

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

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QUEBEC CHIEF STEPS DOWN. Loto-Québec Chairman, President and CEO, Mr. Gaétan Frigon, conveyed his decision to the Government to leave the public corporation effective immediately and to return to the private sector. Mr. Frigon will be returning to Publipage, a directory-advertising agency he co-founded with his wife in 1996. Frigon, in his resignation letter sent to Finance Minister Pauline Marois, said he was more comfortable in the private sector.

REBECCA PAUL PASSES MILESTONE. Rebecca Paul celebrated her 10th anniversary as President and CEO of the Georgia Lottery Corporation last Wednesday, February 19. She is the only president the GLC has ever had.

IL KNOWS HOW TO SAY THANK YOU! Illinois Lottery Director Lori Montana helped make Valentine's Day even sweeter for 20 lucky Lottery players by personally calling to let each know he/she had won \$10,000. The calls were made because of a Valentine's Day drawing for the "Fun for All Cash Giveaway" promotion. The promotion allowed players to send in any non-winning online or instant ticket for the chance to win one of 20 \$10,000 prizes. Montana congratulated the winners and took the opportunity to personally thank them for being Lottery players. According to Montana, the entire promotion was designed as a "thank you" for helping the Lottery set a new sales record last year.

WI LAUNCHES BADGER 5. The Wisconsin Lottery launched a new daily online game – Badger 5. The \$1 game features a 5:31 matrix, starting jackpots of \$10,000, and a rollover minimum of \$1,000 a day until it is won. The game also features the best odds of hitting the jackpot of any game the Lottery has ever offered – one in 170,000. To make room for the game, the Lottery has discontinued its City Picks game.

ALC TO AUCTION FOR SPECIAL OLYMPICS. The Atlantic Lottery Corporation, a major sponsor of the 2003 Bathurst-Campbellton Canada Winter Games, is

organizing a special auction in collaboration with the 2003 Canada Games Host Society. All the proceeds from this auction will go to Special Olympics New Brunswick.

LOTTERIES MAY HELP FIND MISSING CHILDREN. Missing In America is promoting an idea to help find missing children. The organization wants lotteries to print photos on the back of lottery tickets. Isaura Cardoso is actively working on enlisting the participation of North American lotteries in the program, and she is very optimistic about the growing interest that they have started showing. She says that conversations are also under way with leading ticket printers. Visit www.MissingInAmerica.org to find out more.

WI TO EVALUATE PRIVATE LOTTERY. WI Governor Jim Doyle has proposed studying privatizing the state Lottery. A report stated that the Lottery is a consumer business, and is not related to the Department of Revenue's core mission. Doyle has recommended "evaluating private sector options for the state lottery retail trade and limiting the state's role to auditing and contract compliance. Positions related to the lottery would be eliminated in fiscal year 2004-05. Bids for private supply of the lottery would be completed and evaluated before the end of fiscal year 2003-04. If, after evaluating the bids, state operations of the program remains the most cost-effective means of delivery, the lottery positions could be restored."

TN LEGISLATION REROUTED. Tennessee Lottery Legislation has been rerouted in the state Senate, a move that could delay the lottery's launch. Speculation holds that the bill was rerouted due to differences in opinion regarding Lottery Commission appointees. Some are pushing for a seven member commission, composed of three appointees from the Senate Speaker, three from the House Speaker and one from the Governor, while others are pushing for a nine member commission composed of a 3-3-3 split.

FL HAS HOPE FOR VLTs. The state of Florida is facing a potential \$4 billion shortfall in next year's budget, and that gives VLT proponents hope for renewed interest in video legislation. The machines would bring an estimated \$1 billion for state schools. To make matters more interesting, it appears that Governor Bush isn't the vehement opponent of expanded gambling that he once was.

CA ITVMs DEEMED LEGAL. In early February, California's Third District Court of Appeals ruled that ITVMs do not add any element of chance, and are not to be deemed illegal slot machines. The case is *Trinkle v. California State Lottery*, C038754.

CO LEGISLATOR PROPOSES VLTs. Colorado State Senator Jack Taylor proposed that VLTs at state tracks and casinos could raise \$25 million for the state. Taylor, who would like to see that money used to promote tourism in Colorado, sponsored a similar bill in 1998

that was vetoed by Governor Bill Owens. Taylor cited a study showing that every \$1 spent promoting tourism brings \$50 dollars to the economy, meaning that his proposal could bring Colorado businesses \$1.25 billion.

HARLEY IN SC. Last week, the South Carolina Education Lottery unveiled its first ticket incorporating Harley-Davidson®. Lottery players can now purchase the newest \$3 dollar Harley-Davidson® instant ticket for a chance to win one of four 100th Anniversary Harley-Davidson® Sportster® 1200 Custom™ motorcycles instantly. Players can mail in their non-winning tickets for two more chances to win one of three motorcycles or one of more than 1,000 Harley-Davidson prize packs, valued at \$498 each. There will be five second-chance drawings that lead up to the grand prize drawing.

WI GOV SHOOTS DOWN VLTs. Last week, the Morning Report reported that Wisconsin Tavern owners were lobbying for VLTs. This week, WI Governor Jim Doyle isn't willing to allow VLTs to venture into taverns. The gov. went on to point out that expanding VLTs to taverns would require a constitutional amendment.

NEVADA BILL CHAMPIONS MULTI-STATES. Nevada Assemblywoman Kathy McClain, D-Las Vegas, and Assemblyman Wendell Williams, D-North Las Vegas, are pushing heavily for a Nevada State Lottery. They are lobbying for AJR1, which would amend the state constitution to allow the state to join one or more multi-state lotteries. They are hoping the fact that the bill calls for tickets to be sold in casinos rather than convenience stores will help speed the bill to victory.

OREGON CONSIDERS SLOT-STYLED GAMES. Oregon Senate President Peter Courtney and other legislators are considering adding slot-styled games to the Lottery's VLTs. Governor Ted Kulongoski, who ran on an anti-lottery-expansion platform is reluctant, but isn't ruling the proposal out. The state is currently looking at a \$300 million budget shortfall.

LOTTERY EXTENDS PROMOTION. The Marianas Lottery extended a pre-Valentine's promotion. The promotion was slated to be available until the 13th, but was extended through Valentine's Day. The seven-week old Lottery is giving away free computer picks for every game purchased.

WAR THREAT POSTPONES GAME LAUNCH. The launch of a new daily game pick-3 style, called 1-2-3 that Mifal Hapais (the Israel National Lottery) had scheduled for February 19 has been postponed for a one-month period due to concerns surrounding the looming war in the Middle East. Preparations for the launch of the game have been completed, but the Lottery fears that public attention is so gripped by the threat of war that the launch of a new game may go relatively unnoticed.

COMPANY ANNOUNCEMENTS

NM RECOMMENDS SGI. The New Mexico Lottery Authority has identified Scientific Games International

as the apparent winner of a new contract for instant ticket printing, related marketing services and a customer relationship management system. Lottery Authority management recommended entering into an agreement with SGI at its February 20 board of director's meeting. The Lottery Authority board must approve a new contract, which would take effect in March 2003.

PORTUGUESE LOTTERY GIVES NOD TO OGT.

Oberthur Gaming Technologies is pleased to announce a one-year contract extension with Santa Casa da Misericórdia de Lisboa - Departamento de Jogos (SCML) for the printing of its instant ticket games and related services. The business relations between SCML and OGT started in 1995, when the lottery awarded OGT an exclusive contract for the launching and printing of instant lottery games and the supply of related marketing services.

ROMANDE GOES WITH NTER. Nter Technologies and Loterie Romande have announced that since February 3 Loterie Romande has been making draws and publishing the results of its Banco Jass lottery using the latest draw and results publication applications designed by Nter Technologies, in collaboration with Loto-Québec. Banco Jass draws will now be made electronically using NterDraw software that includes a validation protocol guaranteeing security, reliability and integrity for the draw process. Loterie Romande will broadcast the results on TV using animated banners produced automatically by the NterMedia solution. It will collect draw results directly from the NterDraw application via a secure Internet connection, thereby eliminating the risks associated with the manual transcription of results.

LOTTERY PEOPLE

After more than 26 years at the New York Lottery, **Vinnie Monitto** is retiring, effective February 21st. Later in the year, he will be relocating to Orlando, Florida where his wife is currently working for Disney. He is grateful for all the friends he has made over the years in the Lottery community. He may be contacted via email at vjmlot01@aol.com.

The California Lottery Commission announced the re-election of Commissioner **David Rosenberg** as Chairman of the California Lottery Commission. Retired El Dorado County Sheriff **Hal Barker** was elected Vice-Chairman of the Commission.

GTECH has appointed **James F. McCann** to serve on the Company's Board. The Company anticipates nominating Mr. McCann for election to its Board of Directors at the 2003 Annual Meeting. Mr. McCann currently serves as Chairman and CEO of 1-800-Flowers.com.

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!



ILAC Congress 2003

Co-hosted by the National Lottery of Mexico

April 27-30, 2003

Hilton Cancun Beach and Golf Resort in Cancun, Mexico



International Lottery Expo 2003

Co-hosted by the Florida Lottery

July 18-21, 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