

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
April 8, 2002

AZ SENATE OKAYS SKILLED VIDEO GAMES. The AZ State Senate voted 16-14 to allow people to win cash prizes on video games as long as the games don't involve any element of chance. The bill is pushed by a company called Incredible Technologies that created a golf game called "Golden Tee". The game creates the same conditions for every player, so skill is the only factor that affects the outcome.

LOTTERY –VS- BINGO. The Ohio Lottery is in danger of being outsold by a game called instant-bingo. Five years ago, the state Supreme court allowed the tickets to be sold outside of licensed bingo operations. Interestingly enough, the Lottery's sales have dropped 26% since that time, down to \$1.7 billion in FY2001. Instant bingo sold \$2 billion in FY2000.

HAPPY BIRTHDAY. April marks the 10th anniversary of Powerball. Revenues from the game have grown from \$603 million in 1993, to \$1.3 billion in 2001. Many expect those figures to keep growing, as prognosticators predict a \$400-\$500 million jackpot in the future.

PRIZE BY DESIGN. The Washington State Lottery is offering citizens the chance at \$5,000 in a contest to design the Lottery's 20th Anniversary Scratch ticket. The Lottery is encouraging designers to focus on the theme of 20 Grand Years. The winner will be chosen from six finalists representing each of the Lottery's established regions in the state. Finalists are guaranteed \$1,000, and an additional \$1,000 will be awarded the People's choice winner – decided by ballot box. May 15th is the cutoff.

SEEING TRIPLE. In an extremely rare occurrence, the WA State Lottery had a winner on three consecutive nights for their Lucky for Life game, which promises \$1,000 a week for life. How rare is that? Pre-2002, the

most winners ever in a calendar year came in 1998, when there were four winners.

DOG ADVOCATES SAY DOWN WITH VLTs. GREY2K USA, the largest greyhound advocacy in the U.S. vowed to defeat an Arizona Bill that would give dog tracks thousands of VLTs. They don't want the machines to strengthen the industry, because they feel it is cruel. Earlier this year GREY2K USA was a leader in killing the Florida bill that would legalize VLTs at state dog tracks.

SC CONTINUES TO SOAR. The South Carolina Education Lottery still has the hottest ticket in town. In October it was estimated the Lottery would sell \$192 million in its first six months, but the Lottery achieved that figure in half the expected time. So far \$35 million has gone to education, with \$16 million more expected in April.

FLORIDA LOOKING FOR MORE. A recent review of the Florida Lottery concluded that the organization needs more sales. Although revenue looks good on paper, and although the Lottery has significantly decreased administrative expenses, inflation is eroding reducing the significance of the net proceeds. Auditors have suggested, among other things, creating a new mega-jackpot game, and lobbying the Legislature for Keno or VLTs.

THROWING IN THE TOWEL. Oregonians for Gambling Awareness finally gave up its fight to overturn the state's lottery. The groups based its attempt on the argument that the 1984 measure that created the Lottery contained too many constitution changes into one measure, rendering it invalid. The group finally gave in after realizing that they didn't have the financial resources to pursue the fight.

KENTUCKY TRACKS VLT BILL DIES. A Kentucky bill that would have allowed of the Kentucky Lottery to supervise VLTs at eight race tracks died last week when it was sent to committee for the rest of the legislative session. Proponents of the bill vow that it will return.

THAI LOTTERY SEEKS CHANGE. Thailand's Government Lottery Office wants to introduce an online lottery to foil underground lotteries. The proposed lottery would include some of the facets of the popular but illegal lotteries. The organization is also looking to introduce Lotto, but plans for that game are still in the works.

INTERESTING REVENUE IDEA. Dan Grabauskas, a Republic Lawmaker from Massachusetts wants to use advertising to gain revenue for the Lottery. His plan calls for using a corner on Instant tickets to promote goods that don't directly compete with Lottery retailers. He's also suggested using the back of the tickets for ads.

NEW EQUIPMENT, NEW SOLUTION. Thailand's Government Lottery Office has some new draw equipment

for their online games. Machines will replace the method of having random drawers scoop the winning numbers out of six containers. Last summer it was found that criminals were sending in operatives to manipulate the draws.

PAYING RESPECT. Camelot kept their Saturday night draw off the air out of respect for the Queen Mother, who had died earlier in the week. Instead, the drawings took place in front of an independent adjudicator.

GTECH CONTRACTS FOR PRINTERS. TransAct Technologies was awarded a follow-on order from GTECH for \$2 million worth of TransAct's 27-wire custom impact printers, which is incorporated into several of GTECH's on-line lottery terminals. A majority of the shipments are expected to occur during 2002.

UK ONLINE. Instant games will be the first to go online later this year, as the U.K. National Lottery begins selling over the Internet. If all goes well the Lottery will look to sell numbers games via the Internet as well.

SA EXTENDS PURCHASE TIMES. SA Lotteries (Australia) has extended lottery ticket purchase times until 7pm on the night of draws. This gives players an extra 30 minutes to buy their tickets for Lotto, Super 66, SA Lotto, Oz Lotto, Powerball and The Pools for the English season.

MAKING MUSIC. The West Virginia Lottery is working with West Virginia musicians and songwriters to put together two compact discs. One, featuring patriotic songs, will be used to promote a 4th of July themed game. Another, featuring songs by WV songwriters, may be used to promote Hot Lotto. Players may receive a CD for turning in bunches of non-winning tickets, and the Lottery may also give away the CDs over the radio. The CDs cost \$2.38 per unit to produce, and offer a wide-range of musical styles, including bluegrass, country ballads, and country rock.

TURNING ONE. The Isle of Wight Lottery, the smallest lottery in the world celebrated its first birthday last week. Since its launch, the lottery has awarded £104,000 to winners and loaned £17,000 to local businesses.

GOLDEN MAN. The newest game for the National Lottery of Kazakhstan is called "Altyn Adam" (Golden Man). The name of this game is connected with an archaeological discovery made outside of Almaty, the former capital of Kazakhstan, where a warrior in golden armor was found in an ancient tomb. The game combines instant, passive and interactive elements, and a live drawing for the game is televised once a month.

KANSAS LAUNCHES \$2 PULL TAB. The Kansas Lottery launched *Cool Cash*, its first \$2 variable imaged pull tab game. The 4" x 4" ticket features eight pull tab windows

and offer players the chance to win up to four times per ticket with a top prize of \$2,500. This game also implements Pollard Banknote's process which applies variable imaged data and a bar-code to each ticket, providing full on-line validation capability.

ALC GETS NEW VP. The ALC chose Anne Cochrane for the position of vice president of corporate marketing and communications. She brings to ALC almost 25 years' experience in marketing communications, including brand management, advertising, financial communications and community relations.

THE BIG GAME SOARS. As of Friday morning, The Big Game was the biggest ticket in America, offering a chance at \$115 million. Imagine what it could be in a week!

MULTI-STATE IN WA. It's official. WA Governor Gary Locke signed legislation allowing the state to join a multi-state lottery as early as June 13 – tickets would go on sale in the fall. State officials have made no secret of the fact that they will try to woo The Big Game, and become the first state west of the Mississippi (and the tenth overall) to join the game. The game is expected to bring \$32 million per year to the state.

FOR MY MOTHER. The Pennsylvania Lottery introduces Mother's Day, a \$5 instant ticket game, on sale Tuesday, April 9, 2002. The Lottery is hoping nine chances to win, three separate games plus a FAST CASH Bonus and a top prize of \$50,000 will be enticing enough to warrant slipping into a card.

HOT LOTTO OUT OF THE BOX. Hot Lotto sales were finally launched in West Virginia. The game is a mini-Powerball style game, with jackpots starting at \$1 million. The game replaced Rolldown. The first drawing will be April 10, with subsequent drawings on Wednesday and Saturday nights.

THEY'RE SIGNING UP DOWN UNDER. More than 12,000 players purchased a "Season Pass" prior to the Australian Football League season, committing to play Tattersall's 'TipStar Footy Tips' each week. The sports betting game is a traditional betting competition that accumulates a player's winning tips throughout the season, and offers a guaranteed minimum \$150,000 end-of-season prize.

GAMING MACHINE TAX. The New South Wales Government is levying a stamp duty on gaming machine entitlement sales. The new regulations will add \$15 million a year to the governments coffers. Entitlements are expected to trade for an average \$150,000, with more than 4,000 entitlements expected to change hands over the next three years.

ACCESS ADDS TO FRENCH SITE. The Access Gaming System's internet gaming system has become richer with the addition of two new instant lotto games. "Formula-1" and "Booster" are now available on the French National Lottery site, making seven games available on the site.

GTECH NET DOWN. GTECH's quarterly net profit fell sharply because of charges for debt-reduction efforts, asset write-offs and reserves linked to the economic meltdown in Argentina. The drop isn't as bad as it looks, as the company's fiscal fourth-quarter earnings rose enough to beat Wall Street forecasts. Net earnings -- \$10.7 million (\$.36 per share).

WORLD CUP SWEEPSTAKES. 100 million entries are expected in a sweepstakes, sponsored by a Thai newspaper, that will give away \$227,000 to one person who correctly picks the winner of the 2002 World Cup. Five randomly drawn entries will receive \$23,000.

HONG KONG SPORTS BETTING GAINS SUPPORT. Support is growing in favor of legalizing football betting in Hong Kong. A recent survey found that 55% of 949 randomly selected respondents are in favor of using football betting to reduce the budget deficit. Past surveys had only found support as high as 44%.

AUSSIES UPDATE LAWS. It is now illegal for a person in Western Australia to place a bet on an Australian racing event with a betting operator who is not licensed in Australia. It's also illegal a person located in WA to provide administrative support to an outside betting operator, and no one is allowed to advertise or display material relating to a betting operator who is not licensed in the region."

SALES INFORMATION NOW AVAILABLE. The Hoosier Lottery has agreed to make retail sales information available to the public in the future. The Lottery had been caught between a rock and a hard place -- a local newspaper was suing to receive the information, and the retailers were trying to keep the information private. A circuit court decision decided in favor of the newspaper, and forced the Lottery and retailers to cover \$110,000 in legal fees.

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CALL FOR PROFESSIONAL PAPERS

Public Gaming Research Institute invites lottery and industry professionals to submit papers for presentation at PGRI's **INTERNATIONAL LOTTERY EXPO 2002**. Presenters will have the opportunity to present a summary of their papers at the Conference. Copies of full presentations will be made available on CD and also on PGRI's website www.publicgaming.org. **E-mail expressions of interest or questions to duaneburke@aol.com**

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