

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

Public Gaming Research Institute Inc.'s

INTERNATIONAL MORNING REPORT

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NY AWARDS VLT CONTRACTS. New York lottery officials have selected four companies to supply more than 13,000 VLTs at racetracks. Machines could be up and running between April and June of 2003. The companies to supply the machines are Bally Gaming Systems, IGT, Sierra Design Group and Spielo. The Lottery only received four bids from suppliers. The contract to provide the central system was awarded to Multimedia Games.

VISION TO PROSPER TAKES A GLOBAL VIEW. Award-winning journalist, acclaimed author and leading futurist Hamish McRae will propose a "Vision to Prosper" at the World Lottery Association Congress 2002 in Adelaide, Australia in November. He will address key issues such as an ageing population, environmental concerns, managing globalization and social change and will take a global view of tensions and governments under pressure. Other speakers include Richard Neville, a futurist and social commentator with an uncanny eye for key trends that will influence buying patterns in the new millennium.

RECORD QUARTER FOR GA. The Georgia Lottery Corporation transferred the almost \$178 million it made during the three months ending Sept. 30 to the State Treasury, the largest first-quarter transfer since the lottery began in 1993. The amount surpassed the previous record of \$167.9 million for the first quarter of the 2002 fiscal year.

AZ GOES BACK TO THE BALLOTS. The Arizona Lottery is on the November ballot under Proposition 301. If voters say yes to continuing the Lottery, games will continue until at least July 1, 2012. If the voters say no, the current law says the Lottery will end July 1, 2003. Most estimates hold that voters will want the games to continue. Good luck AZ!

MICHIGAN ITVM CONTRACT AWARD UNDER PROTEST. Michigan's recent ITVM contract award to

Pollard Banknote is under appeal. According to reports in the local media and an appeal filed by Interlott, Michigan could possibly lose up to \$60 million over the life of the contract. Also noted in Interlott's appeal was the absence of any ITVM field-testing or in-house evaluation combined with an ITVM that has never been commercially deployed.

LOOKING GOOD FOR ND. Things are looking good for the North Dakota Lottery hopefuls. In a poll of 400 people conducted by Winkelman Consulting of Fargo, 55% said they would definitely vote for the lottery, while another 14% said might give it a yes. Approximately 22% said they will vote no, while another 3.4% are leaning in that direction. The margin for error was 4.9%.

A DOUBLE VOTE FOR TN? A radio station supporting the Tennessee Lottery effort has found a way to make votes count twice. TN law states that constitutional amendments must receive a majority of the total number of votes cast in the governor's race, so the pro-lottery station is saying that skipping voting for governor would make a pro-lottery vote count twice. Of course, if the anti-lotteries also skip the governor vote the same could be said for their cause. Polls show that the pro-lottery contingent holds a 59.9% to 34.4% advantage.

RI TO VOTE ON VLT EXPANSION. The Rhode Island Lottery Commission plans to vote in November on whether to allow more video gaming machines at the state's two gambling facilities. The facilities are seeking a combined 1,800 additional machines.

PA SEES GOOD RESULTS FROM POWERBALL. After having offered Powerball for only four months, Pennsylvania Lottery revenues are already \$39.2 million ahead of last year. Powerball has cannibalized PA's SuperSix game to some extent, but the goal of increasing total revenue is being achieved.

WI COUNTY WANTS VLTs. The Washington County (WI) Board voted unanimously to recommend that VLTs be legalized and licensed by the state. The proposal would allow five machines per tavern or restaurant, to allow the establishments to compete with tribal casinos. It's estimated that Wisconsin could collect more than \$200 million per year in VLT revenue.

PENNSYLVANIA WANTS VLTs. A poll ran through Madonna Young Opinion Research found that 61% of Pennsylvanians are in favor of VLTs at the state's four horse tracks, and 67% say the machines make sense because of the thousands of jobs the machines would save by adding tax dollars. The margin of error for the poll is estimated to be 3.5%.

POWERBALL DOING WELL IN SOUTH CAROLINA. SCEL players purchased more than \$4.2 million in Powerball tickets between October 5 and October 18. The top 25 Powerball retailers for the first week of sales were located in counties that border North Carolina.

PA LAUNCHES HOLIDAY TICKETS. The Pennsylvania Lottery kicks off the 2002 holiday season with six new holiday-themed instant ticket games that will go on sale on October 29. The 2002 holiday ticket line-up includes the following new games: Yule Win (\$20; \$10,000 tops; every ticket is a winner), Holiday Riches (\$10; \$120,000 tops), Holly Jolly Cash (\$5; \$50,000 tops), Treasures Under the Tree (the Lottery's first \$3 game; \$30,000 tops), Holiday Magic Doubler (\$2; \$20,000 tops) and Merry Money (\$1; \$500 tops).

QUEBEC BRINGS BACK BINGO VEGAS. The Societe des bingos du Quebec (SBQ), a subsidiary of Loto-Quebec, launched the Bingo Vegas promotion, from which 50 participants will share \$100,000 in money to be won in addition to participating in a draw for a trip for two to Las Vegas. Players must make their way to one of the SBQ network bingo halls and play either Le Grand Tour, the evening game, or Le Petit Tour, the afternoon game, from October 21 to November 10. Each first player to accomplish the special "Bingo Vegas" shape game within those two sessions automatically wins.

PAYOUT CUTS PROPOSED AGAIN IN MA. The MA Lottery survived Acting Governor Jane Swift's suggested payout cuts, but now Belmont Republican, Mitt Romney is proposing cutting the payouts to help balance the state budget. Fortunately, Democratic gubernatorial candidate Shannon O'Brien's campaign team quickly chastised Romney's proposal.

T-A-T CATERS TO GAME DESIGN. Take-A-Ticket designed a dispenser to highlight the Idaho Lottery's new Nutcracker Cash® game. The \$7 fold open game by OGT features 8 games with up to 17 chances at the top prize of \$50,000. Kim Mathison, Idaho Lottery Key Accounts Manager, says "...developing a specialty game dispenser that was both functional and attractive to the retailers and players was really appreciated. The dispensers really drive home the unique format of the game." www.tatinc.com

CAMELOT EXTENDS CREDIT TO RETAILERS. Camelot will be extending the credit terms given to retailers on instant tickets. Retailers now have 30-day credit terms on instant purchases. The change in terms (previously 15 days) brings instant tickets in line with other products sold by the retailer.

ILAC DE GUATEMALA SEEKS NEW VIDEO LOTTERY SUBCONTRACTOR. ILAC De Guatemala, S.A. is seeking a new video lottery subcontractor for its Guatemala video lottery salon at the convention center associated with the Westin Camino real hotel in Guatemala city, Guatemala. ILAC has more recently opened video lottery salons in the Holiday Inn and Ramada hotels in Guatemala city and plans to open salons in three additional hotels outside of Guatemala city shortly. e-mail: ilacsa@guate.net

MIFAL HAPAI'S TEAMS WITH HOTEL ASSOC. Mifal Hapais (Israel National Lottery) is cooperating with the Israel Hotels Association to encourage Israelis to take a vacation in Israel. The joint marketing effort comes in the form of the instant ticket Vacation in Israel, where it will be possible to win money prizes and material prizes in the form of thousands of vacations for two in hotels across Israel. The ticket will be accompanied by an extensive campaign over a three-week period on TV, radio, billboards and in the press under the slogan: "Now is just the time for a holiday in Israel".

COMPANY ANNOUNCEMENTS

SA LAUNCHES HOLLYWOOD STARS. The South Australia Lottery launched Hollywood Stars, a licensed instant lottery game featuring logos and other imagery associated with The Hollywood™ Sign™ and Hollywood Walk of Fame™, according to an announcement by MDI. The game features 500,000 \$2 tickets offering a chance at up to \$100,000 and one of two Hollywood Grand Prize dream trips.

ARISTOCRAT SIGNS DEAL WITH NY. Aristocrat Technologies Inc and technology provider Sierra Design Group announced an agreement to provide game themes to be used by the New York Lottery.

GTECH INKS WITH AN POST. GTECH signed a new contract to provide an integrated online and instant-ticket lottery system solution and services to An Post National Lottery Company (NLC), the operator of the National Lottery in Ireland. The six-year integrated services contract will commence on December 22, 2002. GTECH will replace the existing lottery system with GTECH's Enterprise Series™. The NLC will replace its terminals with 2,200 GTECH Altura® terminals, and GTECH will supply the Lottery with 1,300 GVT Extra terminals.

RIMPAC ALLIES WITH CAFES. Rimpac Resources has signed up a network of 530 plus Internet Cafes in Vietnam as affiliates to assist in the promotion and sales of e-lottery tickets at the www.InternetLOTO.com Web site. The company is a strong proponent of the need to develop strong alliances with Internet Cafes in order to sell e-tickets in Asia.

LOTTERY PEOPLE

LOTTERY PEOPLE. Georgia Lottery President & CEO **Rebecca Paul** became the first recipient of the distinguished Friend of the University Award from the University of Georgia Alumni Association in recognition of her dedicated and outstanding services to the students, faculty, and staff of the University of Georgia. She is the first non-alumni to receive an award from the Alumni Association.

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