

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 27, 2003

SIMMONS NAMED TO HEAD IDAHO LOTTERY.

Idaho Governor Dirk Kempthorne appointed former Ada County Commissioner Roger Simmons as the new executive director for the Idaho Lottery. Simmons comes to the Lottery with vast experience in leadership positions. Interim Director Steve Woodall returns to his post as Deputy Director. In addition to his most recent responsibilities as a commissioner from 1993 to present, Simmons has served as the chairman and board member of several associations including the Community Planning Association, the Idaho Association of Counties and the National Association of Counties Economic Development Subcommittee. His prior experience also includes general manager of the Western Idaho Fair in Boise and reporter for KTVB-Channel 7 in Boise, where he earned more than 50 awards for investigative reporting.

LA ROP PROGRAM A BIG SUCCESS. ROP, the Retail Optimization Program developed by the Louisiana Lottery Corporation (LLC) and GTECH to help retailers increase on-line and instant sales, is reportedly going well. The purpose of ROP is to develop customized research information to help individual retailers predict potential, realistic product sales. Lottery CSRs were assigned over 500 of the Lottery's 3,000 retailers considered to have the greatest potential to improve their sales. Of the retailers involved in the ROP program, 78% increased their total weekly sales from the previous fiscal year. This increase was consistent for both on-line and instant products.

MT HOUSE ENDORSES INTERNATIONAL GAMES.

Montana lawmakers approved a bill allowing the state's Lottery to participate in international lottery games. The measure passed 55-45. Many in favor of the measure felt it was needed for the state to continue to sell Powerball in the event that other countries join the game. The Mexican National Lottery has reportedly expressed interest in joining Powerball.

MD GOV AIMS FOR SLOTS. In an effort to generate \$600 million in state revenue, Maryland Gov. Robert L. Ehrlich Jr. will propose a plan to install 13,500 slot machines at three racetrack in Central Maryland. His plan also envisions up to 2,500 more machines at a track near Cumberland at a later date.

NC BILL TO FILE AGAIN. Rep. Bill Owens, a North Carolina Lottery supporter, will file a new lottery bill when the General Assembly returns to work, but it doesn't look as if the bill will get much support. The state House rejected a lottery referendum last year, and while some who voted against it last year may have changed their mind, the general consensus is that lottery efforts lost ground in the 2002 elections.

HOOSIER TICKET MAY FUND PRESCRIPTIONS. The Indiana General Assembly will vote to create a new lottery game that would allocate \$1 from each \$2 ticket to the HoosierRx program, which provides half-priced prescriptions to poor, elderly residents. The HoosierRx program is currently funded by the state's \$7 million share of the national tobacco settlement.

PA SEEKS MIDDAY DRAWINGS. The Pennsylvania Lottery wants to add a midday drawing for two of its games, the "Daily Number" and the "Big 4." The plan needs the approval of Gov.-elect Ed Rendell's administration. If approval is granted, the extra drawings could come as early as February.

CA ANNOUNCES XTRA REWARDS. The California Lottery announced that Xtra Reward, a special promotion for the SuperLotto Plus game, will be held from January 18 - February 22. Two eight-digit numbers will be drawn every Wednesday and Saturday giving players two chances to win \$50,000 for every single draw. Each time a player buys 5 to 10 SuperLotto Plus plays, for one draw on a single ticket, they automatically receive one to three free Xtra Reward numbers. The Xtra Reward number is a unique eight-digit number, which will appear on the bottom of each ticket.

LA TEAMS WITH HORNETS. The Louisiana Lottery is now a corporate sponsor of the New Orleans Hornets for the 2002 - 2003 basketball season. As part of the partnership, the LLC airs commercials during all radio broadcasts; features ticket discount promotions using non-winning Lottery tickets, and Lottery signs are displayed in the court area and various other areas of the arena. Also, a full-page color ad will appear in every issue of "The Buzz," the official team magazine of the Hornets. In addition, Lottery tickets will be sold in the gift shop at Hornets' games and all other public events in the New Orleans Arena. The LLC will also participate in one community program in conjunction with the NBA and the Hornets.

TENNESSEE VOTE ON OPERATIONS. The Tennessee Lottery Implementation Committee is expected to vote in early February to hire a private

corporation to run its state lottery instead of having it run by a state agency. The legislation is modeled after the Georgia Lottery plan.

SWISS LOTTERIES UNITE. The operating divisions of the three German speaking lottery companies in Switzerland, Sport-Toto-Gesellschaft (STG), the Interkantonale Landeslotterie (ILL) and the SEVA lottery have merged to one single lottery company. This new company, named SWISSLOS, has his head office at Basel, Lange Gasse 10, the same address as the Sport-Toto-Gesellschaft and the WLA office in Switzerland. President of SWISSLOS is Mr. Georg Kennel, former President of STG.

FRANCE LAUNCHES COTE & MATCH. La Française des Jeux launched a fixed-odds betting game based on French and International soccer matches: The game, Cote & Match, resembles other Fixed odd games in Europe, and is the second sports betting game after the traditional Loto Foot (football pools) which remains in FDJ's range of products. In Cote & Match, player's choose from 3 to 6 games from an official weekly list of 60 (or 40) French and/or International soccer events, wagers from 1 to 100 and finally forecasts the results on a 1N2 basis (home win, tie, away win). Net prize payout to players is 60%. There is also a "Lucky Number" draw which enlarge the chances to win. In a related story, Access Gaming Systems announced the successful debut in France of 'Cote & Match' football betting on the Internet using the AGS system.

EMPLOYMENT OPPORTUNITY

IGT OES SEEKS DOMESTIC SALES EXECUTIVE. IGT OnLine Entertainment Systems, Inc., an affiliate of IGT, has an exciting opportunity for a Senior Domestic Sales Executive. You will be responsible for executive level strategic planning and execution of sales plans to maximize IGT OnLine Entertainment Systems' revenues through existing jurisdictions and new sales development opportunities within the United States. For more information regarding joining our winning team, please visit our Web site <http://www.igtonline-entertainment.com>. Please submit resume which must include salary history/requirements and employment eligibility status to: igtempoyment@igt.com or mail to: Employment Office, IGT OnLine Entertainment Systems, Inc., 1255 Broad Street, Suite 200, Clifton, NJ 07013-4219.

COMPANY ANNOUNCEMENTS

ICELAND INKS INTERLOTT. Interlott received an order from the University of Iceland Lottery for the purchase of Compact Dispensing System ITVMs. The order is the first for Interlott's new four-bin compact ITVM, which can be mounted on a wall or placed on a pedestal. Delivery is scheduled for February.

IDAHO EXTENDS OGT. Oberthur announced a one-year contract extension with the Idaho Lottery that will

extend the contract until September 30, 2003 for instant ticket services and supplies. Oberthur and the Idaho Lottery began their partnership in 1989.

INTRALOT IN POLAND. Intralot has been awarded a ten-year contract from the Polish State Lottery "Polski Monopol Loteryjny" for the operation of instant tickets. The remuneration of Intralot is based on percentage of games' turnover.

MDI SIGNS FRANKIE AND ANNETTE. Scientific Games announced that its wholly owned subsidiary MDI Entertainment has finalized agreement on a licensing program for Frankie Avalon and Annette Funicello trademarked as Frankie and Annette's Beach Blanket Bingo for lottery games and promotions. The agreement with Allstate Gaming, Inc. grants MDI and its customers the right to use the likenesses of the stars and animation in advertising and point of sale promotional materials. In addition, live appearances of Frankie Avalon may be included in promotional agreements for the games. The worldwide licensing contract runs from January 1, 2003 through 2005.

OREGON SIGNS WITH PTI. The Oregon Lottery has signed an agreement with PTI (formerly Promo-Travel International) to release 3 Partner Promotions over the next 12 months and is finalizing plans for a 4th for 2004. The properties include Pyramid®, Let it Ride®, Bahama Bonus™ and Fantasy Island®, the last two of which will include fantasy vacations to the Bahamas and Hawaii.

WI WITHDRAWS CONTRACT. GTECH announced that the Wisconsin Department of Revenue notified interested vendors of its decision to discontinue the current RFP for a new online and instant-ticket lottery system and related telecommunications network, and withdrew its notice of intent to negotiate a new contract with GTECH. As a result, the Department rejected all proposals and indicated it will release new RFPs.

LOTTERY PEOPLE

UK's National Lottery Commission has appointed **Catherine Forrester** to the new role of Director of Performance and Communications. The role has been created to allow a more comprehensive and independent view to be taken of the performance achieved by the operator of the National Lottery. She is responsible for a small team and reports directly to the Chief Executive. Prior to joining the Commission Catherine was Performance Assurance Manager with Elexon, The New Zealand Lotteries Commission announced the appointment of **Mr. Trevor Hall**, a former Chief Executive Officer of Totally Wellington, as their new Chief Executive.

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.

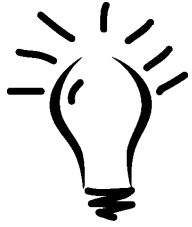
ALAN YANDOW, EXECUTIVE DIRECTOR OF THE VERMONT LOTTERY, TO MODERATE INSTANT GAME DISTRIBUTION PANEL AT SMART-TECH CONFERENCE

Public Gaming Research Institute and SMART-Tech co-host, the South Carolina Education Lottery, are pleased to announce that ALAN YANDOW, EXECUTIVE DIRECTOR of the VERMONT LOTTERY, will lead a panel discussion on maximizing sales, through most efficient distribution of instant games, at the Tuesday morning session of SMART-Tech 2003 in Charleston, S.C., Feb. 9-12 at the DoubleTree Suites Hotel.

Alan R. Yandow has held the position of Executive Director of the Vermont Lottery since July 1998. As Director, he is responsible for lottery operations, regulations and policies. He is also instrumental in the Tri-State Lotto Commission.

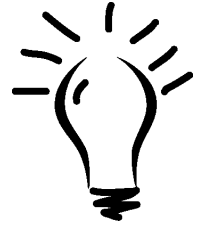
Before joining the Lottery, Mr. Yandow was with the Burlington Electric Department (Vermont) for eighteen years in marketing, government and public relations. He served as an officer and member of numerous national and regional public power committees. Also active in the local community, Mr. Yandow currently serves as President of the Vermont City Marathon Board.

Mr. Yandow holds undergraduate and graduate degrees in Political Science and Education from the University of Vermont and is currently pursuing a Master of Public Administration degree. He also serves as the First Vice President of the North American Association of State and Provincial Lotteries.



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: _____

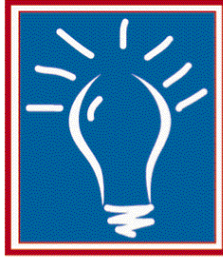
Organization: _____

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

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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