

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
March 25, 2002

30 + LOTTERIES FOR ILAC – MORE EXPECTED.

There's still time to register for PGRI's ILAC Congress, 2002. This year's festivities will take place at the Cancun Hilton and Golf Club in Cancun Mexico, on April 6-9. The conference will bring together the best and brightest from the Latin American and Caribbean lotteries and from lottery supplier organizations from around the world.

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.

GREAT IDEAS! FOR ILAC CONGRESS 2002. ILAC lotteries and supporting suppliers are invited to each present one great idea found to be successful in the past year, which might be of help to other ILAC lotteries. To participate, send a brief description of the idea, what the benefit has been to the lottery, and who the presenter of the idea will be via fax to 425-803-6830 or e-mail to elsiepgri@aol.com.

SCI-GAMES TO ACQUIRE SERCHI. Scientific Games has signed a Letter of Intent to acquire 65% of Serigrafica Chilena S.A. (Serchi). The purchase price will be a maximum of \$8,255,000. The acquisition is expected to take place within sixty days and is subject to certain conditions. After completion of the agreement, Serchi will change its name to Scientific Games Latino America.

BEST WISHES, BILL. Bill Hennessey, who has served for many years as the Instant Games Manager for the CT Lottery, will retire on April 1 (no fooling!). In his early lottery days, Bill traveled the state with a drawing team, conducting hundreds of second-chance drawings. Over the years, he acted as host on "The Rainbow Jackpot" and

"The Money Tree," two of the Lottery's televised game shows. Bill has been instrumental in building CT's instant game program to the successful level that it is today. To contact Bill before April 1, email him at bill.hennessey@po.state.ct.us, or by phone at 860-348-4077. Pete Donahue, former Assistant Games Manager, has taken over for Bill.

CT GOES FOR THIRTY. The Connecticut Lottery Corporation made history when it became the first US Lottery to launch a \$30 scratcher, and it's paying off big. In ten days customers bought 108,170 tickets for more than \$3 million in sales. The game is loaded with mid-level prizes, and offers up to 35 wins per ticket.

FAR FROM OVER. Well, some of the SC House Republicans indicated that they didn't want all the Lottery money going to higher education, and the Lottery spending plan adopted by the House reflects that sentiment. The House plan sends a portion of the money to K-12, and reserves higher education money for those who earn a B-average in high school and maintain that average throughout college. Some Senate members are calling the plan exclusive and elitist. It looks like this issue is far from being resolved.

EVERYTHING'S BIG IN TEXAS. The Texas Lottery and MDI are gearing up for one of the biggest Harley giveaways ever. Thirty Sportster 1200s and five thousand prize packages headline the game. Tickets sell for \$5, and offer a top cash prize of \$50,000. Twenty-five of the motorcycles will be given away instantly.

THE WORLD IS NOT ENOUGH? Hoosier Lottery Director Jack Ross (007) has reported that the Indiana Governor has signed a bill giving the lottery the authority to join international lottery games. Congratulations, Jack.

BACK ON TOP. It didn't take long for California's SuperLotto Plus to start grabbing national headlines again. The game's \$87 million jackpot is (as of Friday) the largest in the U.S.

SCORING BIG IN FRANCE. La Francaise des Jeux, signed a contract for an MDI game featuring the 2002 FIFA World Cup soccer finals. This World Cup holds special intrigue because France will be defending its title as World Cup Champions. Congratulations to both!

A REALLY BIG GAME. When New York and Ohio join The Big Game, at least two numbers will be added to the game's matrix. This tweaking of the odds could do quite a number to the size of the jackpots. Some estimate that jackpots could reach as high as \$500 million.

LOTTERY FEVER. Taiwan is in turmoil. The government has asked the Lottery to cease all Lottery advertising to try

dampening player enthusiasm. The government has already changed draw days in an effort to keep players from skipping work to stand in lottery lines. We'll take them!

UK WINNER'S TAX. Camelot's new Cash For Life game is the first of the Lottery's scratch-games to require taxes on winnings. The game features £2,000 a month for the rest 10 grand prize winner's lives, which gives it an income element that requires taxing. Still, the first £2,000 is tax-free. Think winners will be complaining?

ANTI-LOTTERY CAMPAIGN. The "Gambling Free Tennessee Alliance" began their anti-Lottery "education" campaign. The Alliance estimates they'll need \$1.5 million to defeat a Tennessee Lottery – a similar amount was spent in the 2000 anti-lottery campaign in Alabama.

I LOVE NEW YORK. The NY Lottery is offering a new Instant called I Love New York. The \$1 ticket with a top prize of \$1,000 is the result of a partnership with Empire State Development. Thirty-million tickets are in circulation.

POST OFFICE RETAILING. Ghana National Lottery players can now buy tickets at the post office. The Lottery's Fortune Lotto game expanded to post offices due to customer demand. We'll take those players too!

DON'T YOU SCAM ME. In an effort to thwart a scam targeting seniors, the Texas Lottery has produced the Lottery Scam Truth Report flyer, released public service announcements, video news releases, print releases and a web page, all in English and Spanish, in an effort to prevent additional victims.

COMING TOGETHER. IGT has launched the IGT Lottery division with Christer Roman as President. It focuses on the public lottery market and brings all IGT lottery products, systems and services under one umbrella. AWI, VLC and United Tote will all be referred to as IGT companies. IGT's Public Gaming department will now become part of IGT's Gaming division.

PICK 5 IN SC. The South Carolina Lottery will be coming out with a new Pick 5 game. The game should start in June, offer two drawings per week, operate on a 5:36 matrix and feature a tax-free jackpot of \$100,000.

KENTUCKY FUN CLUB. Kentucky just kicked off its new Player's Fun Club on the Lottery's web site. Members receive merchandise, fun games and chances to win Lottery prizes. Other club features include Kentucky Lottery screen savers, a talking calculator, and weekly promotional Lottery emails.

GOOD CLEAN FUN. MA's Clean Fun Sweepstakes is back. The Lottery's anti-litter promotion allows players to

submit \$10 worth of non-winning instants for a chance to win \$100,000. Last year approximately 50 million tickets were entered. Tickets are converted into pulp and sold to paper mills to produce other products. Last year 85 tons of Clean Fun entries were recycled.

PROGRESSIVE VLTs. GTECH and the Rhode Island Lottery activated the first technically integrated, multi-vendor, wide area, progressive jackpot system for lotteries on 72 VLTs from four vendors – GTECH, IGT, Spielo and Williams. The GTECH-supplied central system allows each of the vendors to use any of their existing games, while only requiring them to have identical winning odds and display a universal jackpot icon on the screen.

ALC RUNS NB'S VLTs. Starting April 1st the ALC will be responsible for New Brunswick's VLT program. Hi-Tech Gaming.com and Spielo will combine with VLC to supply new terminals which will include responsible gaming features. ALC estimates the machines will return \$20 million in additional revenue to New Brunswick.

WELCOME ABOARD. The Virginia Lottery has a new member on its advisory Board. Gilliam Cobbs. Lottery officials are looking forward to working with the former high school principal.

AD AWARDS FOR W. AUSTRALIA INSTANTS. The Lotteries Commission of Western Australia's instants products recently won two awards at the prestigious Campaign Brief Advertising Awards. The awards were both for the \$4 Hit Me campaign, which won Best TV Campaign of the Year and more important, The Campaign Effectiveness Award. Sales for the \$4 Hit Me ticket have increased 157.8% since its launch in Nov. 2001.

STATE OF THE ART. SAZKA has completed its new TV studio. The state-of-the-art facility is used exclusively for Lottery products, and is already producing highly rated shows. Soon to be employed features include a large-area transparent wall and a glazed-in vault corridor that will enable the public to monitor the drawings.

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

NEW GAME FOR ISRAEL. Mifal HaPays (Israel) launched their first new Brand on the market in eight years. Pays 777 operates on a 7:70 matrix, with 17 numbers being drawn. The Lottery is using this game to expand their customer base to include more women and young adults. A \$2 million, month-long ad campaign will help launch the game.

OFF THE TABLE. Two Florida senators hoping to bring VLTs to the state finally gave in to reality. With Gov. Jeb Bush taking a strong stand against expanded gambling the pair withdrew their VLT plan. Still, Sen. Ron Silver, D-North Miami, and Sen. Steve Geller, D- Hallandale Beach, still think they can get the machines approved some time this year.

MINNESOTA JUMPS MARKER. The Minnesota Lottery crossed a major historical marker when they recently passed \$1 billion in profits since its inception. Nice work!

SETTING LIMITS. The New South Wales Tabcorp introduced a minimum phone bet of \$5. Apparently, phone lines were getting too congested during peak betting hours. Players can still make bets of less than \$5 using voice recognition or touch tone options.

ILTS THIRD QUARTER. ILTS third quarter revenue figures are in. Revenue was \$5.8 million with net income of \$0.9 million as compared to a net income of approximately \$2.1 million and revenues of \$3.3 million for the comparable period last year. Earnings per diluted share for the quarter were \$0.07 compared to \$0.16 per diluted share in the comparable quarter last year. Overall figures for FY02 show revenue up \$4.1 million over last year, and Net income being \$.7 million higher during '02.

GO FIGURE. In a bizarre story, a fortuneteller in Argentina could face prosecution for threatening to burn down a lottery retailer's house. The defendant accused the retailer of coming into her dreams at night and stealing her powers to predict winning lottery numbers. What she has yet to explain is that even before the alleged thefts began she never correctly guessed the winning numbers.

TO REGISTER FOR THE ILAC CONGRESS

E-mail your name, title, organization, phone & fax to: ELSIEPGRI@AOL.COM.

FOR HOTEL RESERVATIONS

Call Hilton Cancun Beach & Golf Resort
In Cancun, Mexico: 52-998-881-8000

THIRD PAGE GREAT IDEAS FOR ILAC!

In the spirit of Smart-Ideas from Smart-Tech, this year's ILAC Congress in Cancun, Mexico, April 6-9, will have a similar component to encourage the sharing of ideas that lotteries and suppliers have found make the lotteries more successful.

The ground rules for participating are simple:

1. E-mail a one-paragraph description of any one Great Idea and its benefit to an associated lottery;
2. Come to the ILAC Congress with a 5 to 10 minute presentation of the idea;
3. Stick-around for the award presentations at brunch on April 9.

There will be 10 awards for Great Ideas presented by lottery representatives and 10 more awards for Great Ideas presented by those lottery suppliers who are function sponsors, program sponsors or exhibitors at the Congress.

ILAC CONGRESS UPDATE

30+ lotteries have already indicated their plans to attend ILAC Congress 2002 – 40 are expected – for the April 6-9 meeting in Cancun.

The Congress Theme is:

More Games, More Revenues, More Benefits.

Greater emphasis is being given this year to promoting the adoption of new products by the lotteries than ever before at PGRI's ILAC Congresses.

Duane Burke, CEO of Public Gaming Research Institute and co-host with Laura Valdes, Director General of the Mexican National Lottery for the ILAC Congress, is encouraging company representatives to tell him how PGRI can help them work with their lottery clients at this Congress in order to accelerate the adoption of new games. E-mail: duaneburke@aol.com