

To: Lottery CEO's, IALS Members, Marketing Directors,
PR/Communications Directors

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

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ROCKLIN ASSUMES INTERIM POSITION IN OREGON. Oregon Governor John Kitzhaber named Brenda Rocklin, an attorney with the Oregon Department of Justice, as interim director of the Oregon Lottery, effective immediately. Rocklin will serve in this capacity until a permanent director takes the position. The major emphasis for her term will be to work with the Lottery Commission to address issues raised in a recent audit of the Lottery. Rocklin, 47, is a graduate of Idaho State University and Willamette University College of Law.

GLC IS SOARING! The Georgia lottery is having another record sales year. Just five months into FY03 and the GLC is already up \$58 million over the same period last year. Keep in mind, FY02 flirted with \$1.5 billion in sales – it's biggest year ever. If this rate continues the GLC will shatter that mark.

IOWA TO TEST VIDEO PULL-TAB MACHINES. The Iowa Lottery is planning a six-city, forty machine test of a new video pull-tab machine. The test, to begin in February or March, will last for six months. While critics of these machines liken them to slot machines, it is important to note that while these machines utilize video and sound, they do not determine winning in real time. They will be evaluated on maintenance and potential for sales. It's been estimated the machines can add \$10 million annually to revenues.

MICHIGAN TO LAUNCH WINFALL. The Michigan Lottery will be replacing Michigan Millions lotto game with a game called Winfall. Winfall, which debuts on January 19, 2003, will have mandatory payoffs once the jackpot hits \$5 million, and will offer a guaranteed \$2,500 prize for matching five of the six, \$100 for matching four numbers and \$5 for getting three numbers. The prizes for having five, four and three numbers will be multiplied by ten if no one hits the jackpot when it reaches \$5 million.

COLORADO GIVES AWAY AN AVALANCHE. The Colorado Lottery wraps up the Chevy Road Trip scratch game by giving away a Chevrolet Avalanche on the ice between periods at the Dec. 21 Avalanche hockey game. In front of a crowd of 18,000, 15 finalists will each have a key and the opportunity to try to start the Avalanche and drive away the winner! Road Trip was a \$2 game that featured a partnership with Chevrolet.

IL SALES RECORD. The Illinois Lottery celebrated a very happy holiday by reaching an historical instant sales record of \$14.65 million for the week of Dec. 3-9. Sales for the following week also were on track to surpass this record. The second highest weekly instant sales in the Illinois' Lottery's 28-year history were recorded for the week ending March 21, 1994.

1,000th PICK 3 NUMBER. It took 13 years, but all 1,000 numbers have finally been drawn in the Virginia Lottery's Pick 3 game. The number 301 was the only number that had never come up in exact order since Pick 3 began in Virginia on May 22, 1989. It was the winning number in Virginia's day draw on Friday, December 6, 2002. Lots of players were betting that it would come up – those who played 301 that day won \$1,362,595, which was 390% of the handle.

ALC SOON TO ASSUME VLTs IN PEI. The ALC will assume responsibility for the operation of the video lottery (VLT) program in Prince Edward Island on January 1, 2003. ALC is responsible for the supply of VLTs as well as maintenance and technical support.

NY VLT UPDATE. Reports are circulating that the VLT standoff between the state of New York and New York tracks may soon be resolved. Track owners have been arguing that their proposed share of VLT profits (12.5%) is too low. A new formula is being worked out. Some sources have reported that track owners are asking for 20%.

TAYLOR WANTS VLTs IN CO. Colorado State Senator Jack Taylor is reviving the push for VLTs at Colorado tracks. Taylor, who would like to see the machines fall under the umbrella of the state lottery, estimates the machines could bring in \$22 million in tourism-promoting revenue for the state each year.

SMOKE-FREE IN QUEBEC. Loto Quebec will be offering smoke-free casinos. Effective July 2003, the Casino de Montréal, the Casino de Charlevoix, and the Casino du Lac-Leamy, along with the Hilton Lac-Leamy Hotel will officially be non-smoking establishments. As such, casino patrons and hotel guests will be obliged to refrain from smoking in all gaming areas, bars and restaurants. However, special smoking rooms will be available at the three gaming houses.

DAILY KENO IN FOR UTHINGO. South Africa's National Lotteries Board has finally approved Uthingo's daily Keno game. The daily version of the draw will

differ from the biweekly version. The price and prize structure will be different, as will the odds. The odds on the biweekly draw are 14 million to one, while the daily will be 76,000 to one.

PAGCOR CITY CREATING JOBS. The Philippine Amusement & Gaming Corporation's expansion into the development of the urban tourism economic zone, Ang Bagong Nayong Pilipino Tourism Estate, looks to create quite a windfall for the country. It's been estimated that the zone will create 270,000 jobs, and is expected to beef up other sectors like transportation, communications, food service and entertainment.

DARK DAYS FOR CAMELOT. Sales haven't been going so well for the U.K. National Lottery. Not only has Camelot reported its worst six months in sales since launching, they recently had their lowest sales for a draw—£39,215,170. Still, the Lottery is not losing heart. They remain confident that their relaunch and a number of new games and initiatives will bring growth back to Lottery sales.

DE LOTTO OFFERS INTERNET AND SMS. Dutch consumers can now win money by forecasting football match results at www.toto.nl or using text messaging. De Lotto, which includes the Toto brand, wants to attract a new group of players with this development, namely those players who feel strongly about football, excitement and convenience. The site allows players to register for participation using the Internet and/or text messaging.

LOTTERY PEOPLE

The WLA General Meeting in Adelaide elected **Meg Tivéus**, CEO of Svenska Spel, as a member of the WLA Executive Committee. The General Meeting also re-elected **Reidar Nordby, Jr.** as President of the WLA, and **Christophe Blanchard-Dignac, Makoto Kobayashi, Edward J. Stanek, Laura Valdés de Rojas** and **Winfried Wortmann** as Executive Committee members. **Friedrich Stickler** of Austrian Lotteries did not present his candidacy for re-election to the Committee because of time constraints since his appointment as President of the Austrian Football Association. **Ray Bates** was also elected as an Executive Committee member. A seat on the Executive Committee is held open until the EL appoints a new representative.

TED MANNO TO JOIN PTI. PTI (formerly Promo-Travel International) announced the appointment of Nicholas (Ted) Manno as Senior Vice-President of Sales and Marketing effective January 1, 2003. "We are proud and honored to add Ted to the PTI team to show the gaming industry our serious commitment to remain a quality supplier of products and services" stated Charlie Mintz, Managing Partner. "Ted is a 24-year veteran of the lottery industry and is highly regarded for his integrity and level-headed approach to business. Ted's

contribution to the industry was recognized when NASPL presented him the Powers Award for Excellence in Lottery Administration in 2001", Mintz added.

COMPANY ANNOUNCEMENTS

CONTRACT AWARD TO INTRALOT FROM NARODNA LUTRIJIA. Intralot was awarded a 10-year contract with option for renewal from Narodna Lutrija, the State Lottery Organization in Serbia for the organization and management of fixed odds betting games. The company has undertaken the installation of a new on-line system, as well as provision of all the necessary services such as risk management odds compilation, marketing support and training to the lottery. The game's operation will be handled by Yugolot, Intralot's subsidiary in Yugoslavia, which has undertaken the implementation of the Lottery's on-line system. "Our decision to select Intralot was based on the technology offered and the valuable experience and know how of the Intralot Group. The fact that Betting Company SA manages the largest book worldwide, is an asset to our lottery", said Mr. Goran Sljapic, General Director of Narodna Lutrija.

ILTS INCREASES SUPPLY TO INDIA. ILTS signed a new contract with its customer which operates the only on-line lottery systems in India. Total contract value is approximately US \$14.2 million. Under the contract, ILTS will deliver additional on-line terminal kits for assembly in India. The majority of the kits are scheduled for delivery during ILTS' fiscal year ending April 30, 2003. The Company has previously provided the customer with a turnkey system including central system hardware, DATATRAK® software and on-line terminals, as well as wireless services. The Company will continue to provide technical support, spare parts, and related services. <http://www.ilsts.com>

MDI SIGNS DEAL WITH PALMS CASINO RESORT. MDI will offer lottery promotions featuring VIP trips packed with amenities to the red hot Palms Casino Resort in Las Vegas as part of an exclusive three year contract it has just signed with The Palms. MDI expects the Palms to offer lotteries a casino property that not only appeals to their core players but also to a younger demographic. Each three-night Palms VIP vacation package for two will include in addition to airfare: Limousine service to and from McCarran Airport; VIP check-in; A Grand Suite; A \$500 gaming credit; A \$250 food credit; 3 days use of a private poolside cabana; Spa passes for two 50 minutes massages; Movie passes and movie money for refreshments at the on-site Multiplex; Line passes and cover charges for two at the Ghostbar; and Line passes and cover charges for two at the Rain Nightclub.

Submit material for next week's Morning Report by Wednesday of this week to Toddpgr2@aol.com



Make Plans to Participate in PGRI's 2003 Events!



SMART-TECH 2003
Charleston, SC

SMART-Tech 2003

*Co-hosted by the South Carolina
Education Lottery*

February 9-12, 2003

DoubleTree Guest Suites in Historic Charleston, SC



ILAC Congress 2003

*Co-hosted by the
National Lottery of Mexico*

April 26-29, 2003

Hilton Cancun Beach and Golf Resort in Cancun, Mexico



International Lottery Expo 2003

Co-hosted by the Florida Lottery

July 17-21, 2003

Sonesta Beach Resort in Key Biscayne, FL

For more information, please contact Public Gaming Research Institute, Inc. at 425-803-2900, fax 425-803-6830, e-mail publicgam@aol.com, or visit us on the Web at www.publicgaming.org