

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
January 14, 2002

SOUTH CAROLINA EDUCATION LOTTERY UP AND SELLING. Last Monday morning more than 3,100 SC retail locations started selling instants and brought in nearly \$2 million in sales the first day. The Lottery, headquartered in Columbia, will also have offices in Greenville and Charleston for its 105 employees. Now on to unfinished business, where the money goes. Education, of course, as decided by the voters who approved by 54 percent. The issue will come up in just under three weeks when the Senate starts the process. Governor Hodges, expecting revenue of about \$150 million a year from the Lottery, has made his wishes clear. He wants scholarships, technical school tuition, classroom technology and teacher's grants; and now a windfall payment to under funded schools. You can be sure there are others with some favorite places to put the funds. Let the legislative games begin.

AGAINST THE LAW. Governor Hodges may have been there for the start of the South Carolina Lottery, but he sure didn't buy a ticket. A no-no for the Governor and for every other public official, anyone holding an office of honor or trust, including law enforcement officers. It is an old Constitutional provision on gambling and takes away the fun and the money for thousands and thousands.

ACTING DIRECTOR NAMED IN WISCONSIN. Wisconsin's deputy secretary of the Department of Regulation and Licensing, Bill Conway, has been named acting Director of the Wisconsin Lottery. Conway was previously with the Department of Workforce Development and served on the staff of former Louisiana Governor Buddy Roemer. He was also a faculty member at Louisiana State University.

TEXAS FIRST-STEP TO MIDDAY DRAW. The Texas Lottery Commission has taken the first step, publication and a 30-day comment period, to add a Pick 3 midday drawing to its menu. It's projected that the move would produce a six percent increase or an extra \$4.6 million in revenue a year. Currently, 12 US lottery jurisdictions offer midday draws.

A SAFE SCRATCH. The Georgia Lottery Corp is selling instants to franchise bottler and distributor Southeast-Atlantic Beverage for an innovative program that awards employees who perform their work in a safe manner. The 2002 Safety Awareness Program provides a ticket a week to those having a "safe" week. Winners will also participate in a second chance drawing for a television set.

KENTUCKY OPPOSITION LINING UP. No bill has been introduced, but just prior to the opening of the legislative session in Kentucky, the Citizens Against Gambling Expansion, including the Council of Churches and the Baptist Convention, took to the "cameras", protesting expanded gambling, mainly slots and VLTs at tracks. The group cited a poll they took in early December showing 64 percent of those polled oppose casinos at tracks; 52 percent oppose at other locations; 68 percent oppose at lottery locations; and the biggie--50 percent of the voters are less likely to vote for supporters of expansion.

GLC GETS PICKED BY ANIMAL PLANET. Two Georgia Lottery Corp commercials were picked to appear on the national special "The Planet's Best Animal Commercials," aired last week. GLC's "Frogs" and "Blackjack Dogs" were selected out of a thousand entries as two of the 80 commercials shown.

NORDBY HONORED. World Lottery Association President and Norsk Tipping CEO Reidar Nordby was honored by King Karl Gustaf of Sweden with the Order of the Northern Star, in appreciation for his work for Sweden and his active contributions to cooperation between Sweden and Norway.

MARYLAND SECURITY CHIEF RETIRES. Tom Marks, the Maryland Lottery's Security and Investigations chief, retires after eight years with the Lottery.

POLLARD BUYS AMERICAN GAMES. Pollard Banknote Limited, as of January 1, has acquired the assets of American Games. American Games manufactures pull-tabs, pull-tab and instant ITVMs, bingo paper and consoles. The Iowa company has 225 employees.

ILTS FIRST SIX. International Lottery & Totalizator Systems announced revenues for the first half of fiscal 2002 are \$10.6 million compared to \$8.9 million same time last year. Net income was \$0.8 million or \$0.06 per share compared to a net loss of \$1.0 million or \$0.08 per share in the first half of FY'01. During the period, ILTS was awarded a contract to provide the first on-line lottery system in India.

LOTTOMATICA BOARD OKAYS. The Board of Directors of Italian lottery operator Lottomatica has accepted the takeover bid of Italian publishing group De Agostini, at 6.55 euros per share. DeAgostini also has agreement from Telecom Italia.

NITER SIGNS TWO CONTRACTS. Niter Technologies, a joint venture created by Loto-Quebec and the CGI, has signed its first two contracts outside Quebec. One with Sweden's Svenska Spel to provide specific requirements for the purchase of a new video lottery system; and another with the Atlantic Lottery Corporation to serve as one of three consulting firms to develop a series of mandates over the next two years.

RHODE ISLAND SELECTS GTECH FOR VLT SYSTEM. In a five-year contract, with five one-year extension options, GTECH will supply the Rhode Island Lottery with a new video lottery central computer system and associated services. The Lottery currently operates about 2,500 terminals in two locations. GTECH provides the current system and supplies about 900 of the terminals.

WORD IS--GTECH GETS BELGIUM. A GTECH led consortium is reported to have won the Belgian Lottery award for the replacement of 5000 terminals.

SCHWEIG JOINING MDI. Illinois Lottery Creative and Promotional Services Director Jeffrey Schweig will be joining MDI as a Vice President, February 1. Schweig has been with the Lottery for 10 years, handling 50 partnership/ licensing programs.

ANOTHER GAME FROM INGENIO. Loto-Quebec subsidiary Ingenio is now offering a new CD-ROM called Trio Royal, three solitaire games in one: Le Classique, La Belle Lucie, and Sir Tommy.

ARKANSAS WOES COULD LEAD TO VOTE. Facing a \$142 million budget cut, the Arkansas legislature could be looking at another lottery vote this year.

COMING UP. In Florida: Expected that the Florida Legislature will be looking at VLTs at parimutuels and

deregulation of the industry. VLTs are now permitted in Florida's Indian casinos.

EXPECTED INTRO. In Maryland: A bill to legalize slots at tracks, using revenue for education. The bill would require a vote for an amendment to the Constitution and an approval by host counties. The way around when current and future governors have indicated they don't want expanded gambling. To the people.

LV COUNCIL ORDERS INTERNET STUDY. The Las Vegas City Council is moving ahead on a study to look at Internet gambling sites that could, in the future, use the city name and seal to market products. In a six to one vote, staff was directed to take a look-see into partnerships, initiatives, benefits and very important, legality. That was what the no vote was about.

MONEY BUYS HAPPINESS, WHAT ABOUT HEALTH? A British study shows even a relatively small windfall win can lead to happiness and contentment, now a clinical trials expert wants to do a study of lottery winners to see if a win leads to better health, including how much money and how long it would take. Feeling better already.

TWO BIG ONES UNCLAIMED. Last month, a \$13 million winning ticket went unclaimed in Texas with the money going back to good causes. Now, the Hong Kong Jockey Club's biggest ever single winning ticket of \$15 million has gone unclaimed with the money going to charity. Seems if you just picked the winning horse in three different races you could remember to cash in the ticket. Maybe its not the win, just the chance to play the game.

MARK YOUR CALENDARS
SMART-TECH 2002
February 3-6, Ritz Carlton- Atlanta, Atlanta, Georgia Co-hosted by the Georgia Lottery Corporation
ILAC CONGRESS 2002
April 6-9, Hilton Cancun & Golf, Cancun, Mexico Co-hosted by the National Lottery of Mexico
INTERNATIONAL LOTTERY EXPO 2002
August 1-4, Loews Miami Beach Co-hosted by the Florida Lottery

For more info: WWW.PUBLICGAMING.ORG

THIRD PAGE OF MORNING REPORT

Announcements, promotions and advertisements of interest to readers of **MORNING REPORT** and **PublicGaming International Magazine**

SMART IDEAS

FOR
SMART-Tech 2002

Co-Sponsored by
Public Gaming Research Institute
and the
Georgia Lottery Corporation

February 3-6, 2002
Ritz Carlton-Atlanta
Atlanta, Georgia

THERE IS STILL TIME to submit your SMART IDEAS to Public Gaming Research Institute for inclusion in the annual SMART IDEAS program at SMART-Tech 2002.

Lotteries and suppliers may submit brief summaries (one page or less) of ideas that are having a positive effect on the lotteries.

The three categories of SMART IDEAS for consideration are as follows:

1. THE APPLICATION OF NEW PRODUCTS AND THE RESULTING BENEFITS.
2. REVENUE ENHANCEMENTS RELATING TO GAMES, PROMOTIONS, TECHNOLOGY.
3. COST REDUCTIONS THAT RESULT IN INCREASED NET REVENUE FOR THE LOTTERY

The SMART IDEA awards will highlight the creativity of lotteries, lottery staffs, lottery suppliers and supplier staffs.

PGRI will present 1st place and 2nd place awards for both lotteries and for suppliers in each of the three categories.

OTHER CATEGORIES. Have an idea that is important to a lottery but not obviously covered by the three categories? Submit it and we will define a new category to cover it for the 2002 meeting and, if it makes sense, we will continue that category for future SMART-Tech meetings.

PRESENTATION OF SMART IDEAS

SMART IDEAS will be presented to the audience at SMART-Tech on Tuesday, February 5, 2002. Each presenter will be allotted five minutes for his or her SMART IDEA summary presentation. The audience votes will determine the winners.

AWARDS FOR SMART IDEAS

SMART IDEA awards will be presented at the end of the General Session on Wednesday, February 6.

SUBMISSION OF IDEAS

Please fax or E-mail your SMART-IDEA summaries to:

Elsie Grote, Conference Coordinator
Public Gaming Research Institute
Fax (425) 803-6830
Telephone: (425) 803-2900
E-Mail: ELSIPEGRI@AOL.COM

Please do not waste your time preparing fancy submissions to PGRI – it is the audience at SMART –Tech that will be voting for the winners – save your fancy stuff for them. PGRI simply needs to know enough to plan the timing of presentations and awards.

For more info: WWW.PUBLICGAMING.ORG

FOURTH PAGE FOR HOTEL RESERVATIONS

OF MORNING REPORT

(You're kidding – a fourth page AGAIN?)

THIRTY LOTTERIES EXPECTED AT SMART-TECH 2002

In this time of uncertainty, it is reassuring that North American lotteries are still authorizing travel for SMART-Tech. We are pleased with the anticipated attendance and look forward to a strong professional program focused on helping lotteries grow revenues.

So, here are the details in case you have not already received them:

CONFERENCE

SMART-Tech 2002

CONFERENCE THEME

The Name of the Game is Growth

CO-HOSTS

Public Gaming Research Institute, Inc.
And the
Georgia Lottery Corporation

DATES

February 3-6, 2002
Beginning at 3 PM
and ending
February 6 at 11 AM

PLACE

Ritz Carlton-Atlanta Hotel
181 Peachtree Street, N.E.
(not the Buckhead location)
Atlanta, Georgia 30303
Web site: www.ritzcarlton.com

Telephone: (404) 659-0400
Or telephone: 800-241-3333

Fax (404) 688-0400

Be sure to mention SMART-Tech.

Rates: Government: \$160 per night, single or double plus taxes and miscellaneous
Non-government: \$180 per night

CONFERENCE REGISTRATION

Fax, call, E-mail or mail your registration to:

Elsie Grote, Conference Coordinator

Public Gaming Research Institute, inc.
4020 Lake Washington Blvd, N.E, Suite 100
Kirkland, Washington 98033 USA

Fax (425) 803-6830

Tel. (425) 803-2900

E-mail: ELSIEPGRI@AOL.COM

Fees: No charge for government

\$695 for non-government

\$595 for exhibitors

Pay by credit card or check in advance

TO SPONSOR

To be the sponsor of one of the four food functions of SMART-Tech 2002, please contact:

David Mello, VP, Marketing and Sales

Public Gaming Research Institute, Inc.

Tel. (202) 244-9301 or (425) 985-3159

E-mail: davemello@earthlink.net

TO EXHIBIT

There are a few *Circles of Learning* exhibit areas at SMART-Tech. To exhibit, contact:

David Mello, VP, Marketing and Sales

Public Gaming Research Institute, Inc.

Tel. (202) 244-9301 Fax: (202) 244-9302

E-mail: davemello@earthlink.net

For more info: WWW.PUBLICGAMING.ORG