

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 15, 2004

***PGRI announces our combined ILAC
Congress and Lottery Expo 2004, June
28-July 2, Loews Miami Beach Hotel,
Miami Beach, Florida.***

ND LAUNCHES AD CAMPAIGN. North Dakota Lottery officials began the first in a series of ad campaigns last week in support of the Lottery's upcoming March 25th launch of Powerball. Approximately \$200,000 has been budgeted for lottery promotion.

MI CLUB KENO SALES SOARING. Michigan Lottery Commissioner Gary Peters is proud to announce that after completing just over four months of sales, the Michigan Lottery's new Club Keno game has generated over \$64 million in total sales, averaging \$4,065 in sales per week per Club Keno terminal. These phenomenal sales figures have quickly elevated the Michigan Lottery to the second highest in the nation for weekly Club Keno sales per retail location! The Lottery currently has over 1,100 retailers selling Club Keno tickets statewide. By the end of the year, the Lottery expects to have approximately 2,000 retailers offering the Club Keno game in their establishments. Since the game's debut on October 27, 2003, Club Keno weekly sales have increased by 173.5 percent and average sales per terminal have increased by 83.9 percent.

HOOSIER LAUNCHES NEW SITE. The Hoosier Lottery has debuted a new Web site:
www.in.gov/hoosierlottery/promotions/welcome/welcome.asp
created with players in mind. One of the biggest changes is a new feature that allows visitors to customize their own Lottery home page. Web users can choose up to 25 different links on their home page, including up-to-date jackpot information, new scratch-off games and winning numbers. The Lottery receives an average of 150,000 unique visits each week and 750,000 page visits. To keep those visitors happy and coming back for more, the Lottery used player feedback and launched a redesign of the site. Players said they wanted easier access to current winning numbers and jackpots, for example. That information is now clearly listed

REMEMBERING THE FAMILY. There is nothing that can replace our loved ones when they pass on. But those of us who are left can try to ease the suffering of the family with donations to help them through the day-to-day challenges of carrying on without their loved one.

A trust for the George Andersen family has been established for this purpose and to which some companies have already made pledges. This support is deeply appreciated by the family.

Those companies that have not yet pledged a donation may do so by sending an e-mail to duaneburke@aol.com committing your pledge. You will be sent an invoice for your pledge on behalf of the family fund.

Those companies and individuals who wish to, may send their donations directly to the family fund account as noted below:

**"Darlene Andersen, Trustee" account
Affinity Plus Federal Credit Union
175 West Lafayette Road
Saint Paul, MN 55107**

Please note if the family may publicly acknowledge your pledge or donation --- amounts of pledges and donations will be confidential.

on the home page. In addition to customized features, the Lottery added new searches so visitors can see the number

of winners by county, and it revamped the popular VIP club, now called Lotto Fun Club, which offers benefits to members. Not only is the name new, but the club has added features, including more chances to win. The Lottery is kicking off the new name with a second-chance contest. Players with non-winning Hoosier Millionaire tickets can sign up on the Web site by entering the 14-digit serial number from their tickets. The grand prize winner - announced on the April 17 Hoosier Millionaire Show - will receive a trip for two to Las Vegas.

FL HOUSE PASSES BINGO BILL. The Florida House voted 103-11 in favor of House Bill 187, which allows charities or veterans organizations to sell pull-tab or scratch-off instant bingo tickets if they already offer regular bingo. If the bill passes the Senate, it will have to face Gov. Jeb Bush, who opposed a similar bill last year.

GA INTERNET BILL PASSES HOUSE. Last week the Georgia House voted 131-32 in favor of a bill that would allow the Georgia Lottery to sell tickets to its citizens via the Internet. The measure would allow players to use credit cards or checking accounts to play up to \$5 in lottery numbers every day. While rhetoric from the Senate on the issue has been icy, even if the bill does pass, there's no guarantee that sales would ever get off the ground. A bill in the U.S. Senate, introduced by Senator Kyle of Arizona, would make all gambling on the Internet illegal - even if conducted by a state-run agency, selling only to citizens within its own borders.

NEW ZEALAND RETAILER EXPANSION. The New Zealand Lotteries Commission is reportedly planning add an additional 300 to 360 retail outlets to keep up with the growing population. The expansion process will take three years, with 100 to 120 new outlets being opened each year. Currently, the Lottery has approximately 640 retail outlets. The expansion calls for smaller Lotto displays, which would allow smaller shops, or shops in areas with higher rent to start carrying the brand.

KAZAKHSTAN LAUNCHES MEGALOT. On February 24 the National Lottery of Kazakhstan launched a new passive game, MegaLot, which replaces the combined instant-passive game Altyn Adam. Interest in Altyn Adam had waned due to the hour long drawing period for the game. MegaLot features a 15 minute drawing period, a big jackpot and a car to be won at each drawing. Drawings are held each Tuesday on the popular Khabai TV Channel.

ISRAEL UPGRADES LOTTO. Mifal Hapayis launched a new Lotto game on March 10. The game operates on a 6:34 plus 1:10 matrix. In the New Lotto there will be 8 prize levels, instead of 6 as in SuperLotto. This change will result in more prizes for a lot more winners. All prize levels are being upgraded.

MAHAPOLA LOTTERY RE-LAUNCH. The Mahapola Lottery is re-launching in Sri Lanka. The Lottery, which funds the Mahapola Higher Education Scholarship Trust Fund, makes it possible for talented children, who would otherwise be forced by poverty to abandon the idea of higher education, to receive the funds necessary to continue their education.

***NEW* RACINO NEWS**

NE CASINO BILL LOOKS DEAD. The Nebraska Legislature's casino gambling proposal looks dead. A vote to end a filibuster last week fell one vote short of the 33 needed, meaning the proposed constitutional amendment is off the agenda and won't come back unless the speaker of the Legislature calls for it. The amendment would have placed a measure on the November ballot authorizing up to two casinos in Nebraska.

KY'S TURFWAY TO BECOME MORE THAN A SLOT HOUSE. Turfway Park President Bob Elliston said that if casino gambling in Kentucky is legalized by voters in November, Turfway Park in Florence, KY would become much more than a slot-house. Turfway would have card and table games in addition to the most up-to-date electronic gambling devices. He envisions the facility becoming a tourist destination, and that the construction process would employ 1,500 people while pumping \$125 million back into the economy.

COMPANY ANNOUNCEMENTS

ARISTOCRAT RECEIVES PRODUCT APPROVALS. Aristocrat Technologies received key product approvals in three of the largest gaming jurisdictions in the United States, allowing the Company to now offer its most innovative games to casinos nationwide. The New Jersey Casino Control Commission recently approved Aristocrat's random bonusing product Mr. Cashman® and its globally patented Reel Power(R) game, a unique concept where players buy reels instead of lines. The



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Company also announced that the Mississippi Gaming Commission approved three of its top-performing MKVI video slots -- King of the Nile™, Tiki Torch™, and Double Dolphins® following approval in late January of its MKVI slot platform. And in Nevada, the country's largest gaming jurisdiction, Aristocrat received Nevada Gaming Commission approval for eight additional MKVI games -- Boot Scootin'®, Go Ape, Sun & Moon™, King of the Nile, Wild Amazon®, Black Panther®, Gamblin Jack, and Wild Cougar®.

GLORY TO SUPPLY TERMINALS IN UZBEKISTAN. Glory Technology reached an agreement for the sale of gaming terminal equipment, computerization systems and services to Olympic Glory Lottery, operating in Uzbekistan. The agreement calls for the supply, installation and support of 1000 terminals. Glory Technology will receive 7% of the revenues from these terminals.

HARLEY, MDI REACH NEW AGREEMENT. MDI Entertainment, a wholly-owned subsidiary of Scientific Games, has signed a new three-year agreement with Harley-Davidson Motor Company that will make the popular Harley-Davidson lottery games, motorcycles and merchandise available to lotteries and their players through December 2006. For the first time the Harley-Davidson license extends beyond North America. Approved lotteries outside the United States and Canada will have the opportunity to license Harley-Davidson lottery games. International jurisdictions are to be determined. The new agreement gives lotteries access to a new and exciting line-up of Harley-Davidson motorcycles as prizes: the new and refined Sportster® 1200 Custom in Vivid Black, the FLSTC Heritage Softail® Classic in a new color for lotteries – Lava Red Sunglo, and the newly introduced 2004 model VRSCB V-ROD®, featuring a black frame and Vivid Black coloring. Since the initial game launch, 37 North American lotteries have introduced 59 Harley-Davidson branded instant games and conducted three on-line lottery promotions, making it one of the most popular lottery licenses of all time. Eighteen of the lotteries have introduced Harley-Davidson games on multiple occasions.

HUGHES WINS 3 CONTRACTS FROM GTECH. Hughes Network Systems, Inc. won three new contracts valued in excess of \$34 million from GTECH. Under the terms of the contracts, HNS will deliver and install two new DIRECWAY hubs, one located in Austin, Texas and the other in West Greenwich, Rhode Island, plus supply 12,000 additional DW4020 satellite terminals, along with associated hub and satellite services. The DW4020 terminal provides enterprise customers with a fast, always-on broadband connection. It operates as a self-hosted system, eliminating the need for a dedicated host PC and enables a local Ethernet network of computers, yielding overall greater network power and reliability.

IL SIGNS . GTECH received a notice of intent to award a contract providing the Illinois Lottery with Instant Ticket Dispensing Machines (ITDMs) and ongoing maintenance and

support services. The proposed five-year contract follows a competitive procurement and includes a three-year extension option. Upon successful completion of negotiations with the Illinois Department of Revenue, GTECH will provide the Lottery with up to 2,000 Expandable Dispensing System ITDMs. The machines are expected to be installed by the end of 2005. The Company expects to generate revenues of approximately \$20 million to \$25 million over the five-year contract term.

NEW VISION GAMING STRIKES DEAL WITH GTECH. GTECH has entered into a 10-year exclusive agreement with New Vision Gaming of Medford, Massachusetts, to offer two flagship games through a variety of lottery distribution channels. The games (Players Choice Poker and Worldwide Poker) will be adapted for lottery use in various sales channels, including Interactive, social space, Electronic Instant Lottery, self-service platforms, as well as in traditional online and instant lottery mediums.

POLLARD SIGNS YOUNG & THE RESTLESS. Pollard Banknote has entered into an agreement with Sony Pictures Consumer Products Inc. to offer lottery games based on the #1 daytime drama The Young & The Restless. The Young & The Restless offers a variety of marketing possibilities, including the use of the character's likenesses on the tickets, unique prizes such as set visits and opportunities to meet the cast, and merchandise prizes to keep the players in the game through 2nd chance draws. The Young & The Restless has been building its massive fan base for more than three decades and has held the #1 spot among daytime drama series for 15 consecutive years. The show boasts 6.2 million loyal and diverse viewers that tune into the show on a daily basis. The demographic makeup of the fan base is both consistent with and desirable for lottery games.

QUEENSLAND DREAMS OF JEANNIE. The Golden Casket Lottery in Queensland, Australia has become the first lottery to introduce an "I Dream Of Jeannie" series of tickets featuring the Sony Pictures nostalgic television show. With a worldwide recognition factor and a large demographic range of appeal, the lottery will use six different "Jeannie" images to create a series of AUS\$2 tickets. Marketing support materials include a full compliment of window posters, danglers and retail counter cards.

THOROUGHbred INTERESTS SIGNS WITH KIWI NETWORK SOLUTIONS. Thoroughbred Interests, Inc. signed a letter of intent with Kiwi Network Solutions, Inc. to help with final development of the Totemaster pari-mutuel software that Thoroughbred Interests recently agreed to acquire. Additionally, Kiwi Network Solutions has agreed to grant Thoroughbred Interests access to its proprietary and third-party licensed wireless network platforms. Totemaster software will be marketed to existing pari-mutuel wagering facilities, including those who offer online account wagering.

MARK YOUR CALENDARS Plan to Attend

*Public Gaming Research Institute's
Combined meetings –*

Intern'l Lottery Expo and ILAC Congress 2004

June 28-July 2

Loews Miami Beach Hotel

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For Increasing Sales and Net
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New Ideas to Increase Revenues
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To register:

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For Loews Hotel Reservations:

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