

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
March 31, 2003

OK SENATE APPROVES LOTTERY VOTE. The Oklahoma Senate voted 26-19 in favor of a bill to submit Gov. Brad Henry's education lottery to a statewide vote. The bill passed in the House of Representatives earlier in March, but must return for a vote due to Senate amendments.

MARYLAND SENATE APPROVES VLTs. The Maryland Senate voted 25-21 in favor of VLTs at tracks. The approved plan calls for 3,500 Lottery controlled VLTs at Pimlico, Laurel and Rosecroft. Lease applicants would be required to pay a one time application fee of \$5 million, and each operator would be required to invest at least \$150 million in construction and related costs, provide at least 500 full time jobs, and offer at least 15% ownership to minority businesses (or 10% if they hold more than one license). The licenses are good for 15 years, at which time they must reapply to the Lottery Commission. A \$390 fee per machine is to be paid by the operators into a Compulsive Gambling Fund. Each machine is expected to generate \$398 per day.

ND SENATE APPROVES LOTTERY WITH A FEW CHANGES. The North Dakota Senate voted 41-4 in favor of a bill to regulate the proposed state lottery. The House has already approved the bill, but will have to re-vote in order to approve Senate amendments. The Senate version doubles the amount of money set aside for addiction, puts lottery regulation and director-appointing powers in the attorney general's office and allows for a purchasing age of 18.

MISSOURI SHOWS AMERICAN MUSCLE. Missouri Lottery Pick 3 players are given an extra reason to play with the Lottery's "American Muscle" promotion, March 30 through April 26. The four-week promotion will offer prizes like a grand-prize 2002 Ford Thunderbird and \$500 cash, two first-prize 2003 Ford Mustang GT Coupes and \$500 cash, 200 cash prizes of \$598 and 2,000 Pick 3 T-shirts. Starting March 30, players will

receive an entry slip along with their tickets when they make a minimum \$3 single ticket Pick 3 purchase for the current draw. Players can enter online, at entry boxes found at retail locations, or by mail.

NJ LOOKS AT VLTs. New Jersey Gov. James McGreevey is giving a long hard look to VLTs at state racetracks. It's estimated that 10,000 VLTs at three racetracks could raise as much as \$500 million a year. McGreevey has appointed a commission to evaluate the merits of video lottery and report findings by May 4.

REQUEST FOR 500 MORE WV MACHINES. A request came in for another 500 slots at West Virginia's Mountaineer Race Track and Gaming Resort. The track currently operates 3,000 machines. While a Lottery spokesperson said that it appears the market can handle the additional machines, no word has been given as to whether the request will be granted.

VANCOUVER BC TRACK REQUESTS SLOTS. BC's Vancouver city council has asked for a report on the feasibility of slots at Hastings Racetrack. Slots are currently not allowed, and Vancouver has not looked favorably on past attempts at expanded gambling.

FL PROPOSAL WOULD REDUCE SCHOLARSHIPS. A budget crunch and rising student numbers that could send scholarship needs as high as \$800 million within ten years has led Florida House Republicans to pushing a bill that would raise exam requirements and cut the number of scholarship applicants. Last year FL gave out \$164 million in scholarship money, and next year the number is expected to rise to \$250 million. The bill is expected to face tough opposition from Democrats.

MT INTERNATIONAL BILL APPROVED. Montana lawmakers have endorsed a bill allowing the Lottery to participate in international lotteries. The Senate voted 24-22 in favor of HB 165, which keeps the state eligible for Powerball should a foreign country enter the game.

A TRIO OF BILLS IN PA. Pennsylvania Senate Democratic Leader Robert J. Mellow has introduced a trio of bills aimed at beefing up the state's Lottery profits. SB405 would authorize the Pennsylvania Liquor Control Board to operate and maintain lottery machines in liquor stores and would require at least one machine per store. SB406 would require retailers to post a minimum bond of \$10,000 per year. SB407, would create the State Lottery Oversight Board as an independent function that would oversee and evaluate the lottery's administration and operation.

NM BILLS PASS. A couple of gambling bills passed in New Mexico recently. One would permit the state to continue with the Powerball lottery if Mexico joined the game. Another provides for a study on the effects of gambling, and requests that the Lottery Authority help fund the study.

QUEBEC SIGNS VISIBILITY AGREEMENT. Tourisme Québec and Loto-Québec have announced the conclusion of a visibility agreement with Interbox in conjunction with the next WBC world championship fight scheduled for April 5, 2003 in Leipzig, Germany. The super middleweight bout will pit Québecer Éric Lucas against German fighter Markus Beyer. The agreement with Interbox calls for the appearance of the Bonjour Québec signature and Casino de Montréal logo on all the clothing and sweat apparel worn by boxer Lucas and his team, as well as their clear visibility at training locations and during the live broadcast.

FREE KENO IN WV. The West Virginia Lottery mailed out coupons for a free round of Keno. The Lottery Commission sent out 213,000 free Keno coupons, good for one free game. The free coupons were in envelopes that said state players must be at least 18 years old. The lottery is also offering free Keno coupons for people who did not get the mailing, but who live within a five-mile radius of a Keno location in urban areas or within a 15-mile radius of a Keno location in rural areas. The Lottery Commission is offering one per household.

IRELAND INQUIRES ABOUT EUROMILLIONS. The Irish National Lottery is in discussions with Camelot, Loterias y Apuestas del Estado and La Francaise de Jeux about joining Euromillions, the new European multi-jurisdiction lottery. The three organizing lotteries have set a limit on the number of lotteries that can join.

POLAND SAY YES TO GAMBLING EXPANSION. Polish lawmakers have passed a gaming amendment allowing video-keno, telebingo and low-payout slot machines. The proposal also sets new rules for taxing these games. The amendment also allows companies from the EU to run games-of-chance and betting.

MIFAL HAPAI SHOWS SUPPORT FOR TROOPS. Mifal Hapais, the Israel National Lottery, has decided to encourage the Allied Forces in their war efforts and the American people with a special gesture. All of its 2500 points of sales all over Israel were decorated this week with a poster, showing the American flag and the slogan, 'We are with the Americans.' A year ago, Mifal Hapais had issued an instant card titled America, which is still on sale.

GROSS SALES UP AT SVENSKA SPEL. Svenska Spel, the Swedish Lottery, saw gross sales jump by 15.4%. Net sales of 14.5 billion SEK (1.6 billion Euro) remained about the same as in 2001, due to the fact that more players are going for games with a higher payout. The game with the highest increase was the VLTs, up 44% with gross sales of 6 billion SEK.

COMPANY ANNOUNCEMENTS

SGI AWARDED PERU CONTRACT. Scientific Games has been awarded a contract to supply an on-line AEGIS® lottery system to International Lotto Corp., S.A.

(ILC), a Peruvian Company installing the first "Real-Time and On-Line Electronic Lottery" in the Republic of Peru. The initial term of the contract is fifteen years with an option to renew for an additional fifteen-year period. The company estimates that the new contract could be worth approximately \$30 million over the initial five-year period. The contract also calls for the Company to provide 2,500 EXTREMA® terminals, project implementation support and ongoing project oversight and consulting services. The start up date for the new lottery is expected by early summer of 2003.

AUSTRIA AND EDITEC COOPERATE FOR NEW MACHINE. WinTV, the Drawing Department of Editec SA, has delivered three new machines for ToiToiToi, the latest game of the Austrian Lotteries. The principle of this daily TV game is to draw a 5-digit number and a symbol. To do that, Editec and the Austrian Lotteries have developed a slot-type drawing machine which generates the daily number. The machine was aimed at fitting within the very high tech studio environment of the game.

INTERLOTT AWARDED OHIO. Interlott Technologies has been named the selected vendor for a new contract with the Ohio Lottery to provide ITVMs and related services. The contract is the first ITVM contract based on a percentage of sale of instant tickets and will utilize Interlott's new Advanced Communication System to track sales from the ITVMs. Interlott has provided to the Ohio Lottery since 1992. In related news, Interlott has received a purchase order from the Hoosier Lottery for an additional 200 eight-game PTVMs to be delivered in May 2003. In August 2002, Interlott announced the lottery had purchased 500 PTVMs. Indiana also leases nearly 700 ITVMs.

NETKIT WINS CONTRACT IN UK. NetKit Solutions has been selected by Global Crossing to provide network access equipment and support for the ISDN-based UK National Lottery network service. NetKit's digital access platform, Nevada, will replace the X.25 leased line and VSAT-based networks. NetKit also will supply to Global Crossing its suite of operations, administration, maintenance and provisioning back office application servers for broadcasting new gaming software to more than 25,000 lottery terminals as new releases become available.

SCHAFER HONORED. Schafer Systems was named Iowa/Nebraska ESOP Company of the Year. Eight Schafer Systems employee owners received the award on behalf of the company. The basis for this award was the unique "ownership culture" of Schafer Systems and its subsidiary, Connect-A-Dock Inc. Receiving the Iowa/Nebraska Chapter Company of the Year Award has placed Schafer Systems in competition for the National ESOP Company of the Year competition.

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



ILAC CONGRESS 2003

Co-Hosted by Public Gaming Research Institute and The National Lottery of Mexico
April 27-30, 2003 • Hilton Cancun Beach and Golf Resort • Cancun, Mexico

—PROGRAM OUTLINE AND SCHEDULE—

April 26, Saturday

Noon-5pm Exhibitor Setup
4pm-6pm Registration open

April 27, Sunday

9am-8pm Registration open
9am-3pm Exhibitor set up
3pm-5pm Opening Session

Welcome to ILAC Congress 2003

Speaker: Duane Burke, President &CEO, PGRI

Welcome to Mexico And Update on the Mexican National Lottery – Where It Is and Where It Is Going

Speaker: Laura Valdes, Director General, National Lottery of Mexico

TV Advertising Competition

All participating lotteries are invited to submit Lottery TV ads for showing at this time.

- Each lottery will receive an award for showing its TV ads
- In addition, three lotteries will receive “**Best of Show**” TV ad awards

5pm-8pm **Welcome to Mexico Reception in Exhibit Hall**

Sponsorship Available

April 28, Monday

9am-7pm Registration open
10am-Noon General Session II

Lotto for Latin America – Higher Revenues and Growth

The starting point for major growth and expansion to multi-state games

Multi-State Games for Latin America and the Caribbean

National and regional multi-state games, the principles and benefits

Cooperative Games Among Countries

The next big opportunity for growth of lotto type games

Scratch-Off and Licensed Games – Building Revenues with New Excitement
Instant games are the biggest revenue producers for many lotteries and there is still lots of room for further growth

Noon-3pm **Welcome to New Lottery Executives Lunch in Exhibit Hall**
Sponsor: **Scientific Games Latino America**

3pm-5pm General Session III
Traditional Games – the Latest Developments and Strategies for Growth
The base game for most Latin lotteries will always be important and can improve
The Impact of New Games on Existing Games
The cannibalization of revenues among games is reviewed and strategies for minimizing
Strategies for Accelerating Adoption of New Games
The reduced costs of lottery related technologies make expansion to new games more possible than ever
Video Lottery Games – Best Games for Biggest Revenues
Video lottery has increased revenues by a factor of four or more in several U.S. states – what could video lottery do for your lottery?

5pm-8pm **Salute to Great Ideas Reception in Exhibit Hall**
Sponsor: **Intralot**

April 29, Tuesday

9am-1pm Registration open
9am-11am General Session IV
Great Ideas Presentations
Presentations by Lottery and Supplier Representatives Of Ideas That Can Increase Sales and Improve Net Revenues
Advertising and Promotion – The Magic Formula for Increased Sales
Proven successful examples of lottery advertising and promotions
Lottery Game Shows – The Glitter and Glamour of the Lottery
Analyzing the real value of lottery games shows
11am-1pm **New Technology for Growth Brunch in Exhibit Hall**
Sponsor: **GTECH**
Afternoon Open for private meetings

April 30, Wednesday

9am-11am Final Session and Awards
Review of Most Significant Development And Congress Follow-Up to Promote Growth
What can we do to help your lottery move ahead
PGRI Awards

- Co-Host Award
- Advertising Awards
- Great Ideas Awards
- Sponsor Awards
- Exhibitor Awards

11am ILAC Congress 2003 Adjourned



HOTEL ALERT!

To reserve ILAC hotel rooms at the Hilton Cancun Beach and Golf Resort at the discounted rate of \$140 (government)/\$160 (non-government), please book your room directly with the Hilton by **Tuesday, March 25. To book your room, please call the Hilton at +52 (9988) 81 80 00 or fax the Hotel Form to +52 (9988) 81 80 80. Be sure to mention ILAC when calling.**

-Congreso ILAC 2003-

Formulario de Inscripción/Registration Form

27-30 abril, 2003 • Hilton Cancun Beach and Golf Resort • Cancun, Mexico

Instrucciones para la inscripción y el pago:

Llenar un formulario de inscripción por cada participante. Para inscribirse en el Congreso sírvase enviar su formulario de inscripción por **fax al +1 425-803-6830**. El pago puede efectuarse con tarjeta de crédito o con un cheque en dólares de Estados Unidos girado en un banco estadounidense o como orden de pago internacional pagadero a Public Gaming Research Institute. Envíe su cheque por correo a 4020 Lake Washington Blvd. NE, Suite 100, Kirkland, WA 98033-7862, USA. No habrá reembolsos después del **25 de marzo** del 2003.

- Empleados de Loterías de Gobierno: **No Pagan**
- Empleados de Loterías en Concesión: \$795
- Empleados de Empresas Proveedoras: \$795
- Empleados Adicionales de Stand: \$695
- Esposa(o): **No Pagan**

Información para los proveedores:

Para obtener información más detallada sobre el Congreso ILAC, por favor contacte a Raquel Orbezo, Coordinadora de la Conferencia al **425-821-8361** (Tel/Fax), **RaquelPGR2@aol.com**.

Reservación del hotel:

La sede del Congreso es el Hilton Cancun Beach & Golf Resort. Sírvase contactarse directamente con el hotel para reservar su habitación. **Tel: +52 (9988) 81 80 00 ó Fax +52 (9988) 81 80 80**. Tarifa por habitación: **US \$140 (gobierno) ó US \$160 (proveedores)**. Sírvase mencionar que Ud. concurrirá al Congreso de ILAC, para recibir estas tarifas especiales. El hotel tiene un número limitado de habitaciones reservadas para este Congreso hasta el **25 de marzo**.

Registration Instructions and Payment:

Use a separate registration form for each registrant. Payment must be in U.S. funds either as a check drawn on a U.S. bank, an international money order or by credit card (see below). Make checks payable to Public Gaming Research Institute and mail to 4020 Lake Washington Blvd. NE, Suite 100, Kirkland, WA 98033-7862, USA. **No refunds after March 25, 2003**. To register for the Congress, please complete your registration form and **fax to 425-803-6830**.

- Employee of Government Lottery: No Charge
- Employee of Privately Operated Lottery: \$795
- Vendor Employee: \$795
- Exhibitor Employee: \$695
- Spouse: No charge

Exhibit Information:

For ILAC 2003 exhibit information, please contact Public Gaming Research Institute at **425-803-2900**.

Hotel Reservations:

The Congress hotel is the Hilton Cancun Beach & Golf Resort. To reserve your room, please call the hotel at **Tel: +52 (9988) 81 80 00 or Fax +52 (9988) 81 80 80**. Room rates: **US \$140 (government) or US \$160 (non-government)**. Space is limited. Reserve your room before the March 25 deadline to receive these ILAC Congress rates. For hospitality suites, contact PGRI at **425-803-2900**.

Envíe su formulario de inscripción al 425-803-6830 / Fax your registration form to 425-803-6830

- Empleados de Loterías de Gobierno / Employee of Government Lottery: **No Pagan / No Charge**
- Empleados de Loterías en Concesión / Employee of Privately Operated Lottery: \$795
- No Lotería / Vendor Employee: \$795
- Exhibidor / Exhibitor Employee: \$695

Nombre/Name: _____ Apellido Paterno/Last Name: _____

Cargo/Title: _____

Organización/Organization: _____

Dirección/Address: _____

Ciudad/City: _____ Estado/State: _____

Código Postal/Postal/Zip Code: _____ País/Country: _____

Teléfono/Phone: _____ Fax: _____ Email: _____

Nombre para su distintivo/Badge Name: _____

Nombre del Cónyuge/Spouse's Name: _____

Método de pago/Method of Payment

- Con cheque (adjunto)/by check (enclosed) Con tarjeta de crédito (véase abajo)/by credit card (below)
- Visa Mastercard American Express

Tarjeta de crédito #/Credit Card #: _____

Vence/Exp. date: _____ / _____ Firma/Signature: _____

Nombre y Apellido (letra de imprenta)/Print Name: _____

**Public Gaming Research Institute, Inc. • 4020 Lake Washington Blvd. NE • Suite 100 • Kirkland, WA 98033
Tel.: 425-803-2900 • Fax: 425-803-6830 • www.PublicGaming.org • E-mail publicgam@aol.com**

SEND THIS FORM DIRECTLY TO THE HOTEL

HOTEL RESERVATION FORM ILAC CONGRESS / April 27-30, 2003

Group code: **ILAC**

Confirmation # _____

Please identify yourself as part of The ILAC Congress . By March 27th 2003 the hotel will release the unsold portion of rooms for general sale; however, the Hilton will still receive reservations after this date subject to availability.

Please return directly to:
Reservations Department
reservations@hiltoncancun.com
Fax 011 52 (998) 881 80 80
Entire World Toll Free: 1 888 594 2483
From Mexico: 01800 849 1047
www.hilton.com

Last Name / Name _____

Companion _____

Company Name _____

Address _____

Thank you for requesting reservations at the Hilton Cancun We look forward to extending to you our hospitality and service.

To ensure you a prompt reservation and check in, please complete the registration form and note the following:

A deposit of two nights stay is required to hold your reservation. Such deposit shall serve to confirm the arrival date indicated on the form and, upon check in, shall be applied to the first night of the reserved stay. Should the guest fail to check in on the arrival date indicated on this form, there will be a charge of two (2) nights stay as a "NO SHOW" penalty. Early Departures will be charged in full to the individual's credit card for the number of rooms left unoccupied.

The hotel will accept cancellations without penalty (30) days prior to group's arrival, after this date a penalty of (2) nights stay will be applied to the credit card.

Additional occupancy service charges:
Bellboy: \$5.00 In/Out
Room attendant: \$ 4.00 Per night

Check In time is 3:00 p.m.
Check Out time is 12:00 noon

Wire Transfers:
AMERICAN NATIONAL BANK
8990 West Dodge Road
Omaha NE 68114
Account Number 5094844
ABA: # 104000
NHC HOTEL S.A. DE C.V.
Ph. 402 457 1030 Fx. 402 457 1075

City _____ State _____ Zip Code _____

Tel. (office) _____ Tel. (home) _____

Fax _____ E-mail: _____

Accommodations Requested

Requests are subject to room type availability at time of booking

One Bed Two Beds Smoking No smoking

The rates listed below are on an European Plan (no meal included), per room, per night, subject to 10% Federal Tax and 2% city accommodation Tax. Rates quoted on USA dollars.

<input type="checkbox"/> Standard room	\$160.00	<input type="checkbox"/> Extra person	\$55.00
<input type="checkbox"/> Beach Club room	\$207.00	<i>(Over 18 years old. Maximum occupancy per room is 3 persons)</i>	
<input type="checkbox"/> Junior Suite	\$385.00	<input type="checkbox"/> Government Functionary	US\$140.00
		<i>(Government I.D. Required)</i>	

Please note that the above conference rates are extended 3 days prior and 3 days after the program dates (April 23 - May 2nd, 2003) based on availability

Arrival Date: _____ Departure Date _____

Special Requests: _____
(e.g. Cribs, handicap ,low floor)

Reservations must be accompanied by a deposit or an accepted credit card number and signature.

Reservation guaranteed by:

AMEX Master Card VISA Wire Transfer

I authorize Hilton Cancun to charge my credit card one night stay plus applicable taxes at the time of reservation and by March 12th, 2003 one additional night.

Credit card number _____ Exp. Date _____

Signature _____

PLEASE ATTACH CLEAR COPY OF THE CREDIT CARD BOTH SIDES OR A COPY OF THE WIRE TRANSFER.



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