

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

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PLAN TO BE THERE.

Please mark your calendars now to attend and participate in the Institute's **combined ILAC Congress and Lottery Expo 2004**, June 28-July 2, Loews Miami Beach Hotel, Miami Beach, Florida.

ANOTHER SUCCESSFUL SMART-TECH. It was another successful year for PGRI's SMART-Tech conference, co-hosted by the Tennessee Education Lottery Corporation. The event kicked off on Friday, Feb. 6 with a speech by TELC CEO Rebecca Paul, and ended with the SMART Ideas awards on Monday, Feb. 9. In addition to Paul, there were several speakers at the conference, including Montana Lottery Director Gerry La Chere, Delaware Lottery Director Wayne Lemons, DC Lottery Exec. Director Jeanette Michael, South Carolina Education Lottery Exec. Director Ernie Passailaigue, Iowa Lottery Authority CEO Ed Stanek, and New Hampshire Lottery Commission Exec. Director Rick Wisler. SMART-Idea recipients included: DC Lottery & Charitable Games Board; Iowa Lottery Authority; Newscanner; Schafer Systems; Scientific Games; Structured Data Systems; Szrek2Solutions; Take-A-Ticket; Texas Lottery; and Washington Lottery.

CA ITVMs FOR SALE. Available: 1200 8-bin, 327 6-bin and 36 4-bin LEI Instant Ticket Vending Machines (ITVMs). Take one or all and the price is negotiable. Optical Bill Acceptors have not been upgraded to a version that recognizes the newest \$20 bill. Please contact Rafer Chambers at (916) 445-0940 or rchambers@calottery.com for more details.

EARLY START NETS STATE NEARLY \$30 MILLION. Starting the Tennessee Lottery three weeks early has resulted in approximately \$96.5 million in ticket sales, which means an extra \$30 million for education programs in the state to date. In related news, on Monday, Feb. 8, the Tennessee House voted to confirm Gov. Bredesen's appointees to the Tennessee Education Lottery Corporation's board of directors. It was the final approval required by law.

MD CONTINUES TO BREAK RECORDS. With the close of another record-breaking week of business, the

Maryland Lottery could surpass last year's \$1.32 billion sales total by \$40 million to continue a six-year run of breaking sales records. The first week of February saw significant jumps in three popular lottery games. Keno and its companion game Keno Bonus combined to bring in \$8.5 million, a new record. Pick 4 sales of \$4.6 million easily out-distanced the previous high and \$7.7 million in scratch-off sales set a new standard.

MN LAUNCHES G3 BINGO. The Minnesota Lottery launched G3 Bingo last week. For \$1 per play, G3 Bingo players receive a terminal-generated ticket that will display a single Bingo play card and a series of "call numbers." Players mark the numbers on the Bingo card that match any of the call numbers. Developed by the Minnesota Lottery, G3 Games combine the instant-win aspect of Scratch Games with the look of an Online Game – but players won't have to wait for a drawing to see if they've won. G3 tickets are just as quick and easy to produce and redeem as any Online Game quick-pick ticket. G3 Bingo offers a top prize of \$1,000 and overall odds of winning a cash prize of 1 in 4.78.

KS LOTTERY \$200 GRAND RACE. The Kansas Lottery will sponsor the 200-mile ARCA RE/MAX race, which will be called the Kansas Lottery \$200 Grand race and will give one fan a chance at a \$200,000 prize. The Lottery will introduce an instant ticket also called Kansas Lottery \$200 Grand that can be worth up to \$10,000. One of every 24 tickets will be good for free admission to the ARCA race. Those who redeem the free ticket will be entered in a drawing, and two lottery players' names will be chosen. After the race, if the first player identifies the top three finishers in order, that person will receive \$200,000. If the first person is incorrect, the second player will get a chance at the \$200,000.

MY FAVORITE NUMBERS. Starting in mid-February the Missouri Lottery is introducing a new service called "My Favorite Numbers" on its web site (www.molottery.com). The new service provides players with the chance to register their favorite numbers with their favorite game(s). When any combination of these numbers are drawn for that game to win a prize, the lottery notifies the player(s) via e-mail with the amount of possible winnings.

WY LOTTERY EFFORTS ADVANCE. The Wyoming House introduced legislation Wednesday that would create a state lottery and allow Wyoming to join the multistate Powerball drawing. House Bill 20, sponsored by Rep. Dave Edwards, R-Douglas, was sent to committee on a 42-17 vote, two more than needed for introduction. The bill allocates \$2 million for a state lottery organization and startup funds. After repayment of the initial appropriation, lottery revenues would be distributed to senior centers, a Game and Fish trust fund, state parks and historic sites and the General Fund.

SD TO KEEP VLTs. A plan to repeal video gambling and replace the lost revenue with a sales tax increase was rejected 7-2 by a South Dakota Senate Committee. SB180 would have repealed video gambling, which brings in more than \$100 million in state revenue each

year. That would have been replaced by an 0.85 percent boost in the state sales tax.

IN HOUSE APPROVES PULL-TAB MACHINE

CASINOS. The Indiana House voted 53-39 to allow the opening of four quasi, land-based casinos. The off-track betting parlors in Fort Wayne and Indianapolis would have 1,500 pull-tab machines. The state's two horse tracks would have 1,000 machines. Rep. Mark Lytle, D-Madison, argued that the pull-tabs are not an expansion of gaming because the Hoosier Lottery sells paper pull-tabs in grocery stores and other venues.

KY PANEL OK'S VETERANS' GAME. Kentucky's House Committee on Seniors, Military Affairs and Public Safety approved a bill that would allow for the creation of an instant game that would raise money for veterans' programs. It's been estimated the new game could generate as much as \$1.5 million annually that the department could use for veterans' nursing homes, cemeteries and other programs.

EUROMILLIONS LAUNCHED. Tickets for EuroMillions went on sale in France and the UK on Saturday, Feb. 7, and in Spain on Monday, Feb. 9. The draw will take place each Friday with the first draw on Friday, Feb. 13th February. EuroMillions tickets will initially cost £1.50 in the UK. The UK price point is designed to account for currency variations with the €2 price in France and Spain. Camelot is backing the launch with a £5 million advertising campaign for the first eight weeks, which takes in outdoor, radio, press and TV activity. To win the EuroMillions jackpot, players need to match five main numbers from one to 50 - and two Lucky Star numbers from one to nine.

IRELAND TO JOIN EUROMILLIONS. An Post National Lottery will be joining EuroMillions soon. The game launched last week in Britain, Spain and France, and Ireland expects to begin play on the game by the end of the year.

POLISH LOTTERY MERGER. Poland's State Treasury has decided to merge the country's two biggest lottery companies: Totalizator Sportowy and Polski Monopol Loteryjny. Both organizations have confirmed the merger, but gave no further details.

COMPANY ANNOUNCEMENTS

BENCHMARK TO HOST "THE NUTS AND BOLTS OF P-O-P" SEMINAR. Benchmark Lottery Merchandising is pleased to invite lottery professionals to their seminar created specifically for those involved in the development and/or procurement of P-O-P materials. "Nuts and Bolts" will be held in Chicago from March 8-10, 2004 and is free of charge including all meals (delegates are responsible for hotel and travel only). According to Steve Casebeer, Senior Vice-President of Sales and Marketing for the Kentucky Lottery, "Our Advertising & Production Manager attended Benchmark's 'Nuts & Bolts Seminar' in September, 2002. This program broadened her knowledge of the materials and processes used in the production of high quality, cost-effective P-O-P items... I highly recommend this seminar to

anyone involved in lottery P-O-P production." For more information please contact Glenn Gratta at ggratta@benchmarc.com or 847-353-6225.

CENTRAL EUROPE CONTRACTS FOR WINTV. WinTV, the Drawing Department of Editec SA, delivered new machines to Translotto in Bulgaria, and to Loteria Romana in Romania. The delivered air-breath machines include 1 Venus and 3 Topaze in various versions. All the models are PC-operated and with optional features such as the ARS (Automatic Recognition System), plasma screens, balls presentations and animation software. Further deliveries in Central Europe are planned for WinTV during the coming weeks.

EGET DELIVERS INTERNET SLOT TO PAF.

European Game & Entertainment Technology, has delivered a new progressive jackpot Internet slot machine to Ålands Penningautomatförening. The new multi line slot machine game offers the player more excitement with its twenty win lines and two bonus games. The game includes a progressive jackpot. This progressive jackpot is a relatively new feature in the area of Internet games and therefore it is expected to attract more Internet players. The new game has been named Fisherman's Jackpot as the graphics are built around a Scandinavian fishing theme.

EDITEC LAUNCHES KENO IN SURINAME. On January 30, Editec, in Joint Venture with SNAK, one of the two lottery operators in Suriname, launched Keno 4, a daily game basically combining a Pick 4 with a roll-over Jackpot based on 2 additional numbers. The launch was done with an installed network of about 100 TPM 3000 terminals, with 50 more to be deployed in the course of February. The launch has been very successful with over 300,000 entries in the first 6 draws. The system is fully operated by Editec.

LOTTERY PEOPLE

The North Dakota Lottery has a new sales and marketing manager. **Eileen Walsh** began her duties on Monday, Feb. 9.

Quinton Hall was appointed Chief Technology Officer for the New Zealand Lotteries Commission on 1 December 2003. Mr. Hall previously held the position Risk and Planning Manager at NZLC for two years and has a background in technology consulting and risk management. **Wayne Pickup** has been appointed IT Projects Director, reporting to Mr. Hall. Mr. Pickup joined NZLC in August 2003 as Head of Distribution and Innovation from the Swedish lottery IT supplier, EssNet, where he was Project Manager.

Oberthur Gaming Technologies announced the appointment of **Lori Montana** and **Dave Mizeur** who joined the OGT-USA Sales and Marketing team. Lori Montana served Illinois for six years as Director of the Lottery, working with three different Governors. Dave Mizeur worked for the Illinois Lottery from 1985 to 2002 as Deputy Director for Finance and later assumed the additional duties of Deputy Director for Operations.

Submit material for next week's Morning Report by Wednesday of this week to Toddpr2@aol.com