

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

Your weekly supplement to
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THERE'S STILL TIME. There's still time to register for PGRI's ILAC Congress, 2002. This year's Congress will take place at the Hilton Cancun Beach & Golf Resort in Cancun Mexico, on April 6-9. The Congress will bring together the best and the brightest of the Latin American and Caribbean lotteries to share ideas.

For more information on registering for ILAC contact Conference Coordinator: Elsie Grote at 425 803-2900; fax 425 803-6830 or email: elsiepgri@aol.com.

To exhibit and sponsor at ILAC, contact David Mello at 202 244-9301; fax 202 244-9302; or email davemello@earthlink.net.

RESERVE YOUR ROOMS FOR ILAC. If you're attending ILAC, reserve your rooms at the Hilton Cancun Beach & Golf Resort by March 15 to ensure getting a room. HOTEL TEL. 011-52-998 881-8000; HOTEL FAX. 011-52-998 881 8080. Hilton Cancun Hotel details are on the Internet at www.hiltoncancun.com.

SCI-GAMES POSITION AVAILABLE. Scientific Games is looking for a Lottery Marketing Manager in the Northern New England area. Search for the ad on Monster.com using the keyword "Scientific Games."

APPOINTMENT NOTICE Mr. Gaétan Frigon has been appointed the new Chairman and Chief Executive Officer of la Société des loteries du Québec (Loto-Québec), effective February 18, 2002. Mr. Frigon has numerous years of experience in the retail sales sector, most notably in the food industry. Prior to joining Loto-Québec, he was President and Chief Executive Officer of La Société des alcools du Québec (SAQ). Created in 1970, Loto-Québec currently has a workforce of over 6,000 and total profits of \$1.3 billion. With a mandate to market games of chance, the Corporation is comprised of several subsidiaries, including La Société des loteries du Québec, La Société

des casinos du Québec and Resto-Casino, La Société des bingos du Québec, La Société des loteries vidéo du Québec, Ingenio, as well as Technologies Nter — a joint venture company active primarily on international markets. www.loto-quebec.com

TINKERING WITH SUCCESS. Massachusetts Governor Jane Swift wants to reduce the Lottery's payout percentage. The Gov. has been quoted as saying the Lottery was created to support local services, not make several people rich. She estimated that reducing payout could gain services an additional \$247 million. Of course, that's if people who are winning less continue to buy.

SC NUMBERS LAUNCH ON TIME. Despite all sorts of problems, South Carolina's numbers game launched on time last Thursday. Sci-Games' strategy of switching to BellSouth and using Internet technology to compensate for lack of phone lines worked like a charm; it will allow 2,600 retailers to sell, and keeping the vendor from having to pay some hefty fines.

STUDY THIS! The Idaho Senate voted 10-8 against using \$60,000 in Lottery funds to further study the social effects of gaming. The vote redirects those who want to know to an extensive 1997 study on the same subject. They decided that a study on top of a study is a waste of money. No kidding.

NOW THAT'S A PRIZE! The Kentucky Lottery is introducing a \$1,000 grand prize pull-tab game. Until now the highest top prize on pull-tabs has been \$300. Needless to say, Lottery officials are expecting the game to sell out quickly.

S. CAROLINA SENATE OKAYS SPENDING PLAN. The South Carolina State Senate finally agreed on a Lottery proceeds spending plan, the bill now heads to the House. Free tuition at tech schools and two year colleges, money for upkeep at some universities, and LIFE and Hope scholarships, among other things, will receive funding under the plan. Some House members want more money to go to K-12, but other than that it's looking pretty passable.

INTERNET SELLING POINT. A new site, InternetLOTO.com, is now allowing worldwide lottery players to purchase e-tickets online to win jackpots offered by various government sanctioned lotteries. The web portal also allows players to view live webcasts of weekly drawings.

CHINA ONLINE. A new web site designed specifically for Chinese user looks like a good bet. Not only is the country the most populous on earth, but its online population (currently 33.7 million) is growing steadily. Just to seal the deal, a "God of Fortune" was included in the site design.

I WOULDN'T MAKE THAT BET! The California State Assembly voted 61-2 to not only make it a crime to do business in Internet gambling, but makes bettors a target for prosecution as well. Operators (and accomplices) face 90 days and \$1,000 per transaction. Bettors will be fined up to \$25 per transaction. The one exception, surprise—horse racing.

KIWI SALES BOOSTER. New Zealand Lotteries Commission CEO Ariane Burgess has suggested that Internet gambling could boost sagging Lotto ticket sales. Ms. Burgess' suggestions to a parliamentary committee included games coming with a personal computer, or that they be located on an Internet server. Hidden within the game would be a lottery paradigm that could be accessed only by adults. Another suggestion has Lotto tickets being sold through mobile phones.

YES, AND NO. A Missouri House committee voted down Governor Bob Holden's proposal to eliminate the \$500 loss limit at casinos, but liked his idea for higher gambling taxes. The committee gave the go ahead to the tax plan, which should raise approximately \$156 million for education. The Governor's plan was to soften the tax blow by increasing the amount casinos could take from patrons.

A DAY AT THE RACES. The Missouri Lottery's Speedway Getaway promotion is giving away six trips for two to a national stock car race of the winner's choice. Winners also have the choice of taking \$5,000 in lieu of the trip. Either way, the prize is tax free. Lots of merchandise prizes in this promotion (1,050).

THE NEVADA STATE LOTTERY. Las Vegas Mayor Oscar Goodman has added his name to a growing list of supporters for the Nevada State Lottery. Apparently, his position was solidified while watching Las Vegans zoom by him on their way to purchase a ticket for California's \$193 million SuperLotto jackpot.

CALL IT WHAT YOU WANT. Indiana Senate Bill 333 would allow four locations to divide 3,000 electronic pull-tab machines. Opponents are calling the machines slot machines, but Rep William Crawford sees them as an excellent way to separate tourists from their money. The latest version of the bill calls for Marion County residents to vote on whether or not they want more gambling.

YOU CAN LEAD A HORSE TO WATER... A new computer system, built to provide better security, provided a nightmare day for operators of the 24-hour New York Lottery help line. The help line fielded approximately 1,900 calls from retailers who were having problems with the new system. Some retailers were so frustrated they started turning customers away. Although the Lottery worked very hard to train all their retailers, most problems were user problems, not system problems.

A FRESH START. UK's National Lottery operator, Camelot, unveiled a new logo in an attempt to freshen up its image. A hand-painted image of a figure reaching for a star, intended to give an impression of integrity and efficiency, is underlined by the company name and a new slogan, "Serving the nation's dreams". A full relaunch of the Lottery is planned for May.

WEBB PR BACK IN COLORADO. Peter Webb Public Relations (Webb PR) has been named the successful bidder for the Colorado Lottery's PR contract. The new contract will go into effect on July 1, 2002 and run through June 30, 2004, with three 1-year renewals.

CRAZY, BUT IT JUST MIGHT WORK. WV racetracks will begin an experiment in the next few months. For the period of a year, payouts will be raised in an attempt to raise the amount of time players are at the machine. Current payouts can be as high as 92 percent, but by law the Lottery Commission can raise that to 95 percent. Tracks will report whether the strategy works, and whether there's a significant drop in revenue for the state.

GIVING IT AWAY. Sikkim became India's first state to launch an online lottery. To ensure participation they did the unthinkable: they gave the tickets away – all of them. Players could play Super Lotto for free on March 5th and 6th. Future tickets will cost Rs10.

BRINGING IN THE VLTs. Loto-Quebec has awarded Spielo its largest ever VLT contract. Spielo will provide 6,100 VLTs over the next year-and-a-half to the Lottery. Previously, Spielo's largest contract had been 4,000 VLTs to Loto-Quebec.

THE SWEET SMELL OF SUCCESS. The New Mexico Lottery's sales have been so good they've moved up the release of three new instant games by two weeks. Sales have been at their highest level since the Lottery launched.

MARK YOUR CALENDARS

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