

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
December 23, 2001

NO MORNING REPORT NEXT WEEK. Morning Report is taking a week off. Next copy January 7, 2002. Don't you dare do anything newsworthy until then. In the meantime, all of us at Public Gaming Research Institute wish you and your families the very best of holidays and a wonderful New Year. P.S. Check out www.publicgaming.org for an early look at the January issue of *Public Gaming International* and an excellent and comprehensive feature by editor Todd Koeppen on "States Seek Solutions to Revenue Woes." Take a look at the great SMART-Tech program while you're there.

NEW YORK JOINS BIG GAME GROUP. The New York Lottery will join the seven states offering The Big Game in developing a new game with a new name, Spring 2002. The Lottery is estimating sales of \$300 million a year, producing #145 million in revenue. The Rockettes joined the Lottery and The Big Game directors for the announcement at Radio City Music Hall.

PENNSYLVANIA POWERBALL The Pennsylvania Lottery will become the 23rd US lottery jurisdiction to offer Powerball next summer. The game is expected to produce \$60 million in new revenue, more than half of that will go to the State's senior programs which were expected to have a \$187 million deficit because of escalating costs by the summer of 2003. The last entry into Powerball was Colorado last July.

WASHINGTON STATE GOVERNOR LOOKING FOR A BIG GAME. Governor Gary Locke wants The Big Game in his budget plan, looking to cover a deficit and making the Washington State Lottery the first western state in the group. Also including a 10 percent tax on card rooms.

UK'S MILLIONAIRE MAKER. On sale now. The UK National Lottery's Christmas Millionaire Maker game that promises a million pound winner for each million, five-pound tickets sold. Two ways to play on each ticket.

SOUTH CAROLINA ON THE AIR. The South Carolina Education Lottery \$300,000 pre-launch campaign started last

week. Features Thom Sharpe, the man from Glad, a recreational vehicle, the South Carolina Lottery Express, and lots of South Carolinians. Kevin Geddings, the Governor's former Chief of Staff, who took the lead on the successful lottery referendum campaign was even spotted. All of the "stars" got themselves a t-shirt for the fun.

WLA SECURITY CONTROL STANDARDS. The World Lottery Association Security Control Standards program has recertified Oy Veikhaus Ab, first certified in 1998. The extensive process of certification includes 93 standards regarding effective risk management system control structures and a complete security system to protect corporate assets. There are also 12 lottery-specific standards of operations such as drawings, retail operations, unclaimed prizes and instant tickets. Thus far, there are six certified lotteries starting with the first to be certified, Norsk Tipping (1997), Dansk Tiptjeneste (Denmark), Eesti Loto (Estonia), Nordwest Lotto (Germany), Svenska Spel (Sweden) and Oy Veikhaus.

NEW CFO FOR CLC. John Ramadei has joined the Connecticut Lottery Corporation as CFO. Ramadei, a CPA, has 29 years of audit and corporate finance experience, and was previously with Quantel, Inc.

TAIWAN TAKES OFF. The new online lottery in Taiwan will launch January 10 with nearly 5,000 terminals--well, 4,999, selling passives, instants and 6 of 42 Lotto twice a week. Ogilvy & Mather got the advertising account.

LOTS OF WINNERS. The Israel National Lottery's Jubilee Draw produced 12 big winners.

WEST VIRGINIA TESTING. The West Virginia Lottery has its first seven VLT bar, tavern and fraternal organization sites up and testing. The next auction will take place February 7 for the remaining 3,800 licenses.

MDI ADDS "I LOVE LUCY." MDI has added "I Love Lucy" to its list of licensed properties in a three-year agreement that covers the US and its territories. First out, Spring 2002, in time to celebrate Lucy's 50 anniversary. The show is still on air somewhere worldwide every second of the broadcast day.

PROMO-TRAVEL ADDS PROPERTIES. Promo-Travel International has added a whole slew of licensed properties to its roster. They include: Rat Pack; Travel Scrabble (co-marketed with TeleCom Productions); Kool Kash, with an affiliation with HardRock; W.C. Fields-Chickadee Cash starring Marlene Dietrich and Vincent Price; Popeye Poker, in development; a new Elvira Monster Money that offers a trip to Dracula's Castle in Transylvania and others to Knotts Scary Farm; Cabo Wabo Cash with a trip to where else, Cabo San Lucas; and I Love America, with Amtrak and the American Red Cross, offering trips to New York and even Broadway tickets.

FIRST ON-LINE FOR INDIA IN MAY. Lots of activity in the Indian lottery market recently and this is a big one. Very large India conglomerate KK Modi Group is heading up the group that will install 8,600 terminals in 166 cities throughout the country.

Those involved include GTECH, Victor Chandler International UK and distribution partner Integrated Technology Solutions Private Ltd. May 2002 launch. Familiar names in this one are former Camelot CEO Tim Holley and former GTECH exec Alex Burnstein.

NEW LOTO-QUEBEC CONTRACT FOR OGT. Oberthur Gaming Technologies has been printing instants for Loto-Quebec since 1997 and now has a new contract to do it for at least five more. Contract starts February 2002.

SCHAFFER DELIVERS TO CROATIA. Schaffer Systems has delivered 10,000 Modular Mini dispenser and lots and lots of other ticket dispensing equipment to Hrvatska Lutrija d.o.o. of Croatia. This newest lottery customer gives Schaffer a client list of 39 state, 39 international, seven provinces and one territorial lottery.

ANCHOR'S DILBERT. Anchor Gaming has signed a licensing agreement with United Media to develop and market a slot based on the comic strip Dilbert. The very, very popular Dilbert appears in 2,000 newspapers in 65 countries. He speaks 19 languages too.

SAZKA ARENA. Czech Republic National Lottery operator SAZKA will have its name on a new multi-purpose arena in Prague, SAZKA ARENA.

OGT'S SCHAEFER PROMOTED. Carla Schaefer has been promoted to Vice President of New Business Development--Corporate--Oberthur. Schaefer will implement new strategic relationships worldwide, including licensed and proprietary products. Fifteen years ago, Carla started her career in the lottery industry as a Sales Rep with the Missouri Lottery, became Instant Game Production Manager and then went on to Dittler in 1994, then the OGT buyout. Moved on up to Account Executive and then New Business Development Director-US, for Oberthur.

CASINO "PUBLIC NUISANCE." A battle brewing in Texas as the Texas Attorney General says Texas law prohibits casino-style gambling, even tribal gambling. A federal judge agreed and called the casino a "public nuisance" and ordered it closed. Then an Appeals Court didn't agree and stopped the order and called for another hearing on January 9. The Tiquas's side says that as a sovereign nation, if the lottery is legal, so are they. Adding that the casino, Speaking Rock, has put about \$200 million in the local economy. Local officials agree, supporting the casino. Look for a long fight on this one and more to come regarding other casinos.

The best to all of you **HOLIDAY TREASURES** from PGRI, this instant. **HOLLY!**

SEE MORNING REPORT ALSO ON THE WEB:
WWW.PUBLICGAMING.ORG

MARK YOUR CALENDARS

SMART-TECH 2002

February 3-6, Ritz Carlton, Atlanta

Co-hosted by the Georgia Lottery Corporation

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

SEND ME A PRESENT. The gift I can share. Send your Morning Report news to Sharon Sharp. Phone (312)649-6577; Fax (312)649-9863; Email: pgrinst@aol.com > Feels really good to share.

LOOKING FOR MORE INFORMATION ON SMART-TECH?

If you are on the supply side of the lottery industry--or want to be--call David Mello at (202)244-9301. David can tell you about some easy and efficient ways to participate.

HAPPY HOLIDAYS AND SEASON'S GREETINGS, SNOW ANGELS.

FROSTY THE DOUGHMAN, the MERRY MILLIONAIRE, OLD MAN WINNER and SECRET SANTA are getting your HOLIDAY GIFT TAGS and HOLIDAY SURPRISE ready for the CHRISTMAS COUNTDOWN these TWELVE DAYS OF CHRISTMAS. We know you prefer HOLIDAY CASH, BLIZZARD BUCKS, MERRY MONEY, A WREATH OF FRANKLINS, JINGLE BELL BUCKS, oh heck, forget the bell, JINGLE BUCKS, SLEIGH BILLS, CANDY CANE CASH, MERRY MONEY DOUBLER, HOLLY HUNDREDS, HOLIDAY CASH SURPRISE, HOLIDAY CASH EXPRESS or MISTLETOE DOUGH rather than a TURKEY TRIPLER or FAT CAT SKIS.

But SNOW ME THE MONEY; LET'S TALK TURKEY, the real STOCKING STUFFER, TREASURES UNDER THE TREE would be a COOL MILLION, \$2,000,000 HOLIDAY or \$4,000,000 SPECTACULAR. MERRY MILLIONS would get you SCRATCHIN WITH SANTA and X-TREME HOLIDAY THRILLS. You'd be a LUCKY LUMINARIAS and DECK THE HALLS with that GIFT PACK and HOLIDAY RICHES. Oh dear--can't play those games. Well, HOLIDAY MAGIC is still in your WINNER WONDERLAND, with SLEIGH BILLS and REINDEER GAMES putting you into a SNOW DAZE and spreading HOLIDAY CHEER, even while FREEZING YOUR BUCKS OFF.

While you are HOME FOR THE HOLIDAYS; HOLIDAY WISHES, WINTERTIME WISHES, and a JINGLE BELL BONUS for your HOLIDAY CELEBRATION. A great BINGO NOEL, HO HO DOUBLER, and TIC TAC NOEL. May you MISTLETOE BINGO with a NEW YEAR'S BONUS and some FAST NEW YEAR'S CASH.