

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.

TENNESSEE LOTTERY TO BE UP AND RUNNING BY FEBRUARY 10TH, OFFICIAL SAYS. According to local media reports lottery officials say they hope to have the state lottery up and running by February 10th. It will start with "Pick 3" and "Pick 4" games, and join a multi-state lottery sometime in the near future. Meanwhile, lottery CEO Rebecca Paul named Steve Adams and Sidney Chambers as the newest members of the lottery's management team.

LOTO-QUÉBEC'S CASINO DE MONTRÉAL CELEBRATES A DECADE OF SUCCESS. The Casino de Montréal is blowing out its first 10 candles. Since opening its doors, the Casino has succeeded in attracting some 55 million visitors from Québec. Over the past 10 years, this traffic has translated into \$3.9 billion in cumulative revenues, of which close to half - or \$1.9 billion - has gone into Government coffers.

HART SCOTT RODINO WAITING PERIOD IS TERMINATED FOR SCIENTIFIC GAMES' MERGER WITH IGT ONLINE ENTERTAINMENT SYSTEMS
Scientific Games Corporation announced that the Federal Trade Commission has granted early termination of the Hart Scott Rodino waiting period, thereby enabling Scientific Games to proceed with the acquisition of IGT OnLine Entertainment Systems, Inc., the on-line lottery subsidiary of International Game Technology. Scientific Games now expects the merger to be completed within thirty days.

FIRST LOTTERY BILL MOVES TO SENATE
The State Duma passed in the third reading a bill on lotteries that will be the nation's first attempt at federally

regulating the industry if approved by the Federation Council and signed by the president. The proposed law regulates the lottery industry in Russia by specifying types and standards of lotteries, rules for organizing lotteries, the system for exercising control over the organization of lotteries, the liability of lottery operators and other measures.

INTRALOT S.A.: ANNOUNCES INTERIM DIVIDEND. The Board of Directors of INTRALOT S.A. declared an interim dividend of 0,35 per share for the fiscal year of 2003, an increase of 20.7% compared to the interim dividend of the fiscal year 2002. The decision was based on the strong financial position of the company and the very successful results up-to-date.

SPANISH LOTTERY GOING GLOBAL? Due to the size of prizes being offered, some countries have expressed interest in selling Organismo Nacional de Loterías y Apuestas del Estado (Spanish National Lottery) tickets in the future. Spanish law prohibits the export of lottery tickets, but if an official state lottery were to adopt the tickets...well that might be a different story. According to the report, interest has come from Argentina, Venezuela and Andorra.

THE PRICE IS RIGHT FOR MARYLAND AND VIRGINIA. The Maryland and Virginia Lotteries, in a concerted marketing effort, simultaneously launched a *Price is Right™* instant scratch game using OGT's newest licensed property. The lotteries are the first in the U.S. to launch *The Price is Right™* instant game, and are taking advantage of this famous brand's key elements, including its most popular games, music and phraseology "Come on Down!"

KENTUCKY LOTTERY RECEIVES AWARD. The Kentucky Lottery received top honors earlier this week in the first annual Greater Louisville Inc. Work/Life Alliance Awards (formerly the Business/Family Partnership) luncheon. The KLC was the top leader in Providing Work/Life Balance and was awarded the 2003 Personnel Profiling Inc. Life Award for medium companies (50-249 employees).

TEXAS JOINS MEGA MILLIONS™; LOTTERY JACKPOTS ARE MEGA-SIZED WITH SIGNING OF MULTI-STATE AGREEMENT. Reagan E. Greer, Executive Director of the Texas Lottery Commission, signed a multi-jurisdiction game lottery agreement making Texas the eleventh state to sell tickets for Mega Millions.

LOTTERY PUTS \$20 MILLION IN EDUCATION ACCOUNT IN OCTOBER. The South Carolina Education Lottery has transferred more than \$78 million to education programs in the fiscal year that began July 1. The South Carolina Education Lottery says it deposited \$20 million on Tuesday.

BETTING GIANTS IN \$2.4 BILLION MERGER. Gaming firms UNITAB and TAB Ltd have agreed to a

\$2.4bn merger that will result in the formation of one of the largest wagering firms in Australia. The new company will have control of NSW, South Australia, Queensland and the Northern Territory. The merged entity will have a betting turnover of \$7.2bn, which is about three-quarters of Australia's total.

GAMING AND FUN FOR SALE AT LOTTERY

TERMINAL. Kenilworth Systems Corporation is announcing that Lottery players that subscribe to digital satellite and cable programs will soon be able to buy an "admission ticket", for a night of fun and games, from their local lottery agents for "Bet As You Watch Casino" television simulcast broadcasts of live in-progress casino table game action. State lotteries will welcome the additional revenue from the casino wagering programs.

OHIO SENATE WANTS CITIZENS TO DECIDE ON VIDEO GAMBLING.

The "slots-for-scholarships" proposal is halfway to the March, 2004, ballot in Ohio. The state Senate voted 24-9 to approve a resolution enabling voters to decide whether to allow 1,800 to 2,500 video gambling machines at each of Ohio's seven horse-racing tracks, including Toledo's Raceway Park. Supporters said Ohio is bleeding money to Canada and neighboring states that have casino gambling, riverboat gambling, and video gambling machines that can be programmed to play simulated slots, poker, blackjack, keno, and bingo.

US PROHIBITION ON NET GAMBLING TO BE

TESTED. USVI Host Inc. has received approval from the U.S. Virgin Islands' Casino Control Commission (CCC) to set up in St. Croix a hosting facility for Internet gambling in the U.S. Virgin Islands. The CCC unanimously approved the license after a six-month background investigation into the company, formerly known as VI Technological Initiative LLP. USVI Host won't actually operate any online gambling sites. Instead, it will provide a secure Internet server and hosting facility for site operators.

MODI ENTERPRISES LAUNCH SUNSHINE LOTTERY

IN KERALA. Modi Enterprises, part of the Rs 2,200 crore (Rs 22 billion) KK Modi group, on Tuesday announced the launch of its Sunshine India Online Lottery in Kerala. The group has a ten-year exclusive license from the Manipur state government to market, promote and distribute the state's lotteries.

MALTA CONSIDERS ONLINE CASINOS. Malta is one of several European nations that are either considering licensing online casinos or have already done so. However, Malta still has an opportunity to be one of the early adapters of online gaming legislation, providing a potentially significant increase in foreign investment in the Mediterranean island.

NORTH CAROLINA LOTTERY DEBATES. How much would it cost North Carolinians to debate a state lottery?

There will be a public forum on a North Carolina lottery scheduled for 7 p.m. Thursday at UNCW's Warwick Center. The event is free.

LOTTERY UTHINGO WARNS OF LOTTERY SCAM.

Lottery operator Uthingo warned the public on Tuesday not to respond to unsolicited emails from organizations claiming to be associated with the national lottery in South Africa. Dawid Muller, Uthingo's corporate services director, said certain organizations sent people emails claiming that they have won prizes. "Emails are sent to individuals at random claiming that they have won prizes in promotional draws," Muller said. "Individuals are then expected to pay an administration fee to access the winnings." Uthingo Management was the only company licensed to operate the national lottery in South Africa. No other company may run lottery promotions in the country without permission of the regulator, the National Lotteries Board.

POWERBALL JACKPOT JUMPS TO \$162 MILLION.

The biggest current lottery jackpot in the world is getting bigger. There were no Powerball jackpot winners Saturday but 839,469 players across the nation won a total of more than \$7.7 million in prizes. Because no one correctly matched all six numbers in Saturday's drawing the jackpot will grow to an estimated \$162 million. That would rank as the 6th largest Powerball jackpot ever. This is the third time this year and the fourth time in the last eleven months that Powerball has crossed over the \$100 million mark.

HARRAH'S EXPANDS IN THE UK CASINO MARKET.

Harrah's Entertainment Inc. said Tuesday it wants to build two or three destination casino resorts in the United Kingdom in addition to several smaller regional casinos it had previously committed to build.

PEOPLE

SIGFRIED & ROY OFFICIALLY END. MGM Mirage officials dropped the final curtain on "Siegfried & Roy at The Mirage" Friday when they told the last 202 employees the show would not go on. The dismissals came one week after illusionist Roy Horn was critically injured on stage by Montecore, his 600-pound white tiger. (Our prayers and best wishes go to Roy Horn for a speedy recovery.)

WILLIAM S. (SI) REDD WHO LED SLOT MACHINE MAKER, DIES AT 91.

William Redd, founder of International Game Technology, the slot machine manufacturer, and a force behind the growth of video poker, died on Tuesday. He was 91. (Our condolences to Mr. Redd's family. He will be missed.)

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