

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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ILAC CONGRESS IN CANCUN - THERE'S STILL TIME.

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 the brightest of the Latin American 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. Also, see Third Page.

Or check PGRI's web site at: www.publicgaming.org.

SCI GAMES TO BUY MDI. Scientific Games and MDI could be tying the knot. The two have executed a Letter of Intent for Scientific Games to acquire all of the outstanding shares of MDI by exchanging its shares for MDI shares at \$2.10 per MDI share. When everything is finalized Steven Saferin will continue as CEO and President of MDI, which will become a wholly owned subsidiary of Scientific Games. MDI will operate as an autonomous business unit and will continue to offer its products and services to all lotteries. For more info: www.scientificgames.com, and www.mdientertainment.com.

YOUBET LICENSED IN CALIFORNIA. Youbet.com received licensing from the California Horse Racing Board making it able to accept online and telephone horse racing pari-mutuel wagering from California residents, effective immediately.

LOTTERY IS THE ANSWER. North Carolina Governor Mike Easley told educators that a state lottery is the answer for the state's budget shortfall, and that it could generate \$300 million for education in the first year. He pointed out that NC residents spend \$100 million a year

on the Virginia Lottery. Easley will be pushing the Lottery issue to the legislature again in the spring.

RAKING IT IN. Colorado is receiving better than expected results from Powerball. The Lottery expected to see an overall sales increase of \$30 million, but is now projecting a \$42-\$45 million increase in fiscal sales. Lotto sales have stabilized at about 40 percent less than last year, but who's complaining? Great job!

A RESOUNDING NO. A Minnesota State House Committee ignored that state's revenue needs and said no to a half-dozen bills that would have expanded gambling in the state. Among the financial losers: the Minnesota Twins stadium, the Red Lake and White Earth Chippewa, Canterbury Park (horse-track), and the Minnesota Lottery. Three other gaming proposals were pulled from the table before any vote could be issued.

RHODE ISLAND VLT DECISION POSTPONED. The Rhode Island State Lottery Commission postponed its decision on the expansion of video gambling until the state has a clearer idea of how big a budget hole it needs to fill. The proposed expansion (1,825 machines) has the potential to be the largest such expansion in a decade. The issue will be revisited after April of this year.

NEW PA PROGRAM STRETCHES LOTTERY DOLLAR.

New programs to enhance long-term care services to older Pennsylvanians could wind up stretching the Pennsylvania Lottery's beneficiary dollars. The new program allows more of the participating seniors to opt for in-home services, and allows more seniors to receive community services by implementing a cost sharing requirement for seniors that can afford it.

COME ON DOWN! The South Carolina Lottery picked eight personalities to host their nightly televised drawings. They've got nearly every age demographic covered with hosts ranging from 21 to 62. The Pick 3 game will require the hosts to pull three lottery balls out of a drawing machine. It's not rocket science, and they probably won't win an Emmy, but it's a start.

HARLEY RETURNS. Florida Lottery players were firing up their engines when Harley-Davidson returned on Feb. 28. The \$2 ticket offers chances for one of 12 motorcycles, and \$10 million in cash prizes. Four of the bikes, as well as other merchandise, can be won in the four second chance drawings, which start March 27, and are scheduled to run past May 5.

BEFUDDLED BY BENEFICIARIES. Numbers were crunched, details hammered, and the Lottery Commission could only watch as the legislature still offered no word on how South Carolina's Lottery dollars will be spent.

Republican and Democratic proposals seem to want to fund the same kinds of programs, they just can't seem to decide on the percentage for each program. Oh well, that's politics. They'll figure it out eventually.

WHOLE LOTTA SCRATCHIN' GOIN' ON. A total of 127,000 people sent in ticket-entries for four second-chance drawings in Virginia. This "hunka-hunka instant fun" started after Elvis entered the building in Virginia last October. That's when the Lottery introduced the popular MDI-licensed game, Elvis. Players in Virginia had fun scratching the tickets; they also liked using nonwinning Elvis tickets as entries in the lottery's second-chance drawings. Entries were NOT marked "return to sender." Eleven lucky entrants won trips for two to Graceland and thousands more won Elvis merchandise.

MARCH MADNESS. Virginia players like their 3-4-5 Cash Sweepstakes so much that now the folks at the Lottery in that state are giving players a chance to win more stuff over the Internet. They can still enter the mail-in sweepstakes, same as last year. New this year, though, is a tie-in to the Web, with a trivia contest on the lottery's website (valottery.com). Questions involve the three daily games; prizes include shirts and coupons for tickets to daily games (Pick 3, Pick 4, Cash 5). It's an "open-book" quiz – all the answers are on the Virginia website.

EVERYBODY WINS! Nobody won Wednesday's Powerball jackpot, but 218,663 players won a prize. That's nearly 10,000 winners in each Powerball state. That's a lot of happy people. Lottery fun never ends!

GOOAAALLLL!!!! The Jumbo Lottery in Japan is offering a chance to win a pair of tickets to this years World Cup soccer finals. Apparently soccer fans are lining up in droves. .

OUT WITH THE OLD, IN WITH THE NEW. New Hampshire's Tri-State Cash ended on Feb. 26, and Tri-State Cash Lotto went on sale Feb. 27. Players now choose on a 4:33 plus 1:33 matrix to win up to \$200,000.

NOW THAT'S A BIG AD CAMPAIGN! New Jersey's new ad campaign for the Big Money Spectacular has 9-by-22 foot ads covering the entire side of transit busses, including the windows. The ad, showing a person hanging onto the game while flying through the air, sports the slogan "Winners by the busload! Grab one today!"

INTRALOT IN BULGARIA. Intralot signed an agreement with the shareholders of the Bulgarian operator of fixed odds betting "Eurofootball" for the acquisition of 49% of the company share capital. Intralot also holds the option of acquiring another 2% of the company. Eurofootball is the only operator of fixed odds betting in Bulgaria and has a sales network of 500 betting clubs. The agreement

includes Eurofootball modernizing its technology infrastructure with Intralot's Coronis terminals.

WASHINGTON EXTENDS WITH INTERLOTT. Interlott received two one-year extensions with the Washington State Lottery. The extensions ensure that Interlott will operate and service the Lottery's 987 ITVMs through November 5, 2004.

BREAKING THE LAW. Gaston County, NC lawmakers are considering abolishing a 1943 law making possession of Lottery tickets a crime after a man was charged with a crime for holding 20 South Carolina Lottery tickets. Good luck! And while you're at it, see what you can do about the law making a North Carolina Lottery illegal.

BINGO! The Florida Senate approved 23-12 a bill allowing charitable groups in Florida to start selling instant bingo tickets. While the House companion bill passed the second of three committees last week, many are saying the tickets will be too similar to the Florida Lottery Bingo tickets already offered. Gov. Jeb Bush stated that he will not support a bill that increases gambling.

TROUBLE IN PARADISE. New York tracks are asking for higher percentages from VLT revenue. Tracks are complaining that their 25% cut won't cover their purses and operating expenses, and still leave enough left over after the three-year trial period to make the machine investment worthwhile. The tracks business plans are up for review, and there are still a lot of details to work out, but the Lottery's position is that the tracks are to be treated as any other vendor.

STILL MORE WV SLOTS! The West Virginia Lottery Commission unanimously approved Penn National Gaming's request to increase the number of slot machines authorized for placement at the Company's Charles Town Races by 1,500 to 3,500. Expect 500 machines by the end of 2002, with the remaining 1,000 to come in 2003.

SHARON SHARP. Sharon would like you to know that her new e-mail address is sharonjsharp@aol.com.

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