

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*  
November 17, 2003

**HOT OFF THE PRESSES.** PGRI announces two industry conferences. Please mark your calendars now to attend and participate in the Institute's **SMART-Tech 2004** meeting at the Peabody Hotel, Memphis, Tennessee, Feb. 6-9; and our **combined ILAC Congress and Lottery Expo 2004**, June 28-July 2, Loews Miami Beach Hotel, Miami Beach, Florida.

**NAKAMURA TO HEAD WA LOTTERY.** Washington Governor Gary Locke has appointed Kenneth Nakamura as the new Washington State Lottery Director. Nakamura once ran hundreds of McDonald's fast-food restaurants in Hawaii, Guam and the Pacific Northwest, providing a business and customer service background the Gov. is relying on to greatly benefit the Lottery. Nakamura's most recent position was president of Metro Inc., a business management consulting business with offices in Bellevue and Honolulu. He also has experience as business manager of the Seattle Sounders soccer franchise, and has been involved in the real estate industry.

**TN TO PRINT THE ODDS.** When the Tennessee Education Lottery Corporation starts selling tickets in early 2004, its players will have the benefit of knowing the odds. The Lottery will display the odds of games in brochures, at point of sale, online, and may even print the odds on the tickets.

**ND RETAILER APPLICATIONS ROLL IN.** The North Dakota Lottery has received applications from 450 potential retailers. Still, four counties haven't had a single business send in an application: Billings, Burke, Renville and Sheridan counties. ND Lottery Director Chuck Keller will be contacting retailers in those counties to find out why they haven't applied, but it's been speculated that population may have played a part in the lack of applications. The Lottery plans to award licenses to approximately 300 retailers by the end of the year.

**ALC SAYS THE PRICE IS RIGHT.** To generate excitement for the new \$3 Price is Right™ instant ticket launching on Dec. 15, the ALC will be working with select radio stations across Atlantic Canada. From Jan. 5-16, the morning drive shows will feature a 'high-low'



game with a different item featured each day. With some coaching from the station's morning team, the caller will have 30 seconds to guess the price of the item. Contestants who correctly answer within 30 seconds win a \$100 cash prize and three Price is Right tickets. If contestants cannot answer within 30 seconds, they win the Price is Right tickets but the cash prize builds for the following day. Three 30-second spots per station per day will begin airing on Jan. 2 and will continue throughout the promotion. In addition, two 15-second live promotional announcements will air per station per day during the contest dates.

**KY CONSIDERS KENO.** Kentucky Gov. Paul Patton is asking for the KLC to launch a Keno game to raise more money for college scholarships. Patton is trying to balance out potential losses that may result from the launch of the Tennessee Lottery. If Keno is launched in Kentucky, it's been estimated that the games could increase sales by as much as \$95 million to \$125 million per year, sending \$29 million to \$38 million toward the college scholarships.

**FRENCH TAC O TAC OFFERS WIN FOR LIFE.** La Française des Jeux launched "Tac O Tac Gagnant a Vie" (Tac O Tac Lifetime Winner), offering the chance at up to €2,000 per month for life. In 1983, Tac O Tac was the first scratch game launched in France. Now, the game will combine the fun of an instant with the allure of a TV game show. Players can win from €3 to €3,000 instantly, or four TV symbols can be revealed to offer participation in a game show with a shot at prizes between €800 per month for 4 years to €2,000 per month for life.

**SA LOTTERIES' REVAMPS LOTTO.** Starting Monday, November 17, SA Lotteries' Lotto game, SA Lotto, will give South Australians even more chances to win with two weekly draws, conducted each Monday and Wednesday night. In addition to having two chances per week to win, the Division One prize pool will also increase to a guaranteed \$400,000 per draw. Players will also notice a price increase of 5 cents per game (plus agent's commission) at this time. According to SA Lotteries Chief Executive, June Roache, the new initiatives are in response to customer demand for more chances to win bigger prizes. To support the launch of Wednesday SA Lotto, SA Lotteries is also giving players the chance to win a bonus prize of \$400,000 in a special promotion and Easiplay Club members have an opportunity to enter a draw to win a Holden Monaro.

**SOUTH AFRICA CELEBRATES 300 DRAWS.** On Wednesday, November 5, Uthingo celebrated its 300th draw. Draw Manager Adeel Carelse has been present for 295 of those draws. Congratulations to Uthingo and Carelse for reaching this milestone.

**ONCE LAUNCHES ONCEPLUS.** The channel ONCEplus began its first day of broadcasting in Spain last week, following the agreement between pay TV group Sogecable and ONCE, Spain's national charity for the blind. The channel gives information about the lottery and other games run by ONCE and about the organization's charitable work. Lottery tickets can also be bought through the channel's interactive facility.

**MAGNUM SEEKS NUMBERS GAME IN INDONESIA.** Malaysia's Magnum Corporation is reportedly in negotiations to begin an Indonesian numbers lottery. The names of additional parties and other financial details weren't provided.

**MEXICO BILL CALLS FOR LOTTERY DISPOSAL.** A 2004 budget bill was reportedly submitted to Mexico's Congress calling for the disposal of 18 state-owned enterprises, including the National Lottery. The bill seeks the sale, dissolution or merger of the enterprises.

**JAPAN LAUNCHES POSTCARD LOTTERY.** A ceremony at the Tokyo Central Post Office in Chiyoda Ward marked the nationwide launch of New Year's postcard lottery sales. Japan Post has issued a record 4.4 billion "nengajo" postage-paid cards, up 14% from last year. The cards carry numbers for lottery prizes. The first prize in the postcard lottery is a five-day holiday in Hawaii. For the first time, the cards offer senders a chance to win a prize as well.

#### **COMPANY ANNOUNCEMENTS**

**GTECH TO ACQUIRE SPIELO.** GTECH has entered into an agreement to acquire all of the shares of privately-held Spielo Manufacturing Inc. The enterprise purchase price for Spielo is approximately US\$150 million, payable in cash. In addition, in the 18 months following the closing, Spielo shareholders are entitled to receive an earn-out amount of up to US\$35 million, based upon Spielo achieving certain VLT installation objectives in New York, giving the transaction a potential total enterprise value of up to US\$185 million. The acquisition is expected to be completed in the second quarter of GTECH's fiscal year 2005. GTECH intends to maintain Spielo's operations in Canada and its separate brand identity.

**IGT-OES ACQUISITION COMPLETED BY SCIENTIFIC GAMES.** Scientific Games completed its acquisition of IGT OnLine Entertainment Systems, Inc., for \$143 million in cash subject to certain adjustments. The addition of IGT OnLine Entertainment increases Scientific Games' last twelve months' revenues for the Lottery Group through June 30, 2003 from \$289.6 million to \$437.5 million, expands the company's geographic presence and significantly broadens its product offerings. As a result of the acquisition, Scientific Games will operate on-line systems in 15 states and throughout the Caribbean, in addition to supporting systems that IGT-OES has delivered to customers in Korea, Norway, Switzerland and Shanghai. The acquisition also includes IGT's Advanced Gaming System video system contracts in

six jurisdictions throughout the world, certain intellectual property and an exclusive license to specific IGT slot brands for both instant and on-line games.

**GA HARLEY DOUBLES ORDER.** Scientific Games subsidiary MDI announced that its Harley-Davidson® instant lottery ticket promotion in Georgia roared off the line so fast that the initial ticket order has been doubled. Along with cash prizes, the \$2 game features chances for Georgia Lottery players to instantly win Harley-Davidson 100<sup>th</sup> Anniversary Sportster 1200 Custom motorcycles, as well as official Harley-Davidson logo merchandise in four second chance bonus drawings. In a final Grand Prize Drawing, the Lottery will award two prizes of \$25,000 cash, instead of a single \$25,000 cash prize that was originally planned. The doubling of the ticket order also includes an increase in the number of motorcycles to be won in the game from four to eight, as well as an increase in the merchandise prize packs from 800 to 1,600.

**SCIENTIFIC GAMES SIGNS AGREEMENT IN ITALY.** Scientific Games announced that a consortium consisting of Scientific Games, Lottomatica S.p.A, and Arianna 2001, a company owned by the Federation of Italian Tobacconists, has signed a contract with the Italian Monopoli di Stato to be the exclusive operator of the Italian Gratta e Vinci instant lottery. The agreement is for an initial period of 6 years with a six-year extension option. Scientific Games will provide and support the central system and associated hardware and software, will be the exclusive supplier of instant tickets, will participate in the profits of the lottery operation as an equity partner, and will partner with Lottomatica in the overall management of the lottery.

**NSW PICKS OGT.** Oberthur has been selected by NSW Lotteries as the exclusive supplier of instant tickets and related services. The contract term is for an initial period of three years and may be extended for an additional year at NSW Lotteries discretion.

**APOLLO LAUNCHES LOTTUS LOTTERY IN INDIA.** Apollo International announced the launch of its online lottery brand Lottus in all fourteen lottery-playing Indian states. Touch screen machines have been installed at all company kiosks. Results will be announced every day at Itanagar (Arunachal Pradesh), and telecast live throughout via an exclusive tie-up with Prannoy Roy-promoted news channels NDTV India (Hindi) and NDTV 24X7 (English). The advertising campaign also commenced with a series of teaser ads and then launched into the main theme 'Touch your dreams.'

#### **LOTTERY PEOPLE**

**Marilyn Dillehay**, longtime research analyst for Tennessee's Senate State and Local Government Committee has been hired as the public information manager for the Tennessee Education Lottery. Early in the Lottery planning process, Dillehay set up trips for legislators to study other lotteries, and compiled information used in their deliberations about a lottery.

Submit material for next week's Morning Report by  
Wednesday of this week to [Toddpgr2@aol.com](mailto:Toddpgr2@aol.com)



## PUBLIC GAMING RESEARCH INSTITUTE INTRODUCES A POWERFUL NEW MARKETING TOOL FOR LOTTERY VENDORS!

Banner ads are now available in PGRI's extremely popular *International Morning Report*.

All advertisers in *Public Gaming International* will now receive one free banner ad each month in the *International Morning Report*, and additional banner ads cost only \$300.

The *International Morning Report* is one of the most well-read publications in the industry and is e-mailed to more than 1,300 lottery industry professionals each Monday morning.

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