

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 21, 2002

TENNESSEE'S SENATOR COHEN TO SPEAK AT SMART-TECH. Tennessee Senator Stephen Cohen, major lottery proponent and Deputy Speaker of the Senate, will join us at SMART-Tech. You will want to hear all and meet the Senator.

MULTISTATE SUIT FILED IN OHIO. Some gambling opponents and church groups filed suit in Ohio saying that joining a multistate game violates the Ohio Constitution which permits only a lottery run exclusively by the State. The Governor's Office said that the filing will not impact the Ohio Lottery's decision on selecting a multistate. The Senate President added that the Governor could have even okayed the plan without legislation.

DISMISSAL IN CALIFORNIA. That lawsuit against the California Lottery for selling tickets after the top prizes was dismissed. The issue, though, has recently surfaced or resurfaced in Arizona and Ohio with news reports on the subject..

GREAT WEEK FOR SOUTH CAROLINA. Lots of scratching' going on in South Carolina during the Lottery's launch week with estimates that nearly \$20 million in tickets were sold at 3,300 retail locations. Three million players won \$10.8 million and the most popular game featured the Lottery's logo. Per cap was \$4.74.

NEW GAMES FOR VIRGIN ISLANDS. The Virgin Island Lottery will add Caribbean Lotto and several other games to its lineup provided by Antigua-based Caribbean Lottery, Inc. The VI Lottery has been battling revenue problems and lots of competition from the Puerto Rico games and expects the new games to bring in \$10 million a year in profits

(Caribbean Lottery gives 10 percent of gross receipts to the Lottery and the Lottery gives five percent to the government). The parent company of Caribbean Lottery is Leeward Island Holding Company which runs games on numerous beautiful islands.

LOOKING TO JOIN UP. Speaking to a Virgin Islands legislative committee, the CEO of Caribbean Lottery Services, said joining a mainland multistate game would bring great benefits to the Islands, visited by nearly two million a tourists a year.

IT'S ALL ABOUT MONEY. Lottery proponents in North Carolina, the strongest being Governor Mike Easley, are watching the money float across the borders into Virginia, Georgia and now South Carolina. They say it is a lot, opponents say not so much. Look for the battle to continue as legislation for a North Carolina Lottery is reintroduced as it has been for the sixth time in seven years.

TAIWAN ON-LINE UP AND SELLING. Taiwanese Lottery players, for the first time playing on a online system, seem to like the game with nearly 1.7 million tickets sold on the first day at 2,700 retailers (expecting about 5,000 eventually). The game is six of 42 with revenue going to health insurance, pension funds and construction projects. First drawing tomorrow. The Lottery launch marks the end of an 11-year suspension of lotteries in Taiwan after a former premier ended decades of play, saying lotteries increased the crime rate.

LEADERSHIP AWARD TO GLEASON AND GIBBS. Kentucky Lottery Corporation CEO Arch Gleason and COO Marty Gibbs were awarded the 2001 Louisville Society of Human Resources Management Leadership Award which recognizes exceptional leadership in advancing the strategic importance of human resources in an organization.

ACTING GOV HAS AN IDEA. Massachusetts Acting Governor Jane Swift's office will do an analysis looking at the possibility of reducing the Mass Lottery's payouts, wanting more profit. As all know, the very successful Massachusetts Lottery has one of the highest per caps in the Country. The State Treasurer, in charge of the Lottery, does not agree with the idea.

TWO NEW APPOINTMENTS TO NM BOARD. Filling two unexpired terms, William Bonds, a CPA and Eugene Zamora, a lawyer, have been appointed by New Mexico Governor Gary Johnson to the New Mexico Lottery Authority Board of Directors.

POPULAR BONUS MATCH RETURNS IN MARYLAND. The Maryland Lottery is bringing back its popular Bonus Match 5 on February 4. Draws seven days a week and a top prize of \$50,000 for matching five of 39, plus a bonus ball for a match or more money. Three plays for \$2 and four for \$3.

BREAKAWAY-TO-WIN. That's the name of the game that Canada's pro hockey teams the Flames and Oilers will share profits in as it sells at 2,100 lottery retail locations. The 500,000 \$10 tickets will produce \$2 million in cash prizes and lots of great prizes for hockey fans.

INTRALOT GOES TO PERU. INTRALOT has a 10-year contract to supply and operate the Sociedad Beneficencia Publica de Jaen of Peru. The new government lottery will sell all games at 1000 locations throughout the country, expected to launch in 2003. Looking at video for the future. This is the second Latin American contract (Chile) for INTRALOT recently.

LEHMAN SAYS SGM "STRONG BUY." Lehman Brothers put a "strong buy" on Scientific Games International with a price target of \$11. One of the reasons, winning five of the last seven contracts bid.

INTERLOTT FIRST IN CALIFORNIA. Interlott Technologies will be sending 500 16-bin Expandable Dispensing System units to California Lottery retailers by March. This is a first order for Interlott from the Lottery which currently has 4000 4-6-8 bin ITVMs in operation. Interlott supplies 29 of the 38 US lottery jurisdictions.

AUTOTOTE EXTENSION WITH WOODBINE. Scientific Games subsidiary Autotote Systems received a five-year extension of its contract with Woodbine Entertainment worth about \$10 million. The Woodbine network includes 1,700 terminals.

MDI SENDING HARLEYS TO IDAHO. The Idaho Lottery has signed up for its first licensed promotion with MDI, the very popular Harley-Davidson which has zoomed in 38 promos in North America.

ENVIRONMENTAL GROUP AWARDS OGT. Oberthur's Brazilian facility, ISA (an instant ticket printer OGT acquired last May), has won the best qualification in the Management of Industrial Residues category in a Environmental Institute of Parana, Brazil contest.

MULTIMEDIA STOCK SPLIT. The Board of Multimedia Games approved a three-for-two common

stock split. At the time it was selling for \$36.46 per share.

WMS BELOW ESTIMATES FOR 2ND QUARTER. WMS Industries announced second quarter results will come in below analysts estimates due to the Company's software problems on certain games. Also said they were fixing the problem.

CYBERVIEW NAMES MANAGING DIRECTOR. UK-based Cyberview Technology Ltd. has promoted Peter Greenhill to Managing Director. Greenhill was Director of Sales and Marketing for Cyberview and has previously held executive positions with Unisys and EssNet. The Company provides products and software solutions for online lotteries, interactive TV, transactional Internet multi-media kiosks and online proprietary gaming systems.

CREDIT CARD BILL INTO IN MARYLAND. Legislation to allow credit card purchase of subscription Lotto play has been introduced in the Maryland General Assembly. The Maryland Lottery now accepts checks and money orders from their 50,000 subscribers.

GEORGIA JUDGE OVERTURNS BAN ON VLTs. The same Judge that issued a restraining order on the law that would ban VLTs in Georgia has now overturned the law, saying it could not pass a constitutional test. The Georgia Legislature passed the law last year after thousands of South Carolina banned VLTs found a home in Georgia.

JUST DO IT! Send your Morning Report news to Sharon Sharp. Phone (312) 649-6577; Fax (312) 649-9863; Email: pgrinst@aol.com

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 information

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

THE DEADLINE to submit your SMART IDEAS for inclusion in the annual SMART IDEAS program at SMART-Tech 2002 is **January 23.**

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: ELSIEPGRI@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 OF MORNING REPORT

SMART-TECH 2002 THIRTY LOTTERIES EXPECTED

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

FOR HOTEL RESERVATIONS

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:

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