

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

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VT HOUSE BACKS POWERBALL. Vermont House members said yes to allowing the lottery to join a multi-jurisdiction game. Proponents feel joining a big jackpot game could raise an additional \$3.2 million annually.

TN PROGRESS MADE. Headway has been made on the Tennessee Lottery bill. Among the current agreements: only cash purchases of tickets would be allowed at retail outlets. Credit cards and checks could be used when purchasing tickets from the lottery corporation. Tickets could not be sold at cash advance businesses or pawn shops, and no state seals or symbols could be used in sale of the tickets. Currently, the bill sets up a seven-member lottery board with three members appointed by the speaker of the House, three by the speaker of the Senate and one by the governor.

MD PINPOINTS RECORD WEEK. The Maryland Lottery reports record sales in both its Keno and scratch-off games. Keno sales topped \$6.6 million for the week of Feb. 2-8, while the popular scratch-off games saw sales of more than \$8.4 million.

PA GOES TO TWICE-A-DAY. The Pennsylvania Lottery began midday drawings for two of its most popular games – Daily Number and Big 4. The change came as a result of a bipartisan measure meant to boost ticket sales and revenue to the state. The games were chosen for the extra draw because they are the most popular number games offered by the Lottery, responsible for 38% of Lottery sales in FY02.

VIRGINIA PLAYS BONUS BALL. During the Virginia Lottery's Bonus Ball Days, the Lottery will hold an extra drawing prior to the Pick 3 and Pick 4 mid-day and night drawings. This extra drawing will determine if a 20% Bonus Payout will be added to that drawing's Pick 3 and Pick 4 prize payouts. The drawing will consist of placing five (5) balls into a Virginia Lottery drawing machine. There will be four (4) white balls and one (1) orange

Bonus Ball. If the orange Bonus Ball is drawn, all prize payouts for that game will receive a 20% Bonus Payout.

OKLAHOMA LOTTERY VOTE NEAR. It is unclear whether there are enough votes in the Oklahoma House to pass the lottery bill supported by Gov. Brad Henry. Democrats hold a 53-48 majority over Republicans in the House, which could vote on the lottery issue this week. Polls indicate 75 percent of Oklahomans support an education-funding lottery. Henry's measure calls for at least 30 percent of gross sales to be designated for education.

NC TO TRY AGAIN. A North Carolina bill filed last week would create a statewide referendum putting the question of an education lottery in the hands of voters. Polls consistently show residents favor a lottery, but referendums have failed to pass the legislative system.

NH HOUSE SAYS NO TO KENO. A bill was killed by the New Hampshire House that would have established a committee to examine the possibility of bringing keno to the state. The House Ways and Means Committee voted down the bill 15-3, and the full House concurred, defeating the measure by a voice vote.

OR LOTTERY MAY PROVIDE RELIEF. The Oregon Lottery would provide \$9 million in unspent Lottery revenue to help pay for a \$15.5 million emergency funding bill meant to restore medical and other services for low-income Oregonians. The Oregon House has approved the bill, but it still must clear the Senate.

MD GOV SEEKS HELP FOR VLTs. Maryland Governor Ehrlich is hiring an outside consultant to salvage legislation that would allow VLTs at MD tracks. Experts are being sought to evaluate the plan that would install 10,500 slots at four tracks. The Senate hearing on the governor's bill is scheduled for Feb. 26.

PULL-TAB MACHINES PROPOSED IN INDIANA. Indiana Rep. Bill Crawford, the head of the Ways and Means Committee, has proposed a gambling amendment that would allow 4,500 pull-tab machines at horse race tracks and off-track betting parlors. The machines would be expected to bring in more than \$150 million.

WI TAVERNS WANT VLTs. Wisconsin tavern owners are lobbying to change state law to allow 30,000 VLTs to be put to use in their businesses. The plan would see 12,500 businesses with tavern licenses paying \$100-per-machine to the government for every machine put into the establishment. In addition, tavern owners would split profits with the state lottery. Two legislators have promised to introduce the plan into the state legislature.

SWISS MERGER. The three Swiss lottery companies Sport-Toto-Gesellschaft, SEVA Lotteriegenossenschaft and Interkantonale Landeslotterie have become one enterprise. The new company, named Interkantonale

Landeslotterie/SWISSLOS, was officially set to work as of January 1, 2003 at the business offices located in Basel. As concession owner, Sport-Toto-Gesellschaft will still exist, but assign the operative business to the new company. Now, all products – with the exception of those of the six cantons in the western part of the country, where Loterie Romande is active – are being distributed by one enterprise.

COMPANY ANNOUNCEMENTS

NEW TERMINALS FOR PHILIPPINES. Prime Gaming Philippines Inc. announced that the board of directors of its unit Philippine Gaming Management Corp. has approved the purchase of 125 Datamark Flipper lottery terminals at US \$5,200 each, or a total of US \$650,000. Prime Gaming plans to install 2,000 lottery terminals for the Philippine Charity Sweepstakes Office under its Equipment Lease Agreement.

BCLC SELECTS GTECH. GTECH signed a contract with the BCLC to supply an upgrade to its existing online lottery central system. GTECH will upgrade BCLC's existing online lottery central system with the Company's AlphaGOLS™ system, which will monitor the security and integrity of 3,500 lottery terminals in the BCLC network. GTECH and BCLC will begin implementation of the first of two phases of the system upgrade this month. Completion of both phases of the upgrade of central system will generate revenues for GTECH of approximately U.S. \$3 million. GTECH was also recently named the preferred vendor to supply BCLC with new online lottery terminals. GTECH expects to undertake a two-phase implementation where they will initially provide BCLC with a number of Altura® terminals to be determined by BCLC. Upon successful completion of phase one, and acceptance by BCLC, GTECH expects to install up to 4,000 Alturas.

NORSK TIPPING CHOOSES ESSNET. Norsk Tipping has chosen EssNet to provide the company with 5,000 new lottery terminals. The terminals are based on PC and with touch screen entry capability. The terminal will be equipped with hand scanner, magnetic stripe reader and cash drawer. Rollout of the new terminals will be completed in 2004.

LOTTERY PEOPLE

In a survey for 2002 conducted by the international financial house PricewaterhouseCoopers (PwC), Intralot's Chairman **Mr. Socrates Kokkalis** was voted among the three most successful Greek entrepreneurs along with Mr. Spiros Latsis, head of the EFG Eurobank Ergasias Group and Mr. Nikos Stasinopoulos of the Viochalko Mattalugo Group.

Dr. Israel Peleg, the VP Marketing for Mifal Hapais (Israel National Lottery) for the past 3 years, has announced today that he is leaving the lottery. Dr. Peleg was appointed as Chairman of the Board and President for H&O, a leading fashion chain of 24 stores,

a public company, traded in TASE - Tel Aviv Stock Exchange. In Dr. Peleg's term the Lottery has achieved record revenues - more than 3 Billion NIS for 2002.

Bent Eckberg has stepped down as Chairman of the WLA's Security and Risk Management Committee (SRMC) and has been succeeded by Norway's Morten Schjelderup. Three new members of the SRMC have also been appointed: **Ed Stefan** from MUSL (Iowa, USA); **Fotis Mavroudis** from Greece's Instant Lottery S.A.; and **Tommy Færk** from Dansk Tipstjeneste, Denmark.

Oregon Lottery Assistant Director **Lee Moore** resigned after a month of administrative leave with pay. A statement released by Moore and the Oregon Lottery Commission read, "Lee Moore has resigned as the Assistant Director of the Oregon State Lottery in order to pursue other professional goals. Mr. Moore and the lottery have resolved the issues that arose between them."

LOTTERY JOBS

VIRGINIA LOTTERY PRODUCT DEVELOPMENT

MANAGER, #247, RICHMOND, VA. Successful applicant will be responsible for supervising the activities of a professional product planning and research staff, ensuring that projects are conducted efficiently, effectively and in accordance with the Lottery's needs and objectives. Responsibilities include: product design; promotional strategies; developing primary consumer research programs; conducting focus groups and industry research for use as basis of ideation for products, programs, promotions, and strategic planning; creating overall product development and long-term prize structure strategies.

PREFERRED QUALIFICATIONS: Experience in new product design and development; ability to provide direction and supervision in the creation of new consumer products (to include instant and online games); demonstrated ability to plan, develop, and direct a comprehensive research & development program; experience in managing a professional planning and research staff; knowledge of business theory and techniques; thorough knowledge of the principles, practices and theory of survey and research techniques and methodologies; ability to communicate clearly and concisely (written and oral) and to prepare clear, technically sound, accurate and informative reports containing findings, conclusions and recommendations. Knowledge of the lottery industry is a plus. Graduation from a college or university with an MBA or related degree in economics, planning, business, public administration or a related field is preferred. Applicant must pass a background investigation. A comparable amount of training and experience may be substituted for the minimum qualifications.

Salary range: \$63,050 - \$81,965. Please e-mail resume indicating position name & number to: jobs@valottery.state.va.us. **Please paste resume into the body of e-mail**, or mail to: Human Resources, Virginia Lottery, 900 E. Main St., Richmond, VA 23219, or fax to: 804.692.7205. Resumes accepted until suitable candidate selected. www.valottery.com. EOE/AA

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