

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 28, 2002

SUPER SMART-TECH PROGRAM. TAKE A LOOK.

Trust me. You will not want to miss a single minute of the SMART-Tech program coming to the Ritz Carlton Atlanta, February 3-6. Not if you are interested in the growth of lottery sales, anyway. Comprehensive. Thoughtful. Exciting. Professional. Futuristic. Just packed with ideas for growth. Take a look at www.publicgaming.org for a full look and details. Then pick-up the phone and make those reservations. SMART!

FRENCH LOTTERY UP SEVEN. La Francaise des Jeux saw an increase of 7.4 percent last year with the players getting 59.15 percent and the French government 1.85 billion euros on sales of 7.6 euros from 42,000 retail locations. SZAKA, operator of the Czech Republic Lottery, reported the Lottery's highest profit ever of \$30.3 million, showing lots of success from enhancements to its odds betting.

MAX 5 FOR HOOSIERS. The Hoosier Lottery is looking for a high five with its new game Max 5 that launched last week. The \$5 game offers five plays, prizes from \$5.00 to a million and odds of one in 5.4. It replaces Five Card Cash, which, after six months on the street was, ended last May. In the meantime, overall Hoosier sales are up nearly 20 percent this year, instants with more prizes up 10.5 percent and Daily game sales (added a midday drawing) up 13 percent.

CAMELOT TERMINALS IN. UK National Lottery operator Camelot has installed the 25,000 new terminals and is getting ready to staff up with 300 new hires.

WISCONSIN ONLINE COMING. The Wisconsin Lottery's current online gaming systems and services

and instant ticket system and services contract expires June 14, 2004. A draft RFP is planned, issue expected by the end of March 2002. Responses to the final RFP are expected in early July 2002.

MARYLAND AD RFP OUT. The Maryland Lottery has issued its advertising RFP with proposals due in February 20. The incumbent, expected to bid, is Eisner Communications, holding the account since 1997.

ONCE AGAIN. The California Lottery Commission has reelected David Rosenberg as chair and Sheriff Hal Barker as vice-chair. Rosenberg is a senior advisor to the Governor and Director of the administration's Intergovernmental Relations.

IF ONE IS GOOD. A proposal passed a Maryland Senate Committee to allow the Lottery to investigate joining another multi jurisdictional game, in addition to its current Big Game participation. Existing legislation allows for only one. The same Senate Finance Committee said no to allowing credit card use for subscription play.

SEVEN UP. At least seven gambling related bills are in the Minnesota House and Senate; six include lottery involvement. Five are calling for a casino or two (one would put it in the airport for travelers only) with various beneficiary spending; another wants to authorize bookmaking, even though illegal; and another calls for video slots.

WHEN IS A COUPON NOT A COUPON? You know those coupons you can print off your computer and take to your supermarket (well maybe you don't)? Anyway, the Palmetto Family Council has a new twist, urging people to print theirs out and take a thank you to supermarkets not selling South Carolina Lottery tickets and another that says they are taking their business elsewhere to those who do.

CASHING IN ON POWERBALL. As the Powerball jackpot hit \$92 million last week, FreeLotto was emailing its subscribers a chance to take a share of any jackpot winnings from 1000 Powerball tickets. They did mention that all of the site's games, except one, do have better odds though. Not a FreeLotto subscriber? They suggest you email powerball12693@mail.freelotto.com to get in the game.

COME ON OVER. South Carolina's welcome mat must be showing some wear from all those players crossing the border from North Carolina to play the

South Carolina Education Lottery. Seems 24 out of the top 25 SCEL lottery retailers are within nine miles of the border.

IGT FIRST QUARTER RESULTS. International Game Technology announced a seven percent increase in net income for its first quarter. Earnings were \$51.8 million, or \$0.70 per share compared to \$48.2 million, or \$0.64 per share as same time last year and higher than expected. Revenues were \$335.4 million, up from \$301.7 million in the comparable period. However, domestic sales were down 16 percent, attributed to a slowdown in orders from Native American casinos.

OGT NAMES ACCOUNT EXEC. Oberthur's Frank Candido, joining OGT in 1993 and most recently Technical Advisor for the Capetown facility is coming to the US as an account executive.

LESS DOES NOT EQUAL MORE. Massachusetts Acting Governor Jane Swift did include the lowering of lottery prizes in her budget message. Facing a \$1.6 billion shortfall, she suggested lowering Massachusetts Lottery payouts from 71 percent to 63 percent, projecting this move would give the State an additional \$275 million. The big question, of course, would sales stay at the current high level or not? Seems many government leaders are thinking that would not be the case and leery about taking that chance. Not much enthusiasm over this proposal. Who wants to mess with success?

IF POLLS WERE VOTES. According to a recent poll Oklahoma could have a lottery if pollees put their votes where there responses were, 67 percent of the 752 people surveyed said yes, even though 52 percent were not confident the money would really help education. In 1994, voters defeated a lottery proposal by 60 percent.

BITS AND PIECES. In Hawaii: The Governor wants a non-binding referendum on gambling. Legislature not enthused. In Belgium: Parliament looking to nationalize management of the Lottery, making it a public limited company. In Kansas: A state fair board member wants VLTs at the fair to encourage attendance. In Hungary: The country's top basketball team did more than sink the ball in the basket by picking the balls to win a \$2 million lottery jackpot.

BUDGET WOE LEADS TO VLT PUSH. Seeing an opportunity, as Florida faces some budget problems, track owners are saying the State could bring in \$800

million a year from thousands of VLTs at tracks. Supporters are talking about bypassing a referendum process, instead going straight to the Legislature, hoping the mood is right. Governor Jeb Bush and the Attorney General are on record as being opposed to the expansion of gambling in general. There is also a push in Arizona from track owners looking for a revenue boost, but strong opposition is coming from Indian tribes hosting casinos and trying to protect their revenue. In this case, track owners want the Legislature to send the issue to the voters.

ANOTHER TRY TO OUTLAW IN MONTANA.

Another try by a guy in Montana to get on the ballot to outlaw VLTs, but the first time around in 2000, he wanted to get rid of Bingo and fund-raising at high school sports events too (didn't get the signatures). Now a poll shows that of 625 registered voters, 52 percent would vote to get rid of the State's nearly 2,000 machines; 33 percent would keep; and 15 percent are undecided. In FY2001, the machines brought in \$41 million for local and state governments.

SAY NO TO ADS. The Colorado Attorney General wants radio stations to stop broadcasting Internet casino and sports betting advertising, saying it gives the appearance of legality for something that is not.

HARD TO PLAY IF YOU CAN'T PAY. Seems more and more credit card companies and banks don't want Internet gambling business and won't process the payments. Estimates are that four out of five transactions are being denied, leaving gamblers on the web without a bet. Likely to impact growth.

DON'T GO THERE. The law student who planned to cash in by registering four domains that could be home base for the South Carolina Lottery won't be there after a South Carolina judge issued a temporary restraining order, prohibiting the guy from offering his pornographic materials on the sites. The Lottery has filed suit looking for ownership, recovering profits and damages. Do go here: www.sceducationlottery.com. In North Carolina individuals have also bought up possible lottery site identifiers hoping to cash in.

A WONDERFUL LOTTERY STORY. A Buxton, Maine couple is sharing the wealth of their \$41.5 million Powerball win by establishing a foundation with \$5 million in seed money. Focusing first at home with grants to nonprofit groups to assist schools, libraries, religious organizations, shelters and the fire and police departments.

For more info: WWW.PUBLICGAMING.ORG

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Announcements, promotions and advertisements
of interest
to readers of **MORNING REPORT** and
PublicGaming International Magazine

MARK YOUR CALENDARS
SMART-TECH 2002 February 3-6, Ritz Carlton- Atlanta, Atlanta, Georgia 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

SMART IDEAS FOR SMART-Tech 2002

February 3-6, 2002
Ritz Carlton-Atlanta
Atlanta, Georgia

THERE IS STILL TIME to submit your SMART IDEAS to Public Gaming Research Institute for SMART-Tech 2002.

Lotteries and suppliers may submit brief summaries (one page or less) of ideas that are having a positive effect on the lotteries.

The three categories of SMART IDEAS for consideration are as follows:

1. THE APPLICATION OF NEW PRODUCTS AND THE RESULTING BENEFITS.
2. REVENUE ENHANCEMENTS RELATING TO GAMES, PROMOTIONS, TECHNOLOGY.
3. COST REDUCTIONS THAT RESULT IN INCREASED NET REVENUE FOR THE LOTTERY

The SMART IDEA awards will highlight the creativity of lotteries, lottery staffs, lottery suppliers and supplier staffs.

PGRI will present 1st place and 2nd place awards for both lotteries and for suppliers in each of the three categories.

Each Smart-Idea presenter will receive a SMART-IDEAS CERTIFICATE OF RECOGNITION.

PRESENTATION OF SMART IDEAS

SMART IDEAS will be presented to the audience at SMART-Tech on Tuesday, February 5, 2002. Each presenter will be allotted five minutes for his or her SMART IDEA summary presentation. The audience votes will determine the winners.

AWARDS FOR SMART IDEAS

SMART IDEA awards will be presented at the end of the General Session on Wednesday, February 6.

SUBMISSION OF IDEAS

Please fax or E-mail your SMART-IDEA summaries to:

Elsie Grote, Conference Coordinator
Public Gaming Research Institute
Fax (425) 803-6830
Telephone: (425) 803-2900
E-Mail: ELSIEPGRI@AOL.COM

For more info:
WWW.PUBLICGAMING.ORG

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STILL ROOM AT THE INN FOR SMART-TECH 2002

Even though the weather is not, the program looks "HOT" for Smart-Tech in Atlanta beginning February 3. And the other good news is that, even though our room block is sold, the Ritz Carlton-Atlanta still has rooms available at the discounted, conference rate!

So, y'all come on down!

Here are the details:

CONFERENCE
SMART-Tech 2002

CONFERENCE THEME
The Name of the Game is Growth

CO-HOSTS
Public Gaming Research Institute, Inc.
And the
Georgia Lottery Corporation

DATES
February 3-6, 2002
Beginning at 3 PM
and ending
February 6 at 11 AM

PLACE
Ritz Carlton-Atlanta Hotel
181 Peachtree Street, N.E.
(not the Buckhead location)
Atlanta, Georgia 30303
Web site: www.ritzcarlton.com

FOR HOTEL RESERVATIONS

Telephone: (404) 659-0400
Or telephone: 800-241-3333
Fax (404) 688-0400

Be sure to mention SMART-Tech.

Rates: Government: \$160 per night, single or double plus taxes and miscellaneous
Non-government: \$180 per night

CONFERENCE REGISTRATION

Fax, call, E-mail or mail your registration to:

Elsie Grote, Conference Coordinator
Public Gaming Research Institute, inc.
4020 Lake Washington Blvd, N.E, Suite 100
Kirkland, Washington 98033 USA

Fax (425) 803-6830
Tel. (425) 803-2900
E-mail: ELSIEPGRI@AOL.COM

Fees:

No charge for government
\$695 for non-government
\$595 for exhibitors
Pay by credit card or check in advance

TO SPONSOR

Sorry, the sponsorships are filled for Smart-Tech 2002.

Please see PGRI's conference schedule on The Third Page of Morning Report for other opportunities to sponsor.

TO EXHIBIT

There are two *Circles of Learning*, exhibit areas still available. To exhibit, contact:

David Mello, VP, Marketing and Sales
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E-mail: davemello@earthlink.net

For more info:
WWW.PUBLICGAMING.ORG