

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
January 20, 2003

TENNESSEE STATE SENATOR STEPHEN COHEN TO SPEAK AT SMART-TECH CONFERENCE.

Tennessee Senator Stephen Cohen, the leading proponent of Tennessee Lottery efforts for the past 18 years, will speak about the prospective new Tennessee Lottery at the Monday morning session of SMART-Tech 2003 in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

HOTEL ALERT. Hotel rooms are still available but are very limited at this point. Please make your hotel reservation today to ensure a room at the Double Tree Suites Hotel. duaneburke@aol.com, Tel.: 425-803-2900, Fax: 425-803-6830, Mobile: 425-985-3157, <http://www.publicgaming.org>

NEW DIRECTOR IN MA. Joseph Sullivan, most recently of the Massachusetts House of Representatives, has been appointed as the Director of the Massachusetts Lottery. Sullivan was appointed by newly sworn in state treasurer, Timothy Cahill. Prior to his election to the Legislature, Sullivan served on the Board of Selectmen from 1986 to 1992 and became chairman of the House Transportation Committee in January, 1997.

AZ AGE RAISE. Arizona Lottery players are growing up. Well, at least some of them will have to. The minimum gambling age in Arizona increases to 21 from 18 on June 1, 2003, due to a state law passed in 2000. The lottery will begin notifying its 2,600 retailers in the next 30 to 60 days, with retailer training and aggressive public notification proceeding after May 1. The age change will affect 3% of Lottery consumers.

MO JOINS ABDUCTION ALERT PROGRAM. The Missouri Lottery is taking part in the State's new "Alert Missouri" plan, which is based on the Amber Alert system. In the event of an abduction, lottery retailers will receive a message on their Lottery sales terminal. In addition to the retailer screen, the Alert message will

scroll on the small VFD screen located at the top of the Numbers Games terminal. The message will also be broadcast on all LED jackpot alert signs and Club Keno monitors. When possible, this message will appear on all Numbers Games tickets. The Lottery also will be publicizing the message on the Lottery's Web site and the winning numbers e-mail subscription service.

WV TICKET LAUNCHES POSTCARD TICKET. The West Virginia Lottery has employed a new method for players to mail entries for the Powerball Instant Millionaire Game show drawings. The backs of the Lottery's new "Road To Vegas" instants tickets comes in the form of a postcard that has the Lottery's mailing address printed on it. All an entry winner has to do is clearly write a name, address and phone number in the spaces provided, place a 23 cent stamp on the 'post card' and mail it in. The new \$2 game also features the chance to win up to 13 times and four different games to play. Prizes range from \$3 to \$15,000.

IN PUTS ON PACER'S FUN FEST. The Hoosier Lottery hosted a lunchtime Pacer's event at Conseco Fieldhouse to celebrate the launch of the Lottery's new Pacers Eastern Conference Cash scratch-off ticket. The Lottery's "Fun Fest" gave the first 200 attendees a free lunch, and attendees 18 or older who bought one of the new scratch-off tickets received an entry to qualify for the Lottery's "Take a Shot at \$100,000."

MI LAUNCHES WHEEL OF FORTUNE. The Michigan Lottery launched a Wheel of Fortune instant lottery game (licensed through MDI) featuring imagery associated with the game show. The MI game features 4.2 million \$3 tickets giving players the opportunity to win cash prizes of up to \$50,000. Also, four bonus drawings allow players to win one of 1000 prize packs or one of four trips for two to the Wheel® set in Hollywood. Trip winners experience a live taping of the show and participate in a real contestant audition.

TEXAS INSTANT SALES CLIMBING. The Texas Lottery's instant game sales averaged \$45 million a week during the 2002 holiday season, climbing to a total of \$275 million from November 24 – January 4. This represents a 19% increase over instant games sales during the same six-week period in 2001. The boost is attributed to the success of four holiday games, including Holiday Million, the Texas Lottery's first-ever \$20 scratch-off ticket.

MISSOURI HONORED. The Missouri Lottery has been awarded the Year 2003 Distinguished Organization Award by the Dr. Martin Luther King Jr. State Celebration Commission of Missouri. The award was given in recognition of the Missouri Lottery's continuing efforts to exemplify Dr. Martin Luther King Jr.'s ideals and commitments, as demonstrated in its many services to the greater St. Louis community.

FL EXPECTS BIG BOOST FOR INSTANTS. The Florida Lottery is projecting that their new, higher payout formula for Instants will boost sales by over 50% over the next two years. The Lottery is projected to sell \$248 million more in scratch-off tickets than it did last year, and \$97 million more next year than this year. If these figures are achieved, instant sales will beat the lottery's Lotto sales for the first time.

TX COMPTROLLER WANTS MULTI-STATE. Comptroller Carole Keeton Strayhorn unveiled cost-savings and revenue proposals, including her recommendation that Texas join a multistate lottery. She reasoned that the move was needed to combat jackpot fatigue and boost state revenue.

TURKEY TO PRIVATIZE LOTTERY. In an effort to raise US\$4 billion, the Turkish government is planning to privatize several enterprises, including the national lottery.

UGANDA TO LAUNCH LOTTO. The Uganda Lotto Company will be launching an online Lotto game late this month. Three-hundred online Lotto outlets will be established in Kampala, Entebbe and Jinja for the Shs 1,000 game featuring a 6:36 matrix.

COMPANY ANNOUNCEMENTS

AZ, BRAZIL EXTEND GTECH. GTECH has received a two-year extension of its current contract to provide online lottery and support services to the Arizona Lottery. The contract extension will commence on September 1, 2004. GTECH will maintain the Lottery's existing terminal base of over 2,500 Isys® terminals, and will continue to provide the Lottery with ongoing services. GTECH anticipates generating revenue of approximately \$14 million over the two-year extension period. Also, GTECH and the operator of the Brazilian National Lottery, Caixa Economica Federal, have agreed to a contract extension whereby GTECH will continue to provide online lottery and financial services (the current rate, terms and conditions remain the same) to Caixa through April 14, 2003.

INTRALOT DE PERU ESTABLISHED. Following the ten year contract with "Sociedad Beneficencia Publica de Jaen" of Peru for the license of a national lottery organization, INTRALOT is establishing a new lottery which will undertake the operation of all lottery games in the entire country. For this purpose INTRALOT has already established INTRALOT de Peru which will undertake the implementation of the project. In the new lottery, INTRALOT will join forces with local and international partners. The start up of the operation will commence within 2003. INTRALOT will supply and support an integrated lottery system, as well as will implement a multimillion advertisement/marketing campaign and will provide all necessary management services for the launch of the games. Furthermore,

INTRALOT anticipates the gradual launch of games like Lotto, Instant Tickets, Fixed Odds Betting games as well as the development and operation of Video Lotto. The games will be distributed by more than 1,000 points of sale, covering the whole Peruvian territory. The games organized by INTRALOT will be also offered by alternative media such as internet and mobile telephony.

OBERTHUR ENHANCES IMAGING. OGT announced its latest technological advancement: enhanced imaging capabilities with multiple-colored inkjet imaged symbols on a single instant ticket! For the first time, combinations of more than two separate imaged colors have been printed on a single ticket. A single ticket's play area can now feature real life images, which opens up the opportunities for added play value.

REALTIME SIGNS WITH COLORADO. RealTime Media, Inc. announced an agreement with Karsh & Hagan to provide strategy, development and implementation of digital marketing programs for The Colorado Lottery. The programs will include promotional campaigns, email communication, audience profiling and reporting and analytics. Under terms of the agreement, RealTime will team up with the Lottery's other marketing partners, Karsh & Hagan and Hostworks to strategize, develop and implement web and email based marketing programs throughout the year. The first programs will launch in Q4 and be centered on the continued growth and success of the lottery's e-Lerts program. e-Lerts is the Colorado Lottery's email communication program to their players.

SEIKO EXPANDS U.S. DISTRIBUTION. Seiko Instruments has expanded its nationwide distribution network for thermal printing solutions with the addition of Miami-based All American to its family of channel partners. All American has 36 locations throughout North America. Seiko Instruments' thermal printing products include component printer mechanisms, value-added subassemblies, and compact standalone printers.

SPACENET TO SUPPLY TERMINALS FOR GTECH LOTTERIES. Gilat Satellite Networks announced that its US subsidiary Spacenet Inc. signed multiple agreements with GTECH to install more than 10,000 Gilat Skystar Advantage® broadband satellite communications terminals for lottery networks in California, Minnesota, Kansas and New York. The announcement comes on the heels of a previously announced agreement with GTECH to use Gilat's Skystar Advantage VSAT platform at more than 6,000 sites throughout Texas.

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



SMART-Tech 2003 Speaker Announcements

REBECCA PAUL TO MODERATE NEW STATES & NEW DIRECTORS FORUM AT SMART-TECH

Public Gaming Research Institute and SMART-Tech co-host, the South Carolina Education Lottery, are pleased to announce that Rebecca Paul, President and CEO of the Georgia Lottery Corporation, will be the moderator of a forum for government people new to the lottery industry and established lottery directors at the opening session of SMART-Tech 2003 in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

Ms. Paul started the Georgia Lottery, has previously headed the Illinois Lottery and was the start-up director of the Florida Lottery. Ms. Paul and the Georgia Lottery are featured in the January issue of Public Gaming International magazine.

The Georgia Lottery is in many ways the most successful in the nation and is regarded as a model for new states starting or considering starting a lottery.

Ms. Paul will also introduce all of these new people at the beginning of the General Session on Monday morning, Feb. 10.

TENNESSEE STATE SENATOR STEPHEN COHEN TO SPEAK AT SMART-TECH CONFERENCE

Public Gaming Research Institute and SMART-Tech co-host, the South Carolina Education Lottery, are pleased to announce that TENNESSEE SENATOR STEPHEN COHEN will speak about the prospective new Tennessee Lottery at the Monday morning session of SMART-Tech 2003 in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

Senator Cohen has been the leading proponent of a lottery in Tennessee for the past 18 years and was instrumental in getting citizen approval of a referendum to change the state constitution last year to permit a lottery. Senator Cohen is now leading legislative efforts to get enabling legislation passed early this year for the lottery.

Senator Cohen is an attorney. He received his JD from the University of Memphis Law School in 1973. His BA degree was from Vanderbilt University in 1971. In addition to his distinguished career in the Tennessee legislature, the Senator is widely recognized for his many community service endeavors.

Tennessee is bordered by nine other states, five of which have lotteries - Georgia, Illinois, Kentucky, Missouri, and South Carolina and by four non-lottery states - Alabama, Arkansas, Mississippi and North Carolina. As a result, Tennessee has the potential of gaining more revenues from adjacent states than any previous lottery state. Tennessee will regain revenues currently being lost because of Tennesseans buying lottery tickets in adjacent lottery states. In addition, Tennessee will gain revenues because of lottery customers being drawn from adjacent non-lottery states to buy Tennessee lottery tickets. Tennessee also has the advantage of having many of its citizens already educated on how to play lottery games as a result of them having played in adjacent lottery states. Tennessee has the prospect of having a very successful lottery.

EXECUTIVE DIRECTOR OF S.C.E.L. TO SPEAK AT SMART-TECH CONFERENCE

Public Gaming Research Institute and SMART-Tech co-host, the South Carolina Education Lottery, are pleased to announce that on the afternoon of Feb. 9, ERNIE PASSAILAIGUE, EXECUTIVE DIRECTOR OF THE SOUTH CAROLINA EDUCATION LOTTERY, will open the SMART-Tech 2003 lottery conference with a talk on reasons for the success of North America's newest operating lottery. The conference is being held in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

Mr. Passailaigue is a native South Carolinian. He is a graduate of the University of South Carolina with a degree in accounting. He also has a masters degree in business administration from the Citadel. He is a CPA, a former managing partner in an accounting firm, a former associate professor of business administration and a former professional baseball team owner. Mr. Passailaigue served as a South Carolina State Senator for thirteen years. He resigned the Senate to accept the position of Executive Director of the South Carolina Education Lottery in 2001.

The South Carolina Education Lottery just celebrated its first anniversary. In its first year it has exceeded projections and become a great financial success for the state. Having the benefit of advice from all of the other US lotteries, the leader of the South Carolina Education Lottery believes that they have done many things right and will be sharing their success story and suggestions for others in their presentation by the Executive Director and staff members. From "promise to performance", the South Carolina Lottery is showing the way.

DR. EDWARD STANEK, COMMISSIONER OF THE IOWA LOTTERY, TO LEAD MULTI-STATE GAMES PANEL AT SMART-TECH CONFERENCE

Public Gaming Research Institute and SMART-Tech co-host, the South Carolina Education Lottery, are pleased to announce that DR. EDWARD STANEK, COMMISSIONER OF THE IOWA LOTTERY, will lead a panel discussion on growing multi-state games at the Monday morning session of SMART-Tech 2003 in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

Dr. Stanek was a co-founder of the Multi-State Lottery Association and was co-designer of the incredibly successful Powerball, multi-state lottery game. He is a recognized innovator in the lottery industry. In addition to his duties with the Iowa Lottery, he is Vice President of the World Lottery Association. Dr. Stanek has formerly held the positions of President of the International Association of State Lotteries and President of the North American Association of State and Provincial Lotteries. Dr. Stanek is one of the world's leading experts on lottery and on multi-state games in particular. He has been Commissioner of the Iowa Lottery since its inception in 1985. He is featured in the November 2002 issue of Public Gaming International magazine.

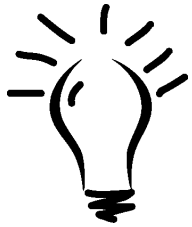
Dr. Stanek has a doctorate in physics from Iowa State University and has received numerous awards for outstanding service including the Iowa Academy of Science Distinguished Services Award. He is the author of three books on antiques and American decorative arts.

PENNY KYLE TO HEAD LEADERSHIP FORUM AT SMART-TECH CONFERENCE IN S.C.

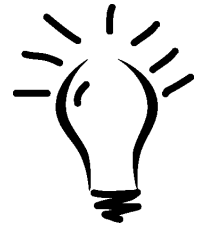
Public Gaming Research Institute and SMART-Tech co-host, the South Carolina Education Lottery, are pleased to announce that PENNY KYLE, EXECUTIVE DIRECTOR OF THE VIRGINIA LOTTERY, will lead a panel discussion among lottery leaders on key issues in the lottery industry at the Sunday afternoon session of SMART-Tech 2003 in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

Mrs. Kyle was a co-founder of the MEGA MILLIONS, multi-state lottery game and was also a co-founder of the multi-state game, LOTTO SOUTH. She is only the second Executive Director of the Virginia Lottery. Although originally appointed by a Republican Governor, she was reappointed in 2002 by Democratic Governor Mark Warner who has since recognized the lottery for its excellence. A part of her revenue success can be traced to her employee motivation and incentive pay programs, of which she has been a leader.

Mrs. Kyle's undergraduate degree is from Southern Methodist University. She received her law degree from the University of Virginia Law School. Prior to being chosen to head the Lottery, she was an officer of the transportation giant, CSX. Before that she practiced law with an international law firm.



SMART IDEAS



Do You Have One?

The lottery industry has honored people, advertising and promotions.

At SMART-Tech, we honor ideas and the people who have them.

There will be **THREE** categories:

- 1** To the person, department, lottery or lottery supplier with the most effective cost-saving idea. How did you save money for the organization and still do the job effectively or perhaps better?
- 2** To the person, department, lottery or lottery supplier with the best revenue-enhancing idea. A promotion? A game? A technology? Or just a simple change that took something you had and made it a better revenue generator.
- 3** To the person, department, lottery or lottery supplier using a new product, technology or service that led to revenue generation, enhancement or savings and/or better service. A new communications system, a new POS piece, a new way to distribute or sell your products. The key word is **NEW**, and you're the first on the block to have it.

The SMART AWARDS will highlight the creativity of lotteries, lottery suppliers and their staffs. The actual dollar amount is not as important as the originality of the idea and its effectiveness.

All presenters of SMART IDEAS at SMART-Tech 2003 will receive a "**Golden Idea Award**" trophy to take home and display in recognition of their unique contributions to the lottery industry.

Presentation of SMART IDEAS will be on Tuesday, February 11, 2003. Awards will be presented at the end of the General Session on Wednesday, February 12, 2003.

To present SMART IDEAS, please fill out the below form and fax to Duane Burke at **425-378-2748** or e-mail to **duaneburke@aol.com**. The deadline for participation in SMART IDEAS is **January 31, 2003**. Additional SMART IDEAS presentations in multiple categories is allowed.

Name: _____ Title: _____

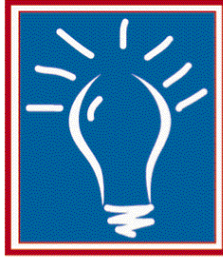
Organization: _____

Phone: _____ E-mail: _____

Title of Presentation: _____

Category: cost-savings revenue-enhancing new technology

Fax to 425-378-2748 or e-mail to duaneburke@aol.com



SMART-TECH 2003
Charleston, SC

SMART-Tech 2003 Registration Form

Conference Registration Fees and Information:

Complete registration form below and return by fax to **425-803-6830**. Payment is accepted by check or credit card. Checks must be in U.S. funds made payable to Public Gaming Research Institute, 4020 Lake Washington Blvd. NE, Suite 100, Kirkland, WA 98033-7862. **No refunds after January 9th.**

Fax back to Public Gaming Research Institute at 425-803-6830

First Name: _____ Last Name: _____

Title: _____ First Name for Badge: _____

Organization: _____

Address: _____

City: _____

State/Province: _____ Zip/Postal Code: _____ Country: _____

Phone: _____ Fax: _____

E-mail: _____ Spouse's Name, if attending: _____

Category (check one):

- Vendor **\$795** Exhibitor **\$695** Lottery/Government (No Charge)

Method of Payment: Check AMEX MasterCard Visa

Credit Card #: _____ Exp.: _____

Signature: _____

Print Name (as it appears on card): _____

Hotel Reservations:

Make room reservations directly with the DoubleTree Guest Suites at **843-577-2644** or toll free in the U.S. at **800-222-8733**. Mention SMART-Tech for discounted room rates of \$133. **Deadline for discounted hotel rate is January 10, 2003.**

Public Gaming Research Institute

Phone: 425-803-2900 • Fax: 425-803-6830

E-mail: publicgam@aol.com • Web site: www.publicgaming.org

Fax back to Public Gaming Research Institute at 425-803-6830



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 27-30, 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