

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
October 6, 2003

GET READY FOR SMART-TECH 2004.

Preparations are underway for PGRI's SMART-Tech 2004 Conference, which will be held February 6-9, 2004, at the world famous Peabody Hotel in Memphis, TN. Be sure to mark the dates on your calendar. Contact Elsie Grote at 425-803-2900 to register for the conference, and to keep up-to-date on the conference details.

COUSINEAU TO HEAD QUEBEC. The Québec Cabinet appointed Alain Cousineau as Loto-Québec's new Chairman of the Board and President and CEO. Mr. Cousineau, who began his mandate on September 29, 2003, is an associate at Group Secor, as well as Chairman of its Board of Directors.

BCLC CANUCKS TICKETS A BIG SUCCESS. The BCLC and the Vancouver Canucks are teaming up in a marketing partnership that is designed to increase revenue for both BCLC and the Canucks organization. The first element of the marketing partnership is a new Canucks instant ticket that launched on Sept. 29. The launch was so popular that by Oct. 1, more than 400 retail locations had called to report a sellout and request more tickets. The \$10 ticket has over \$2.2 million in cash prizes, top prizes of \$100,000, as well as Canucks prizes such as road trips, tickets and jerseys. There is also a separate Bonus Internet contest where the prize is Trevor Linden's 2004 Chevrolet TrailBlazer®. Consumers can enter the Internet contest at www.canucks.com/scratch. The second element is a joint marketing program for Sports Action lottery games where the Canucks stand to gain 15% of all wagering on BCLC's Sports Action professional hockey games exceeding the existing base of \$11 million. The third element is a media package of TV and radio, as well as General Motors Place signage and an on-site profile for both the Scratch & Win ticket and the Sports Action brand. BCLC's projections are that the agreement could deliver an estimated \$1.5 million to \$2 million to the

Canucks and an estimated \$6 million in incremental revenue to BCLC in the first year.

RECORD MONTH FOR WV. In August, the West Virginia Lottery experienced another record month for sales. Overall sales for the month were more than \$113.3 million, 4 percent higher than the old record, achieved in July 2003.

OR SAVES BIG. An audit of the Oregon Lottery revealed that the agency has implemented 19 of 21 recommended money-saving measures, and the results have added up to \$500,000 in savings. Two other money-saving measures are currently under way.

QUEBEC EXTENDS PURCHASE TIMES. On September 20th, Loto Quebec extended the time for purchasing Lotto 6/49 and Québec 49 tickets, as the closing time for wagering on all draws became 9:00 P.M. on Wednesdays and Saturdays instead of the former time of 8:00 P.M. This decision, made jointly by the members of the Interprovincial Lottery Corporation, provides for a more flexible schedule for consumers in the various provinces, particularly those in the West.

KY LAUNCHES DILBERT. The Kentucky Lottery introduced its newest \$1 scratch-off ticket DILBERT™ on Friday, September 26. The \$1 scratch-off has six different DILBERT™ ticket designs so players, collectors and DILBERT™ fans can collect the whole DILBERT™ gang. The ticket offers a top prize of \$2,000 and players can win up to four times on each ticket.

WA HONORS STORE FOR SUCCESS. Washington Lottery Commissioners honored Mike Fettig, owner and franchisee of a Spokane 7-Eleven store, for continued increase in lottery product sales in the past fiscal year. Despite construction in front of the store and changes in traffic flow, Fettig's store has increased its lottery sales by more than 40% from FY 2002 to FY 2003.

POLL SHOWS SLOTS DESIRED IN KY. A recent poll found that 56% of Kentuckians are in favor of slots at racetracks, and the number climbs to 63% if the proceeds would be directed to public schools. The margin for error on the poll was plus or minus 3.5%.

VETS LAUNCH NE VLT PETITION. Nebraska Veterans launched a petition to put VLTs in bars across the state. The group needs to collect more than 110,000 signatures to put the issue on the 2004 ballot. Proceeds from the machines would benefit veterans groups, charities and property tax payers.

LATVIJAS SALES GAIN. Latvia's Latvijas Loto generated sales of 2 million lats (3.08 million euros) during the first eight months of 2003, 26% higher than the same period last year. Sales are expected to reach 3 million lats by the end of the year. That would be an increase of 600,000 lats over 2002.

DHANDHANADHAN LAUNCHES TWO NEW GAMES. In keeping with the Company's commitment to the

customers to offer varieties of online lotteries to choose from, DhanDhanaDhan Infotainment launched two new online lotteries - Dhan Chowka, a four-digit game selling for Rs. 5 and offering a top prize of Rs. 25,000; and Dhan Keno, 2-10 spots out of 80 with a top prize of Rs. 20 lacs. The two new online lotteries have been launched in the four Indian states of Maharashtra, Kerala, Karnataka and West Bengal.

LUCKY CARTON OF MILK. Australia's largest dairy manufacturer has printed Lotto tickets on about 25 million milk cartons in an attempt to get people to drink more milk. The promotion includes all Saturday Lotto draws between Oct. 18 and Dec. 20.

DAILY PLAY OFF TO GREAT START. Camelot announced that sales for the new National Lottery daily draw game, Daily Play, were £2.3 million in its first week. The figures are 40% higher than predicted. Camelot estimates that there was only £200,000 in cannibalization.

MOLDOVEI TO SPONSOR OLYMPIC TEAM. Loteria Moldovei will be one of the sponsors of Moldova's Olympic team for the upcoming Olympic Games of 2004. More than 100 sportsmen at 15 different sport disciplines are preparing for 2004 and 15 have already fulfilled the participation norms of the Athens Olympic Games of 2004. The sponsoring of the Olympic team is part of Loteria Moldovei's social contribution in a number of events which aim to assist in the development of the country.

BLACK TO CHAIR UK NLC. Moira Black CBE will become Chairman of the National Lottery Commission on October 16, 2003. She takes over from current Chairman Brian Pomeroy, who steps down after serving for one year as is required under the terms of the National Lottery Act 1998. Moira is a non-executive director of North West London Hospitals NHS Trust (1999 - to date), The Financial Services Authority (1998- to date), and Octagon Healthcare Limited (1998- to date). She is also the chairman of FSA Pension Plan Trustee Limited (1998-to date), and Consumer Communications for England (1993- to date). Prior to this she was the chairman of the Riverside Community Healthcare NHS Trust (1993-1999) and had a career with Price Waterhouse (1972-1993), becoming a partner in 1984.

COMPANY ANNOUNCEMENTS

CGI USES CAPTAIN MORGAN ARTIST FOR TICKETS. If you've seen the recent TV ad campaign for Captain Morgan's Spiced Rum®, the fantasy illustrations on a current series of \$5 New Hampshire Lottery tickets may seem familiar. Don Maitz, a Florida artist who has been drawing Captain Morgan for the last 20 years, provided the illustrations for three different tickets now being marketed in New Hampshire through a special arrangement with Creative Games International, Inc. A Captain-like swashbuckler graces

the first of New Hampshire's themed tickets, "*Treasure Island*," introduced in June. Two new tickets scheduled for introduction in the fall feature Maitz illustrations from an earlier time—the golden days of King Arthur and his Round Table. These games are called "*Magic Money*" and "*Riches of Camelot*".

IGT AND ACRES TO MERGE. Acres Gaming Incorporated stockholders have approved the merger between Acres, IGT and NWAC Corp., a subsidiary of IGT. Sixty-four percent (64%) of the outstanding shares of common stock voted for the merger and two percent (2%) voted against the merger. Under the terms of the merger agreement, IGT will pay \$11.50 per share in cash for each outstanding share of Acres common stock, representing an aggregate purchase price of approximately \$130 million on a fully diluted share basis, and Acres will merge with NWAC.

OGT AWARDS VA. Oberthur Gaming Technologies presented its annual "Winning Partnership" award to the Virginia Lottery during the lottery's Annual Sales Conference. The award recognizes the Oberthur client who achieved the highest percent of growth in instant ticket sales from one year to the next. For FY03, Virginia's instant sales increased by more than 10% while total sales were up 2.5% over FY02.

SAZKA SIGNS GTECH. GTECH signed a 12-year contract extension to provide online lottery products and services to SAZKA, a.s., the operator of lottery and betting games in the Czech Republic. The contract extension will commence on January 1, 2006 and expire on December 31, 2017. Under the terms of the contract extension, GTECH will replace SAZKA's current online and instant ticket system with GTECH Enterprise Series architecture, and will replace SAZKA's existing terminal base with approximately 7,000 Altura® terminals. As part of the agreement with SAZKA, GTECH also agreed to provide a \$20 million performance deposit that will be repaid upon achievement of certain milestones beginning in 2006. With respect to its contract extension with SAZKA, GTECH expects to generate approximately \$230 million over the contract extension period.

SPACENET SIGNS WITH SCIENTIFIC GAMES. Gilat Satellite Networks Ltd. announced its U.S. subsidiary, Spacenet Inc., has signed a 5-year contract with Scientific Games for a broadband satellite communications network for the Iowa Lottery Authority. Including Spacenet's initial deployment of more than 100 VSAT terminals for Scientific Games at Iowa Lottery locations earlier this year, Scientific Games has submitted purchase orders for a total of 650 VSATs. Gilat's VSAT technology has become widely recognized as a leading solution for affordable, reliable, easily deployable connectivity for virtually any lottery location.

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