

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
February 03, 2003

MARS DISMISSED IN PA. Pennsylvania Lottery Executive Director Robert Mars was dismissed by Governor Rendell. Edward Trees, deputy executive director for marketing and games, has been named acting executive director. Mars lobbied for and implemented Powerball, sparking a 12 percent jump in sales over the first six months of fiscal 2003. Rendell officials characterized the change as part of the transition.

RI VLT EXPANSION BEGINS. The Rhode Island Lottery Commission unanimously approved adding up to 1,825 additional VLTs at Lincoln Park and Newport Grand Jai Alai. Lincoln Park estimated that they could have as many as 240 new machines up and running this week, and another 260 within a month. Newport Grand should have 200 of the new machines running within three months. Both facilities will have to build additions to house the rest of the machines.

VLT COMMISSION CUT IN OR? A Bill introduced in the Oregon State Legislature would decrease commissions paid to video lottery retailers. Current commissions average 32 percent, but the bill would cut that number to 15 percent.

HIGH KY SALES BOOST REVENUE PROJECTIONS. The Kentucky Lottery's higher-than-expected sales have already produced an additional \$10 million for the state. A record second quarter, a large part of which resulted from the record Powerball jackpot on Christmas, caused projections of funds for state grants, scholarships and other state programs to eclipse the \$160 million budgeted by the board and soar all the way to \$170 million.

NM PROGRAM SEEING SUCCESS. A report by the New Mexico Commission on Higher Education shows that out of 22,452 students who have participated in the

Lottery Success Scholarship program since 1997, 79% have either graduated from college or are still enrolled in a degree program. About \$59.3 million was awarded to Lottery Success Scholarship recipients from fall 1997 to spring 2002.

NJ GIVING 100,000 CHOICES. The New Jersey Lottery and the Tropicana Casino Resort are adding a \$100,000 Bonus Round to the Gazillions promotion. Lotto players now can walk away with \$100,000 or 100,000 New Jersey Big Game MEGA MILLIONS lottery tickets! The Tropicana draws numbers for the Gazillions promotion five times each day.

SCEL LAUNCHES PICK 4. The South Carolina Education Lottery successfully launched its newest on-line game, Pick 4. Players now have the chance to win up to \$5,000 dollars nightly.

PA GOES GREEN FOR ST. PATTY'S. The Pennsylvania Lottery will begin selling two new St. Patty's Day-themed tickets on Tuesday, February 4, 2003. Lucky Leprechaun Loot, a \$5 ticket, features a \$50,000 top prize, while Green Stuff, a \$1 ticket, offers players a \$1,000 top prize.

MI ENHANCES EXTRA. Beginning Tuesday, February 4, 2003, Michigan Lottery Daily 3 & 4 game players will see a welcome enhancement to the Daily 3 & 4 EXTRA game, as the prize structure will be changed. With the new prize structure, every winning ticket will pay \$50 instead of the old prize structure where players could win prizes ranging from \$2 to \$500. As a result of this change, the odds of winning a \$50 prize will be much easier -- 1 in 80 -- versus the 1 in 1,970 odds in the old version of the game. To accommodate the new prize structure, winning tickets will match in only one of the three columns. There will be no multiple-column matches.

KY OFFERS EXTRA CASH. Beginning January 21st, the Kentucky Lottery will offer EXTRA CASH, allowing players to win instantly on their Pick 3 or Pick 4 ticket. When players choose an EXTRA CASH wager and pay 50 cents or \$1 per play more, the lottery's computer system will randomly generate numbers, three for Pick 3 and four for Pick 4. If any EXTRA CASH numbers match, in any order the player wins from \$1 to \$500.

ODDS CHANGE FOR TEXAS? The Texas Lottery may be changing the odds of its Lotto game. A proposal would see the odds drop from to one in 25.8 million to 45 million-to-1. The change would boost jackpot size and help increase interest in the Lotto game.

VT GOV RELYING ON POWERBALL. Vermont Governor Jim Douglas is basing part of his budget plan on revenue generated from Powerball as a bill in the

House to join Powerball has widespread support. The state legislature could be putting the issue to vote in a few weeks, and the state could be selling Powerball tickets as early as this summer.

ME CONSIDERS POWERBALL. Maine may join a multi-state. A spokesman for the Gov. confirmed that Powerball is being considered as one option for dealing with the state's budget shortfall

IN EYES KENO. The Indiana House Ways and Means Committee has asked the state to consider introducing keno to Indiana to raise additional revenue. Keno appears to be legal under the state's current lottery laws, and could raise between \$21 million and \$51 million in revenue.

LA DEDICATES NEW HOME. The Louisiana Lottery held its official building dedication ceremonies at the LLC headquarters and the event was attended by local and state officials. Board of Directors President Stewart Gentry presided over the historical event, which was 10 years in the making, on November 20, 2002.

WVLC VOTES TO MOVE. Last week the West Virginia Lottery Commission voted 6-0 to move its headquarters from Charleston to a new building in Putnam County. The commission will purchase 12.5 acres for \$1.3 million at the Advantage Valley Business Park in Hurricane.

AK LEGISLATORS LOOKING AT LOTTERY. Alaskan State House majority Republicans are considering some non-tax revenue measures this session, including the possibility of a state Lottery. Like most states, Alaska is struggling to find ways to meet their budget.

STOCKHOLM CASINO OPENS SOON. Svenska Spel is opening its fourth casino in 18 months. The new facility is scheduled to open in Stockholm on March 14. It will be the first casino to open in Stockholm since 1912.

FRANCE FINISHES STRONG. Despite an initial drop in sales (-5.1% in the first four months), La Française des Jeux (the French National Lottery) ended 2002 with an annual turnover of Euro 7.43 billion, an increase of 6%. This result was above the Lottery's initial target (+4%). was achieved despite a difficult beginning of the year (mostly due to the Euro changeover) which impacted performance of the first quarter.

SAZKA SETS PROFIT MARK. SAZKA's 2002 profit reached approximately 1.2 billion CZK (about 40.7 million USD), besting 2001's record performance of 1.13 billion CZK. The increase was mostly due to the number games Sportka, to the oddset games and to the new game Keno.

LOTTO UGANDA ON HOLD. Ugandan Finance Minister Mwesigwa Rukutana has stopped the Uganda Lottery Company from launching its nationwide lottery next week. The minister claims ULC's operating license has expired and that the firm will have to re-apply.

COMPANY ANNOUNCEMENTS

MDI SIGNS MARILYN AND DEAN. Scientific Games announced that its subsidiary, MDI, has signed an exclusive licensing agreement that will allow lottery organizations worldwide to launch games and promotions with movie star and Hollywood themes using the names and likenesses of screen legends Marilyn Monroe and James Dean. The licensing rights were granted to MDI by CMG Worldwide, Inc. through 2004 and may be extended through 2005.

ID EXTENDS GTECH. GTECH announced that the Idaho State Lottery Commission has approved an extension of the Company's current contract. The four-year contract extension is expected to commence on February 19, 2003. GTECH expects to replace the Lottery's current terminal base with approximately 800 Altura® terminals, and install a wireless telecommunications network that will provide highly reliable and secure communication between retailer locations and the Lottery's online central system. GTECH anticipates generating revenues of approximately \$16 million over the four-year extension period.

THREE LOTTERIES LAUNCH HARLEY. Three Lotteries launched MDI's Harley-Davidson instant. New Jersey will be launching their third version of the game, while Idaho and Virginia are each venturing into their second Harley launch.

LOTTERY PEOPLE

The South Dakota Senate State Affairs Committee named **Clint Harris** as acting director of the South Dakota Lottery. Harris has been with the lottery since 1993, and has been the acting director since May 2000.

IGT announced the promotion of **Maureen Mullarkey**, the Company's Chief Financial Officer, to Executive Vice President. Mullarkey graduated from the University of Texas at Austin in 1980 with a Bachelor of Science degree, and received her MBA from the University of Nevada, Reno in 1988.

Peer Jacob Svenkerud has been appointed new Executive Vice President for Communications and External Relations at Norsk Tipping. Svenkerud is currently Director of Branding and Stakeholder relations at Telenor ASA. Previous positions include Director of Burson-Marsteller in Oslo, and Assistant Professor at the University of New Mexico, USA.

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