

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
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40 LOTTERIES EXPECTED AT ILAC CONGRESS.

Smart-Ideas to be a part of Congress Program.

There is still time to register for PGRI's ILAC Congress, 2002. This year's Congress will take place at the Hilton Cancun Beach and Golf Resort in Cancun Mexico, on April 6-9. The conference will present the best and the brightest ideas for growth for the Latin American & Caribbean lotteries. Co- host: National Lottery of Mexico. **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 Tel. (202) 244-9301; fax (202) 244-9302; or email davemello@earthlink.net.

MAKING WAY FOR MULTI-STATE. Multi-state prospects are looking good in South Carolina. The SC House voted 62-45 to increase Lottery spending by \$22 million – the amount a multi-state game would be estimated to bring. They'll vote on the multi-state issue soon.

HE'S BACK. Bob Goodlatte is kind of like the Energizer Bunny. He just keeps going. This time, he's gotten The U.S. House Judiciary Subcommittee on Crime to unanimously approve the updating of the Wire Act of 1961 to apply to the Internet and Mobile commerce. The big difference is that this bill would allow tribes to regulate Internet gambling within their borders, and it would not apply to state lotteries, or horse and dog racing.

EDITEC ALL OVER THE PLACE. Editec has been very busy the last few weeks. They recently signed with the National Lottery of Ivory Coast (LONACI) to deliver a PMU system including 500 TPM 3000 terminals. Also, their WinTV division just delivered the latest Venus System, a 1 Diamond machine and four Perle machines to Loterija Slovenija in Slovenia. Busy, Busy.

MORE ONLINE STATES IN INDIA. The Maharashtra government signed a contract to allow Ecool Gaming Solutions to run an online lottery in the Indian state. This brings the total number of Indian states featuring an online lottery to five. The state will receive 20% of gross sales for the first year, a figure that will rise by a half percent annually over the 10 year contract. The contract calls for 3,500 terminals, which will be supplied by ILTS.

SC PICK 3 OFF TO A GREAT START. The first day of South Carolina's Pick 3 sales exceeded expectations. Sci-Games projected sales of \$103,000, and were pleasantly surprised to see sales of \$558,000. Imagine what sales could be when all 3,100 retailers start selling. The Lottery paid out \$123,600 in prizes for the game.

NOW THAT'S TEAMWORK. SC's Pick 3 started on time due to Bell South teaming up with Scientific Games to deliver the first-ever state lottery virtual private network in the Southeast. The system employed multiple means of secure Internet access to the SCEL data centers and regular phone lines, as well as managed security, encryption and firewall applications. Hats off to these two companies for working as a team and coming through in the crunch. www.scientificgames.com

BIG GAME GOING WEST? Washington has joined the list of states seeking lottery funding solutions. The Senate just voted 27-22 in favor of a multi-state, and things are looking good in the House. One House proposal has the Lottery selling Keno through retailers, and Bingo halls adding electronic scratch games.

AD AWARDS FOR NEW MEXICO. The New Mexico Lottery won three awards at the New Mexico Advertising Federation's ADDY Awards. The Lottery was awarded an ADDY for a radio commercial touting the Slingo instant, and received Citations of Excellence for other campaigns.

THE LUCK OF THE IRISH. The Irish National Lottery launched a scratch game that sends winners to the World Cup in Japan. Ole Ole sends thirty winners and their partners on a 15 day holiday to see the Irish national team take on the rest of the world's best soccer teams. Winners will also receive €2,000 spending money for the trip.

MDI OPENS TEXAS OFFICE. MDI has opened an office in Fort Worth, Texas. The Texas location provides a more centralized staging area for the company's North American and worldwide sales and marketing efforts. MDI can be reached in Fort Worth at: Mallick Tower; One Summit Avenue; Suite 610; Fort Worth, TX 76102. Phone: 817-877-8960; Fax: 817-877-3066.

COLORADO LAUNCHES HARLEY. The CO Lottery is launching a Harley instant on March 29. Top prize is

\$75,000, with a second chance featuring six Harley-Davidson 1200 Custom Sportster motorcycles.

THE FOREIGN LOTTERY. Kolotto has launched a Korean Lottery aimed specifically at foreigners. The games, available in English, Japanese and Chinese, are sold at tax-free shops, souvenir shops, major hotels and some convenient stores. Tickets will sell for 2,000 won and offer a top prize of 10 million won.

CAMELOT LAUNCHES NEW SYSTEM. Camelot installed a new IT system for UK's National Lottery, and there was no lottery disruption during the transition. Compaq, GTECH and Deloitte Touche all contributed to the effort. The new system processes much faster than the three transactions per terminal per minute it's programmed for, so there's room for game upgrades.

DAYTIME DRAWS FOR TX PICK 3. The Texas Lottery Commission voted in favor of daytime draws for Pick 3. The game will now draw twice daily. Changes proposed for Cash 5 include improving the odds from 1 in 100 to 1 in 8, offering a \$2 prize for matching two, drawing six nights a week and changing the matrix from 5:39 to 5:37.

BIG CUTS FOR BCLC. The BCLC's Lotteries Strategic Business and Service Plan will take effect, and should result in operation savings of approximately \$14 million. The Lottery will review every operational program and service, and reduce its full-time workforce by 15%. They plan to outsource all non-core services, technology and functions, reduce community and event sponsorship, and close the Victoria office by April 5.

APPOINTMENT NOTICE. Mr. Gaétan Frigon has been appointed the new Chairman and CEO of 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). www.loto-quebec.com

DESIGN YOUR OWN. The Hoosier Lottery is offering players a "Design A Game From Scratch" promotion. It's only open to Lottery VIP Club members, so look for that membership list to grow. The Lottery will choose 10 entries and post them on the Lottery's VIP Club site where members will vote for their favorite. First receives \$2,000; second place \$1,000; third place \$500; and the remaining finalists get \$100. www.hoosierlottery.com

SETTING SITES ON CHINA. The Internet gambling world seems to be turning its eyes towards China. PLUSLotto, the worldwide Internet Lottery, is the latest entity to announce expansion into the gargantuan market. They're launching a site in Simple Chinese with plans to launch a Traditional Chinese site later. Why all this trouble? The

Asia Pacific market is expected to have 242 million Internet users by 2005.

CYBER-WAGERING TO RISE IN BRITAIN. A study released by Screen Digest and Dutch Bank ABN Amro claims the British wagering over the Internet, Interactive TV and Mobile unites will rise from 588 million pounds this year to 2.1 billion pounds in 2010. Sounds lucrative.

VLTs IN POLAND? Poland's Ministry of State Treasury is arguing to legalize VLTs in the country. The Treasury is facing opposition from the more conservative Finance Ministry. No telling how this one will end up. There are a lot of groups lobbying each side.

NO DICE. FL Gov. Jeb Bush says he will shoot down adding VLTs to tracks. Supporters of the bill hoped a tight budget year might make a difference, but Bush is taking a strong stance against any gambling expansion.

LOTTOMATICA VALUE RISES. Lottomatica shares continue to rise in value. Shares are now valued at 8.175 Euros. The rise may be due to their acquiring a 100% stake in Playservice, the reference shareholders of Cirsa, which operates casinos, slot machines and bingo halls. Meanwhile, Italian publishing house De Agostini increased its stake in Lottomatica – they now hold 63.39%.

CRACKING DOWN ON CRIME. In an effort to prevent the use of lotteries as a means to legitimize illegal incomes, the Russian government may drop the tax on lottery prizes from 35% to 13%, and institute a 10% tax on all lottery net revenues. Lawmakers are also considering minimum prize amounts for games.

LOUISIANA SALES DROP. The Louisiana Lottery is expecting a 5% drop in ticket sales next fiscal, but employees should get a 4% raise. How? The 4% pay raise is the standard raise for all state employees. The Lottery plans to operate more efficiently so that the numbers will all make sense.

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