

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

Your weekly supplement to
Public Gaming International Magazine
December 17, 2001

SMART-TECH UPDATE. Looks like SMART-Tech is shaping up just fine with at least 20 lotteries confirmed to get over the winter blahs at the Ritz in Atlanta and take a new look at how to grow sales for your lottery. Growing is good.

LOOKING AHEAD TO 2002. Next year will be a big one for gubernatorial races. Looking at 28 races in US Lottery jurisdictions. They are Arizona, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Vermont and Wisconsin. Of the 28 races, 10 are open seats.

THIS MAY BE A FIRST! It is not unusual for Governors to scratch the first instant at a lottery launch, but South Carolina's Governor Jim Hodges took his support to a new high when he toured Scientific Games headquarters and print facility in Alpharetta, Georgia, seeing those first tickets coming off the press. The Lottery will launch with four games (Senic S.C., 3 Times Lucky, The Logo Game and Carolina Riches), 19 million tickets worth. The next two games, Bonus Bucks and Solid Gold go on sale early February. Online expected in March.

TRAINING TIME IN SC. South Carolina Lottery retailers are not out to lunch or gone fishing, they are out training, preparing for the big launch on January 7. So far 2,100 of the potential 3,700 retailers have been licensed. Probably lots more when you read this.

KENTUCKY REDESIGNS SITE. The Kentucky Lottery Corp is now on its fourth generation website since the first in 1996. The new look includes a trial run for video drawings, more animation and lots of enhancements for the 115,000 unique users and nine million hits a month. Still thinking ahead, future plans call for a VIP Club, and for all to watch, developing the retailer section to conduct more

business over the web. Go to www.kylottery.com to see the new do.

LOTTERY FIX? The Oregon Legislature held hearings last week to consider how to fix the budget problems of 2001-2003. It is expected they will look at various ways the Oregon Lottery could help, including its \$75 million contingency fund, adding line games and cutting retailer commission on the 9,000 VLTs. It is estimated adding slots could add \$30 million to the bottom line during this period. All speculation now.

NEW JERSEY WINNER. That would be the New Jersey Lottery with daily game sales up 27 percent in the first week of midday draws.

ZERO FUN FOR KENTUCKY. Kentucky Lottery Corp Pick 4 players, 221 of them, won more than \$550,000 when 0-0-0-0 came up recently. Last and only other time that happened was 6-6-6-6 back in 2000.

MIFAL HA'PAIS JUBILEE DRAW. Depending upon where you are in the world, this is the day the Israel National Lottery, Mifal Ha'Pais, gives away 50 million NIS attend at this early date and more to come. A great way to (+\$10 million) to celebrate its Jubilee Anniversary. Using the "Must Win" so if the top prize is not won the jackpot rolls down to the next level. To celebrate the 50th, all of those facing their 50th birthday on the 17th were invited to attend the draw. Happy 50.

JAPAN'S JUMBO ON THE STREET. Jumbo Takarakuji, one of five Japan Jumbo lottery games, is out and selling with players getting ready for a New Years Eve drawing. Top prize of 200 million yen. Little tidbit: All prizes are tax exempt.

SPIELO IN CANADA'S TOP 50. Spielo Gaming International has been named one of Canada's 50 Best Managed Companies by award sponsors Andersen Consulting, CIBC, National Post and Queen's School of Business. One criteria, strong growth over the past three years.

ONCE SELECTS AGENCY. Spain's ONCE, The National Association for the Blind's lottery, has awarded its advertising contract to McCann Erickson.

MAIL SERVICE COMES TO SEOUL. Not the postal kind, the lottery kind. Australia's "The Mail Service" or TMS will be selling instants through vending machines in Seoul, Korea, next year. A contract with Kora Telecom too. TMS Global Services has a website selling lottery tickets and saying they are the "only accredited world-wide representative licensed to sell and market multiple Australian State Lottery Products."

EXPANSION POT BREWING IN KANSAS. Look for the issue of expanding gaming to come up when the Kansas Legislature meets in January. Some for, some against and budget woes have led to talk, only talk, of slots or VLTs almost everywhere including tracks, bars, fraternal

organizations and even bars, bowling alleys and convenience stores.

NASTY STUFF. Seems a law student in South Carolina was doing more than hitting the books when he registered a bunch of domain names that could relate to the South Carolina Lottery some time back. Now, after not getting the more than \$100,000 he wanted for the sites from the state he has put up a for sale porn site, that looking at the promo, now on the site until sales start on January 7, will offer some really awful stuff. His investment for six sites that look like they could be official Lottery sites, \$500. An on-line appraisal firm has valued them at \$150,000. By the way, not putting the web address here was not an oversight, you do not want to go there. Causes severe irritation, agitation and disgust. Where is a law when you need one?

THE OFFICIAL SOUTH CAROLINA EDUCATION LOTTERY SITES. <www.sceducationlottery.com> AND <www.state.sc.us/sclottery>.

LADBROKES LAUNCHES THAI SITE. Gambling may be illegal in Thailand, but it is all so hugely popular with tickets being sold by "street bookies." Now Thai's gamblers can go to Ladbrokes website to do their thing.

PLANETLOTTO READY TO GO. Interstate Enterprises Inc. and partner International Liechtenstein Lottery Foundation are going through the final regulatory approvals and expect to launch the planetlotto.com lottery selling site on or before December 31. Offering large jackpot and bonus play jackpot games, plus instants, hourly games and Bingo. PlanetLotto says, "(we will)--erase the geographic boundaries that currently fragment the world lottery market." Always thought boundaries were a good idea.

CHARITY LOTTERY OFFERING 20 MILLION EURO PRIZE. Liechtenstein-based Globelot Charity Lottery is offering a 20 million Euro jackpot for its SIXplusOne game (6 of 49, plus bonus ball). The Company says 25 percent of sales will go to the Red Cross, CARE, WWF and Human Rights Watch.

MINNESOTA CASINO BILLS INTRODUCED. Two of them. One would authorize a state-owned casino, run by the Minnesota Lottery in the Twin Cities area. Profits would go to the environment and economic development and perhaps, with some amending, to a new baseball stadium. The other proposal would take the casino question to the voters as a constitutional amendment and would call for a private company to operate rather than the state. Minnesota is now the home of 18 Indian casinos and there is opposition from the Minnesota Indian Gaming Association. Top issue: a stadium.

ILLEGAL? TAX THEM ANYWAY. Four Alabama judges have ruled video gaming machines are illegal, but that didn't stop legislation being introduced to tax the operators \$1000 a machine for the state and \$500 for local governments. The legislation, if passed, would bring in \$40

to \$50 million a year. Some local governments are imposing a levy on their own. They'll worry about that little legality problem later.

FTC APPROVES IGT ACQUISITION OF ANCHOR. Still need shareholder approval and other regulatory, but the Federal Trade Commission has given the okay.

DID YOU KNOW? A National Association of Convenience Stores study back in 1997 states that lottery players purchased at least one more product on 95 percent of their visits. Very interesting.

BIG BUSINESS FOR SCAM MARKETERS. Those that estimate say fraudulent lottery telemarketers, 80 percent coming out of Canada, are responsible for bilking more than \$40 million a year from US residents, mainly seniors. The scam is now spreading to England.

WONDER IF HE CHECKED THE ODDS. The man suspected of being California's Lotto Bandit was arrested after breaking into 30 closed convenience stores and stealing only scratchers. Maybe he should have checked with the guy from Hong Kong that made over \$600,000 a year betting illegally on horse racing. Whole lot easier than scratching all those tickets and not as messy.

MARK YOUR CALENDARS

SMART-TECH 2002

February 3-5, Ritz Carlton-Atlanta, Atlanta, GA
Co-hosted by the Georgia Lottery Corporation

Make your plans to attend SMART-Tech, now. The theme is "The Name of the Game is Growth" and the program puts emphasis, of course, on growth. Plus all the favorites in your Circles of Leaning and a whole new batch of Smart-Ideas. See you in Atlanta. Want more details?

Go to: www.publicgaming.org or call PGRI-HQ at Tel. 425-803-2900; fax 425-803-6830

ILAC CONGRESS 2002

April 6-8, Hilton Cancun & Golf, Cancun, Mexico
Co-hosted by the National Lottery of Mexico

INTERNATIONAL LOTTERY EXPO 2002

August 1-3, Loews Miami Beach
Co-hosted by the Florida Lottery

MAKE MY DAY, PLEASE. Send your Morning Report news to Sharon Sharp. Phone (312)649-6577; Fax (312)649-9863; Email: pginst@aol.com

EUROS ARE A COMING! The big news on January 1 will be the launch of the Euro. Affected lotteries are gearing up with new tickets, new bet slips, new rules and trying to minimize potential seller and player confusion. There will be a two-month transition period as the 12 countries adjust to the new paper notes and coins. There will be eight denominations of coins, one side common to all countries and the other specific to each.