

To: Lottery CEO's, IALS Members, Marketing Directors,
PR/Communications Directors

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

Your weekly supplement to
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HOT OFF THE PRESSES. Public Gaming Research 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 **ILAC Congress 2004**, June 28-July 1, Loews Miami Beach Hotel, Miami Beach, Florida.

TN PICKS LOGO, ACCEPTS BIDS. The Tennessee Lottery picked a new logo from 100 designs and has passed the stage of accepting bids for vendor contracts. GTECH and Scientific Games were the only companies that met the online deadline for bid submission, while Scientific Games, Pollard Banknote, and a bid partnering GTECH with OGT submitted bids for the instant ticket contract. The contract winners will be decided by November 24.

WI SALES UP 25%. Spurred by an increasingly strong scratch ticket market, a popular new on-line game and a large Powerball jackpot, sales of Wisconsin Lottery tickets grew 25% in the first quarter of the current fiscal year. From July 1 through September 30, the Lottery posted sales of just over \$124.8 million compared to \$99.6 million in the same period last year. The \$124.8 million in sales produces an estimated \$37 million for property tax relief. Instant sales account for the majority of total sales and are up 12% over the first quarter of last year. On-line sales are up 47%, due largely to the activity associated with a \$250 million Powerball jackpot in July. But the Lottery is not forecasting an overall increase in Powerball sales this year.

DOUBLE THE PLEASURE IN VA. The Virginia Lottery broke two records in its first quarter of fiscal year 2004 (July 1 through September 30). Ticket sales reached \$277,286,980 – a 3% increase over the same period in 2002. With this record-setting sales achievement, the Virginia Lottery was able to break its own record for income for public schools. Public education's share from the first three months was \$91,187,687 – an increase of 3.8% over last year's first-quarter income. The records were even more remarkable due to the negative impacts from Hurricane Isabel in Virginia.

NM MAKES CHANGES TO DRAW GAMES. The Roadrunner Cash matrix jumped from 5:31 to 5:34, and starting jackpots were boosted \$5,000 to \$20,000. Also, the game will feature a new Bonus Ball that adds two more prize levels. Players will try to correctly match five of 34 numbers for



a top prize (up from 31 numbers), which will now begin at \$20,000, up from \$15,000. The top prize continues to roll until it has been won. In addition to the new minimum top prize, the game will feature a new Bonus Ball that adds two more prize levels. Players do not select a Roadrunner Cash Bonus Ball; it is drawn automatically from the remaining 29 numbers and is applied to the five numbers selected by the players. Matching four of five Roadrunner Cash numbers plus the Bonus Ball wins \$500; matching three of five Roadrunner Cash numbers plus the Bonus Ball wins \$10. Perhaps the biggest change players will notice is in the televised drawing, which will now be combined at 10:10pm. New computer-generated characters with different personalities will appear on screen.

THE BIG SLEIGH GIVEAWAY. Missouri Lottery Players will have a chance to win a 2004 Lincoln Aviator®, travel certificates, home furnishings, big-screen televisions and cash in the "Big Sleigh Giveaway" promotion, which runs from Nov. 1 through Jan. 9, 2004. To enter any of the promotion's three drawings, players can either mail \$10 worth of Scratchers tickets from the five eligible holiday games to the Lottery or they can enter numbers from those tickets on the Lottery's Web site.

OREGON LOOKS TO VLTs TO INCREASE REVENUE.

The Oregon Lottery is looking at ways to increase state revenue. Alternatives include a new game for video poker, and increasing the number of machines per establishment from five to six. If all goes well, the new game, three-way "action poker", would become available in June 2004. The state budget is anticipating \$67 million more from lottery proceeds in 2003-05.

MD JOINS AMBER ALERT. The Maryland Lottery will participate in the state's Amber Alert program. When an Alert is issued, the entire network of nearly 3,900 Lottery retailers across the state will immediately be notified through their terminals. This will allow Lottery retailers and their store employees to inform customers of the emergency within minutes of an Amber Alert.

FL SENDS UNCLAIMED JACKPOT TO SCHOOLS. The Florida Legislature voted unanimously to direct \$30 million from an unclaimed lottery jackpot to Florida community colleges and state universities. A \$50 million winning ticket-holder didn't surface in time to beat the 180-day deadline, so the total amount available from the jackpot, \$30.1 million, became subject to the state's discretion. State law normally requires unclaimed winnings to be put back into promotions and prizes.

MISSOURI COMMEMORATES 10 YEARS OF BINGO.

After 10 years, 25 games, more than \$296 million in sales and more than \$183 million in prizes, the Missouri Lottery's bingo-themed games are still going strong. The first "Bingo" extended-play game, the Missouri Lottery's 84th Scratchers game and first \$2 game ever, started 10 years ago on Oct. 30, 1993. Since that time, the Lottery has continued to issue a \$2 "bingo" game approximately every six months using a

variety of names, themes and prize structures. This year bingo is up 5 percent over last year.

TX PICK 3 TURNS 10. The Texas Lottery's Pick 3 game marked its tenth birthday on Saturday, October 25. The game has brought in almost \$1.9 billion in sales, making it the third most popular Lottery game, behind Instant tickets, and Lotto Texas. It has also paid out almost \$907.2 million in prizes.

IL CLOSING OFFICES. Over the last year, Illinois Governor Rod Blagojevich has been combining the Illinois Lottery and the Illinois Dept. of Revenue in an effort to save more than \$2 million per year. The latest phase of this effort will be the closing of the eight Lottery offices across the state. The operations are moving into state-owned offices already occupied by the Department of Revenue. Some Lottery employees who supply materials to retailers might begin working out of their homes.

PA SENATE APPROVES DRUG BILL. The Pennsylvania Senate unanimously approved a bill to expand eligibility for the state's low-cost pharmaceutical program for senior citizens, proposing to extend benefits to thousands of additional people than would qualify under a bill previously endorsed by the House. In addition to increased co-payments, the plan would be paid, in part, by increased lottery revenue largely due to the introduction of Powerball.

NASPL SECURITY SUB-COMMITTEE MEETING. The NASPL '03' Security Sub-committee meeting will be hosted by the Louisiana Lottery Corporation in New Orleans on December 2, 3, & 4. The meeting will be held at the Le Pavillon Hotel located at 833 Poydras Street New Orleans. Telephone number 1.800.535.9095. Rooms are \$135.00 per night for single or double occupancy, plus tax. The registration fee is \$140.00. Registrations may be faxed to Mike Mix at 225.297.2179. For questions or to request a registration form, contact Mike Mix or Bill Cox at 225.297.2175. The meeting is open to all lottery industry personnel.

SA LOTTERIES DOESN'T SUPPORT MILK PROMO. SA Lotteries wanted to make it clear that that it does not support, and has no association with, the promotion currently being conducted by Dairy Farmers in South Australia. The promotion, which offers a syndicated Lotto entry printed on milk cartons, was created by Dairy Farmers independently of any Australian lottery operator. According to Chief Executive, June Roache, SA Lotteries does not, and would not, support a promotion of this nature, because the promotion uses a daily staple, readily available to minors, as a vehicle for offering inducement to gamble.

POLISH COMPANIES MAY MERGE. The Polish Treasury Ministry will decide if it will allow the country's two largest lottery operators, Totalizator Sportowy (TS) and Polski Monopol Loteryjny (PML) to merge operations. Both companies have licenses to operate gaming and lotteries in Poland.

UTHINGO THROWS DRAW PARTY. The LOTTO draw will go live in KwaZulu-Natal, South Africa, for the first time on Saturday, November 1, when the button that makes millionaires is pressed at the Gateway Shopping Centre at Umhlanga, north of Durban. And to celebrate the historical event in the Zulu Kingdom, the LOTTO Jackpot will be a guaranteed R20-million. There will be a host of activities –

including live entertainment - at the shopping centre on Saturday and the public is invited to join LOTTO presenter, Nimrod Nkosi, for the build-up to the guaranteed R20-million Jackpot draw.

COMPANY ANNOUNCEMENTS

CHILE SIGNS INTRALOT TO NON-LOTTERY

AGREEMENT. Intralot and Polla Chilena de Beneficencia signed a 6-year agreement (with a 2-year renewal option) allowing Intralot to the right of usage of the points of sales network of Polla Chilena de Beneficencia to conduct bill payment collections and added value transactions. Intralot, having been awarded this service by Polla Chilena, has signed an agreement with Servipag, the major Clearing House for Banks and Department stores in Chile. Intralot will provide the technology of the installed lottery system and terminals for the collection of the bill payment transactions through its terminals and the transfer of these transactions online to Servipag for clearance.

SAXONY SIGNS WINCOR NIXDORF. Wincor Nixdorf is to equip "LOTTO-TOTO" outlets in the German province of Saxony with 1,480 Xion /Mtop lottery terminals. Under the project, the existing central system is to be complemented by a new "added-value services" server running an editorial system controlling multimedia applications on the shop terminals. The added-value services server will also handle the administration of scratch lotteries. The basic foundation will be provided by the Wincor Nixdorf ProClassic/Enterprise standard architecture.

WMS SIGNS WITH POWERBALL. WMS Gaming, Inc. has entered into a license agreement with MUSL whereby WMS has secured the exclusive worldwide rights to develop, manufacture and market slot machines based on the Powerball brand. WMS intends to develop the Powerball-branded slot game for commercialization on the Company's wide-area progressive (WAP) platform that is currently in submission to regulators in Nevada and Gaming Laboratories Inc. (GLI). WMS currently expects to receive approval for its WAP platform from both GLI and Nevada regulators in June 2004 and anticipates debuting the first WAP-enabled POWERBALL game at the 2004 G2E trade show.

LOTTERY PEOPLE

The Tennessee Lottery announced four new hires. **Andy Davis** has been named chief financial officer. Davis previously served as senior vice president of finance and information systems for the Georgia Lottery. **Bruce Ensworthy**, formerly senior vice president and CFO at Lightning Source, has been named TELC vice president of finance. **Andrew Morin** has been hired as vice president for legal services, and **Cynthia Webb** Fitzgerald was named the Lottery's senior attorney.

Electronic Game Card Inc, (EGC) announced the appointment of **Ian Remmer** as Head of European Sales to expand the market for the company's technology-breakthrough in interactive credit card sized competition games. Remmer recently held the position of sales director at Billboard and Americhip. He will be responsible for diversifying EGC's European customer-base into the media and consumer goods arena, initially in the UK.

Submit material for next week's Morning Report by
Wednesday of this week to 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.

Your ad can even be linked to a specific page on your Web site or to an individual's e-mail address. In addition, PGRI can also host a brochure or sell sheet on its server to link to your banner ad.

For more information on how your company can take advantage of this opportunity to gain valuable exposure for your products and services, please contact PGRI today or visit us at www.publicgaming.org.

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