-sector experience to our board of directors," says Lorne Weil, Chairman and CEO of Scientific Games Corporation. "Having guided the Massachusetts State Lottery during a four-year period of dynamic change and phenomenal sales growth, Eric brings a unique skill set to our board, and his guidance will support our mission to remain the leader in providing revenue-focused business solutions to our lottery customers."

In 1992, Mr. Turner became the fourth Executive Director of the Massachusetts State Lottery Commission (MSLC), and was the agency's first African-American chief executive. He presided over the launch of a five-minute draw keno game and the agency's first \$2 and \$5 instant games; as well as the introduction of an innovative weekly half-hour television game show that combined studio audience participation with play-at-home interactive elements.

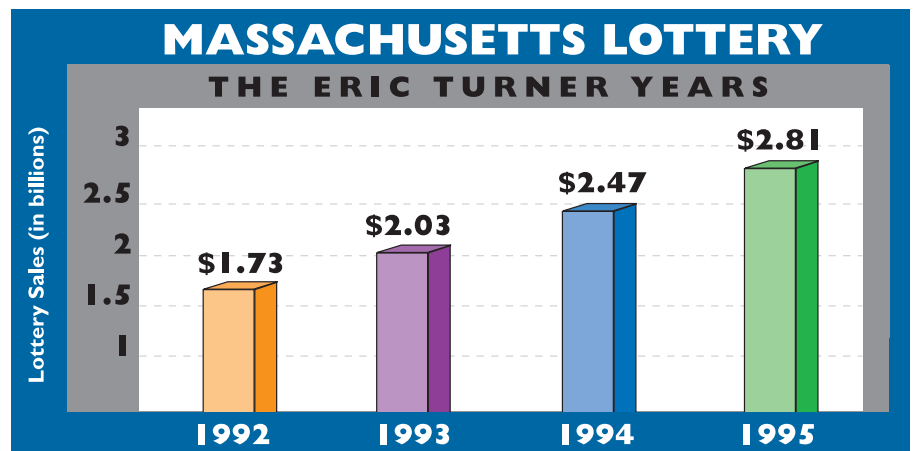
He also served as Secretary and Treasurer of the North American Association of State and Provincial Lotteries (NASPL). During his impressive four-year tenure as head of one of the world's largest lotteries (Massachusetts ranked #7 in the world in 2001 based on total sales), Mr. Turner helped the MSLC

propel its annual sales from \$1.73 billion in fiscal 1992 to \$2.81 billion in fiscal 1995.

Whether serving in the public or private sector, Eric Turner is accustomed to being in a leadership position. Complementing his years in the now \$123 billion global lottery industry is an impressive, 24-year resume in the financial services field, which includes top management positions as:

- Senior Vice President for State Street Corporation, a leading global financial services firm headquartered in Boston. With approximately 19,400 employees worldwide, State Street Corporation has office locations in more than 20 countries and an investment network spanning 100 financial markets.
- Deputy Treasurer for Debt and Cash Management for the Commonwealth of Massachusetts
- Marketing representative and Financial Analyst with International Business Machines Corp.

Says Mr. Turner, who is a Harvard graduate with a degree in economics, and also holds an M.B.A. from Harvard Business School: "The merger of Autotote Corporation and Scientific Games nearly two years ago is a model for how companies can work together for the benefit of the greater good. The integration has been unique in its level of teamwork and the result has been that Scientific Games is now bringing to market jointly developed products of significant depth and scope, from which customers around the world are beginning to benefit. As a new member of the Scientific Games board, I look forward to the opportunity to contribute to the company's forward-thinking energy and momentum." ■



NASPL '02 Preview

NASPL '02: "For the Love of the Game", is kicking off October 9-14 in Baltimore, Maryland. The conference is packed with topics, such as: War Stories from the PR Department, Generating Credible News, The Instant Product Roundtable, Fraud and Security Challenges, and Player Loyalty. Attendees will also enjoy keynote speakers like Ben & Jerry's co-founder Jerry Greenfield and Washington Wizards' President of Sports and Entertainment Susan O'Malley.

To top it all off, an informative trade show will showcase new products and services that can add to the success of any lottery. To give you an idea of what to expect, Public Gaming International was able to get some exhibitors to give us a scoop on products they will be displaying. Here is some of what you will see at the exhibit booths.

MDI to bring "I Love Lucy" to Baltimore!

Attendees at past NASPL conferences can tell you – MDI's booth is the place to have FUN! This year will be no exception, as we show off our newest licensed lottery

properties and literally put YOU in the picture with the greatest TV character of all time. You won't want to miss your opportunity meet "Lucy" herself during our special "I Love Lucy" tribute day. Just for NASPL, MDI is recreating the "I Love Lucy" episode considered to be one of the funniest in TV history, and lottery visitors are invited to pose for pictures with Lucy on the classic "Vitameatavegamin" set and take home a souvenir bottle of the famous remedy.

Anniversaries create excellent "limited time" opportunities for lotteries to market licensed games, and we will be observing some very special anniversaries at NASPL. For one thing, we will be showing off the limited edition 100th Anniversary Harley-Davidson motorcycles that lotteries can award to players only during Harley's current production year that runs through next summer. Along with Harley-Davidson, MDI hopes you will consider special edition lottery games based on two other wildly popular brands – Wheel of Fortune and Jeopardy. Wheel of Fortune begins celebrating its 20th Anniversary season this fall, and Jeopardy will be observing its 20th season in fall, 2003. We've got a lot of fun surprises in store for visitors on Wheel/Jeopardy Day.

Finally, we're setting aside a special day for you to have fun with the NBA. Shoot some hoops with MDI to celebrate the first major sports league to partner with the

"I Love Lucy"

WIN UP TO 10 TIMES!

State Lottery

WIN \$100,000 INSTANTLY!

IF ANY OF YOUR NUMBERS MATCH EITHER OF THE WINNING NUMBERS, WIN THE AMOUNT SHOWN.

YOUR NUMBERS

Winning Number

Winning Number

lottery industry and the first NBA lottery instant games that will be hitting the streets this basketball season.

See you at NASPL!

Seiko To Exhibit Thermal Printing Solutions for Lottery Terminals and Kiosks

Seiko Instruments Micro Printer Division offers a variety of thermal printing solutions for lottery terminals and kiosks that provide a number of outputs including tickets, coupons, receipts and hard-copy records.

The PSA-66 ticket/coupon printer subassembly, currently the dominant player in the rapidly growing cashless gaming market, is ideal for lottery kiosks. It offers an exceptional level of operational reliability, consistent print quality compared to impact printers that require ribbons, plus fanfold/perforated ticket stock to avoid paper jams. Another outstanding subassembly, the KPU-S series, offers large paper roll capacity and a choice of either horizontal or vertical mounting for maximum flexibility. The DPU-12 is a panel-mount printer with front, slide-out access for paper loading and an attractively finished faceplate that can be integrated into the design of its host machine. The PSA-60 brings weatherproof ruggedness for outdoor installations that are exposed to the elements. All Seiko Instruments thermal printing subassemblies combine print mechanism, paper holder, control electronics, and cutter in one unit ready to install.



In addition to these subassemblies, high-performance component printer mechanisms are available for situations where space is at a premium, such as countertop lottery terminals or very slim kiosks, and for custom product designs. The innovative "EZ-OP" series makes paper loading literally a snap in three easy steps for convenience and timesavings. These thermal mechanisms are available in paper widths of 2, 3, or 4 inches and operating voltages of 3, 5, and 24 volts to handle a wide

range of requirements.

Every Seiko Instruments thermal printing product is backed by the exclusive "Seiko Secure" customer support commitment. This value-added program includes product design and engineering assistance, software development, training, and strong factory warranties. For more information, call 800-553-6570 or visit on the web at www.seikoprinters.com.

Promo-Travel Promotions – Outside the Box

When you think of companies like Promo-Travel the first thing that usually comes to mind is either License Properties or non-cash vacation, automobile or select other prizes. Well, hold onto your hats because we have been thinking outside the box to help lotteries grow profits anywhere and everywhere they can.



For instance, did you know about these new services?

- Online second chance websites – with the proliferation of VIP Clubs, these sites can vastly increase the number of members. Plus, instead of losing the opportunity to capture 2nd chance entries submitted by mail, we can utilize current technology to add these entries to your VIP club.
- Retailer Rewards™ – looking for a way to reward your retailers without increasing their commission? Our new, exclusive points reward program can do just that. Similar to airline frequent flyer programs and credit cards point programs; there is a plethora of great prizes waiting for those retailers who can increase lottery sales.
- Incremental marketing funds – we have been helping lotteries stretch their marketing budget since we started in this business; allowing lotteries to get top license properties at little or no cost and even paying for the marketing of our games.
- FREE Fantasy Vacations – one of the best ways to get your retailers involved is to treat them like your players, giving them a chance to experience the winning excitement the lottery has to give and the prizes they want.

And let's not forget our properties. Themed around the ever popular gaming and money concepts there are no better license properties anywhere! After all, we know what lottery players want and what they spark to, don't we?

Inside the box AND outside the box! ■

North Dakota to Vote on Lottery

North Dakotans will vote in November on a statewide lottery. Lottery proponents were given the task of collecting 25,688 signatures to get the initiative on the ballot.

In the end, 554 petitions contained 27,041 signatures. The November measure would repeal a state constitutional prohibiting lotteries and have the state join a multi-state game.

Kyle Retained in Virginia

Virginia's new Democratic Governor, Mark R. Warner, has decided to keep Penelope W. Kyle as director of the state lottery, a position she has held since 1994 under two Republican governors. For the past seven months Kyle has continued in her position while remaining uncertain whether she would be retained as Director.

Michigan Lifts Sunday Draw Ban

The Michigan Legislature has lifted a long-standing ban on Sunday lottery drawings, and the Michigan Lottery has already started to take advantage of this new opportunity. Sunday drawings will be added for the Michigan Roll Down and the Daily 3 and 4 games. Roll Down will draw once on Sundays, and Daily 3 and Daily 4 will draw twice.

The extra drawings are expected to raise an additional \$33 million per year.

New B.C. Law Improves Management and Accountability of Gaming

A new law to strengthen and streamline the management of gaming in British Columbia and make it more accountable came into effect on August 19, 2002.

The Gaming Control Act set up a comprehensive framework for regulating and managing gaming in B.C. Under the new act the Gaming Policy and Enforcement Branch will be responsible for policy, standards, regulation, registration, enforcement, gaming licenses, horseracing and the distribution of gaming revenue.

The B.C. Lottery Corp. will be responsible for the day-to-day operations of provincial gaming, including casinos, commercial bingo halls, and lotteries. The new act repeals the Lottery Act, the Lottery Corporation Act and the Pacific Racing Association Act.

Missouri Law Changes Lottery Prize Claim Period

Missouri Lottery players now have 180 days instead of one year to claim Lottery prizes – a result of a law change during the past legislative session. The shorter claim period will allow the Lottery to finalize game reports more quickly.

To help players determine what date is exactly 180 days from a purchase date, the Lottery has added a date calcu-

lator on its Web site. Players can also call any one of the Lottery's four offices for assistance.

SCEL Claim Center gets new home

South Carolina Education Lottery players now have a new place to redeem their lottery winnings. The Columbia Redemption Center moved to 717 C Lady Street located in the Vista area of downtown. Since the start of the games, January 7, 2002, the redemption center has been located in the Bank of American Building on 1901 Main Street.

"This new office space will be more convenient for not only our staff, but most importantly, our players," says Tony Cooper, SCEL Chief Operating Officer. "It will offer more parking for lottery players claiming their winnings."

The new redemption center will be open for business Monday-Friday, 8:30am-5:30pm. The phone number to the center is (803) 253-4004.

South Carolina Passes Budget

The SC Education Lottery Commission passed a \$617 million budget for the lottery during the 2002-03 fiscal year. After the cost of prizes and expenses, the Lottery is expected to yield \$189 million. Original plans called for spending only \$179 million in Lottery funds from the first full year of operations, but a better than expected first six months, and the addition of Powerball, led to a revising of expectations.

Quebec Looks Internationally

Loto-Quebec and CDP Capital-Amerique announced the creation of a joint venture dedicated to the development of casinos on the international scene. The creation of this new enterprise constitutes a major milestone in terms of Loto-Quebec's international development strategy.

The immediate priority of the new enterprise is to pursue existing initiatives with Mexican authorities in the eventuality that casino legislation will be implemented in that country. While no contracts have yet been signed, Loto-Quebec is extremely interested in becoming involved in the establishment of casinos in such major tourist centers as Puerto Vallarta, Acapulco and Cancun.

Florida May Help with "Amber Alerts"

Taking a cue from the highway signs used to help find two abducted California teenagers, the Florida Department of Law Enforcement (FDLE) is looking to print "Amber Alert" messages on Florida Lottery online tickets.

The Amber Alert System, named for a 9-year-old Texas girl who was abducted in '96, uses TV and radio airwaves, as well as highway signs to broadcast notices of child abductions. The FDLE is interested in using Lotto because it will be a great way to get into thousands of hands in a short time period. At one point last year, Florida's Lotto was selling at the rate of 700 tickets per minute. ■

D.C.

To boost sales and attract players under 40 years old, the D.C. Lottery launched EXTRA on August 12. EXTRA is an on-line game that is a new way to play its two best performing games, D.C. Lucky Numbers and DC-4. For an additional \$1 on .50 cent and \$1 bets, players will have the chance to win up to \$500 instantly. When a player asks for EXTRA, an additional set of numbers will be randomly generated at the bottom of the ticket. If any of the EXTRA numbers match the player's chosen numbers, then the individual will receive the cash prize amount listed.

Delaware

This past month, the Delaware Lottery discontinued broadcast of televised drawings for Lotto, Play 3 and Play 4.

In lieu of the televised drawings, the Delaware Lottery is using the Internet to provide new ways for players to get winning number information. Players can now view animated drawings at delottery.com by clicking on "View Drawings" on the home page, and they can sign up to receive winning numbers for all drawing games via e-mail on a daily or weekly basis by joining the Players Club.

The Delaware Lottery is also working with local radio stations throughout the state to develop a broadcast drawings affiliate network. These stations will air all drawings for Lotto, Play 3 and Play 4.

Georgia

In an effort to attract new players, enhance the products they offer and create a new opportunity to raise more funds for education, the Georgia Lottery launched its newest game, the Change Game, in late July. In the week leading up to the first day of Change Game sales, GLC President Rebecca Paul along with the dancing "Change Game Coins" traveled around the state conducting press conferences to generate excitement about the new game. Video from the Atlanta press conference is available on the GLC's web site at www.galottery.com under the "PLAY YOUR CHANGE!" link.

Indiana

This fall, the Hoosier Lottery will introduce a twenty dollar scratch-off game called Winter Spectacular. Citing success with its ten dollar price point game, the Lottery believes its players are ready for the next level. The twenty dollar game is the Hoosier Lottery's first game at that price point. Winter Spectacular will be introduced in November and has a top prize of \$250,000.

Kansas

"Who wants to be a Kansas Lottery Millionaire?" Soon, many Kansas Lottery players will be asking themselves that question. The Kansas Lottery launched the \$5 Powerball Instant Millionaire Game Show ticket on July 15, 2002. The

instant game offers a top prize of \$25,000, in addition to lower tier prizes. Kansas Lottery players now have the chance to become Millionaires when they enter non-winning Powerball Instant Millionaire Game Show tickets into a second chance drawing. The first drawing will be held on Aug. 16, 2002, at Lottery headquarters in Topeka, Kan.

Massachusetts

The Massachusetts Lottery's Lottery Live drew a huge crowd at its annual stop at Salisbury Beach in July. The event featured a live audience for the Numbers and Mass Cash drawings broadcast on UPN. Lottery Hostess Dawn Hayes signed autographs and "Lotto-man" tossed T-shirts to the crowd.

Michigan

The Michigan Lottery's new "\$2,000,000 Celebration" instant ticket game offers a \$2,000,000 top prize, but it will not be an "instant win" prize. Instead, more than 2,000 second-tier prizes of \$1,000 will be available, and when those winners redeem their tickets, they will be entered in the drawing, scheduled for January 1, 2003, to win the \$2 million top prize. The odds of winning a \$1,000 prize are just 1 in 852.

Minnesota

Minnesota Lottery players have the opportunity to win up to \$500 in Powerball® and Hot Lotto™ tickets every Wednesday from August 7 through September 4. Players purchasing any Powerball or Hot Lotto ticket at one of 73 Minnesota Kwik Trip stores (and one Tobacco Outlet Plus store) by 8 p.m. on Wednesdays automatically receive a unique Wild Number. A drawing is conducted Wednesday evening from all Wild Numbers produced that day to determine two grand prize winners of \$500 in Powerball and Hot Lotto tickets. Ten second prize winners receive \$100 in Powerball and Hot Lotto tickets. KTTC-TV is running promos and also broadcasts the winning Wild Numbers.

The Lottery and Tom Thumb stores are participating in the Little Falls Arts & Crafts Show September 7-8, 2002. Tom Thumb staff will sell tickets during the show and the Lottery is providing prizes for second chance drawings. Over 90,000 people attend this two-day event.

New Mexico

In conjunction with the New Mexico Lottery's "Harley-Davidson®" \$2 scratcher game, the lottery conducted a Second Chance Drawing awarding a grand prize of a Harley-Davidson® FLSTC Heritage Softail® Classic motorcycle and Harley-Davidson merchandise prize pack to one of eight finalist. The motorcycle alone is valued at \$15,700 including taxes, license and title paid by the lottery. The seven finalists were each awarded a 20-inch neon Harley-Davidson® clock and cash prizes.

"Fame & Fortune" is a new \$2 scratcher with a top prize of \$20,000. Launched in September, the ticket is more than just

your average scratcher. Players can win \$20K, but if players don't win, this can be a ticket to fame and fortune. The game's non-winning tickets are entries into drawings for on-air and at-home contestants in the Powerball – The Game Show soon to become Powerball – Instant Millionaire.

Rhode Island

Instant Match, debuting in September, is a new way to play the Rhode Island Lottery Daily Numbers Game, bringing the excitement of an instant win to an on-line game. For an extra \$1 per wager, players can take a chance on winning up to \$500 instantly. The terminal randomly generates an additional set of numbers, which will appear below the numbers selected by the player. If any of the numbers selected by the terminal match up directly underneath the numbers selected by the player, it's an "Instant Match". Players can cash in tickets instantly and receive an exchange ticket for the actual Daily Numbers drawing.

Texas

Sales for the Texas Lottery's newest game – Cash Five – began in late July. The game, which is drawn six nights per week, features a 5:37 matrix with a prize for matching just two numbers. These numbers mean an overall odds of winning of just 1-in-8. All prizes are pari-mutuel except the guaranteed \$2 prize for matching two numbers.

Virginia

Virginia government information and services are now accessible through a variety of wireless devices. Later this year, this perk will include mobile access of winning lottery numbers, among other things.

Washington

Washington State Lottery drawings made a prime-time move. In preparation for the state's Mega Millions launch,

online Lottery game drawings were changed to 8 p.m. The new drawing time coincides with Mega Millions drawings each Tuesday and Friday in Atlanta, Georgia.

The Washington Lottery and the Mariners stepped up to the plate to hit Home Runs for Reading. Lottery and Page Ahead representatives collected new children's books at the Mariners vs. Angels game on July 28.

Fans 18 years and older received a free Lotto Plus ticket by bringing a new children's book to the game. The books were donated to Page Ahead, a children's literacy program that puts new books in the hands of children in need throughout the state.

Wisconsin

Happy Golden Birthday to the Wisconsin Lottery! The Lottery turns 14 on September 14, 2002. To celebrate and say thank you to players, the Lottery will offer a Megabucks bonus ticket. When players purchase \$5 worth of Megabucks play, they will receive two additional "celebration plays." Megabucks is a Wisconsin-only jackpot game that had its 10th anniversary this year. The Lottery is also offering a \$1 instant scratch ticket called "Big Moola Party" as a tribute to the Lottery's famous cow mascots, the Moola Sisters. "Big Moola Party" offers a 68% payout as a way to say thank you to players for 14 years of support.

Sales for the instant scratch ticket "Drac's Stash" start early this month. "Drac's Stash" was the winner of the third annual Wisconsin Lottery Concept Design contest for employees. The \$1 ticket features a cartoon vampire, bats and spiders in their webs. Accounting employee Sheila Ralston, who considers Halloween her favorite holiday, came up with the idea.

The new Super Money Game Show is off to a great start in Wisconsin. Bonus prizes awarded to date include a Lamers Motorcoach trip for two to Branson, MO and \$10,000 cash. Each week, the Lottery receives more than 2,000 entries from players hoping to become contestants on the show. ■

British Columbia Lottery Corporation (BCLC) has issued a Request for Proposal (RFP) for Lottery Terminals - Competition Number 0203-020417 dated August 6, 2002.

Only companies currently supplying the lottery industry with proven terminal technology may apply. BCLC will not consider prototypes or terminals that are in the concept or design stages. A request for the RFP must be made in writing; solicitations by phone will not be accepted.

Eligible companies requiring a copy of the RFP document may write to:
British Columbia Lottery Corporation
74 West Seymour Street
Kamloops, British Columbia V2C 1E2
or Email: purchasing@bclc.com,
Attention Jeff Warren Senior Buyer
or Fax: (250) 828-5678

Include the following pre-qualifying information:

- Name of company, Contact person
- Address, City, Postal Code, Country
- Phone Number, Fax Number, Email address
- Current lottery jurisdiction(s) using terminals
- How many terminals installed
- How long the company has been in operation

The RFP will be sent by courier and can not be emailed due to printed examples within the RFP.
Closing date for the competition is October 4, 2002 at 14:00 hours local time.

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