

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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CLOUD STEPS DOWN, GRIEF ASSUMES TX HEAD.

Linda Cloud stepped down as the executive director of the Texas Lottery last week, and the Texas Lottery Commission voted 3-0 to appoint Gary Grief as the acting executive director. Grief stepped in after serving as the Lottery's director of operations, where he oversaw retailer services and licensing. Linda Cloud is planning to pursue a career as a Lottery consultant.

TN LOTTERY LOOKING GOOD. Recent polls have shown that Tennessee lottery proponents are holding a 2-1 lead in the polls. Still, lottery opponents aren't ready to call it quits, and are hoping that with a bussing campaign that will get a large percentage of their contingent to the polls, they will be able to overcome the deficit. So, while things are looking good for the TN Lottery, it isn't a done deal yet.

LEACH PASSES HOUSE. The U.S. House of Representatives passed the Leach bill last week, making it illegal to use credit cards or any form of electronic payment for the illegal offshore betting activity. The House used an expedited form of voting, meaning it needed a two-thirds majority to pass. Supporters acknowledged that it's impossible to get the sites off the web, but that the bill will make sure that U.S. credit card companies will not complete the transactions. The Bill now heads to the Senate.

NEBRASKA AIDS AMBER ALERTS. The Nebraska Lottery has provided the state's Amber Alert program with approximately 900 new outlets to disseminate information about missing children. Now any full service retailer will be able to relay Amber Alert announcements and updates. State law enforcement computers would send the messages, which freeze retailer screens until the updates are printed. The Lottery has provided retailers with labeled holders for the messages.

TEXAS LOWERS STARTING POTS. Due to a continuing decline in Lotto Texas ticket sales and low interest rates, the Texas Lottery Commission lowered

starting jackpots from to \$4 million to \$3 million. The lottery was forced to take action due to deeper withdrawals from a lottery Prize Reserve Fund to help pay for jackpot prizes at the game's lower prize levels.

LOTO-QUEBEC LAUNCHES MINI-GOLF CD-ROM.

Ingenio launched its 5th CD-ROM-based instant lottery — Mini-golf. Unlike previous interactive games, the Mini-golf CD-ROM is distributed free of charge and comes with a non-winning access code in order to allow the consumer to try the game without any obligation to purchase a ticket. Subsequently, players may purchase tickets at a cost of \$4 each if they wish and use their trial CD-ROM to play. The game offers 20 different golf courses, and the chances of winning are in no way affected by a player's skill or performance.

THE SPACE NEEDLE'S 'LAST BASH'!

The Washington Lottery held a 'Last Bash' event to say "Goodbye" to the Space Needle as part of its ad campaign for Mega Millions featuring an eastern Washington resident winning the jackpot and using the money to move the Space Needle to his hometown. The Lottery teamed with a local radio station to throw an event to say "Goodbye" to the Seattle landmark.

WCLC ADDS TO 6/49 EXCITEMENT. For each WCLC Lotto 6/49 draw from October 2 to 30, six additional sets of six numbers will be drawn, in addition to the regular numbers on the game. These additional Bonus sets of numbers are part of a special Lotto 6/49 20th Anniversary promotion. Players who have an exact match to a set of Bonus numbers will win \$1,649. They also can win tickets to Grey Cup 2002, plus the chance to win \$6.49 Million at the game.

STATE FAIR HITS JACKPOT. The Virginia Lottery booth at the State Fair of VA sold the winning jackpot ticket for the October 2 Lotto South drawing. This was the first time that the Lottery's booth at the Fair has sold a winning jackpot ticket. In addition to the \$11.6 million jackpot, the winner received a \$1 million bonus from money that remained from the state's Lotto South predecessor, Lotto Virginia.

MI BID TO BLOCK SALES. Michigan State Rep. Barb Vander Veen introduced a House measure that would prohibit Sunday drawings for online games and would eliminate the lottery commission's ability to sell scratch-off tickets through ITVMs in malls and large retailers. Wayne Kuipers and Patty Birkholz have also joined with gambling opponents to try and oust Sunday sales. The Sunday drawings started October 6.

PAN-EUROPEAN LOTTO. Camelot and The French Lottery, La Francaise des Jeux, are discussing a pan-European lottery that could launch by 2004. The European lotto-style games would be offered to other national lotteries once it is up and running

CAMELOT LOOKS TO SECOND THUNDERBIRD

DRAW. Camelot is launching a second weekly

Thunderball draw. Starting October 23 Wednesday draws will accompany Saturday draws. Ticket sales for the Thunderball draw have remained between £4 and £5 million a week since its launch in June 1999. Camelot expects the Wednesday draw to add approximately £1 million to the total for both draws.

VEIKKAUS TEAMS WITH BANK FOR ONLINE GAMING VENTURE. Veikkaus and Nordea Bank announced a partnership enabling all the 1.2 million users of Nordea's Solo Internet banking service in Finland to play Lotto, Keno or place bets in OnNet through the Solo banking site. Starting November 12th, customers that normally use the service for paying their bills and placing their stock market orders, can use bank accounts to pay directly for the gaming transactions. Wins are also credited directly to the player's bank account. Veikkaus' OnNet Internet gaming system currently has over 220,000 registered users and weekly sales of over 1.3 million euros, representing over 6% of Veikkaus' total sales.

COMPANY ANNOUNCEMENTS

CA ORDERS MORE FROM INTERLOTT. Interlott received a third order from the California Lottery for the purchase of 500 new 16-bin Expandable Dispensing System ITVMs. Delivery of the latest order is scheduled for January 2003. This brings to 1,500 the total number of units purchased by the state during 2002. Interlott anticipates generating total revenue of more than \$12 million from the three orders.

CALABRO SELECTED BY GTECH. David J. Calabro has been appointed Executive Vice President and Chief Operating Officer of GTECH Holdings Corporation. Mr. Calabro, who most recently served as the Executive Vice President responsible for Global Operations, joined GTECH in 1999.

INTRALOT SUPPORTS SPORTS MEETING. Intralot supported the international one day meeting on "Sports as a dynamic industry of the new economy". The event coincided with the celebration of Intralot's 10th anniversary as a leading corporation in the gaming industry. All the speakers, especially the President of WLA Mr. Reidar Nordby Jr., emphasized the contribution of lotteries to the development of good causes and sports.

A SCRATCH CARD THAT'S ELECTRONIC? The Electronic Gamecard promises to revolutionize instant lotteries. In the size and shape of a credit card it packs a microprocessor chip, a long life power source and security devices. It delivers real multi play ability, allowing any number of plays. The Gamecard currently carries a traditional match three type instant game and can be made to carry any game a lottery can come up with. And there's no latex under fingernails. Start playing now at www.egcltd.com. Contact Daniel Kane to arrange a personal demonstration at NASPL.

MDI AND INGENIO FORM ALLIANCE. MDI Entertainment, Inc. and Ingenio have formed a strategic business alliance for the development and marketing of CD-ROM-enhanced lottery games. Ingenio, a subsidiary of Loto Quebec, brings their CD-ROM lottery concept to the alliance, while MDI brings to a wealth of lottery expertise and a large portfolio of licensed brands, celebrities and cultural icons known throughout the world. Launched in 2000, Ingenio's games have made their way to Iowa and Kentucky Lotteries in the U.S and to several European countries including Belgium, Switzerland and Portugal.

SOUTH AFRICA SELECTS SMARTPLAY. Uthingo has contracted with Smartplay for two Criterion II © drawing machines, to conduct their upcoming Keno game. Having launched the National Lottery with the original Criterion© in '99, Uthingo will continue to use the model for Lotto. The Criterion serves twenty lotteries on four continents. For more information, please visit www.smartplay.com.

PROMO-TRAVEL CREATES LOTTERY RETAILER REWARDS . In order to aid lotteries' rewarding of retailers, Promo-Travel International has designed a points-based lottery retailer incentive program, Lottery Retailer Rewards. It is an affordable alternative to increased commissions, and can be used either as a short-term promotional opportunity, an on-going program, or solely to reward retailers for incremental sales. If used as a tool to drive incremental revenue, the program becomes self-funding – with minimal start-up costs. Promo-Travel provides all elements of the program, including start-up prizes -- typically trips or high-end merchandise. Also, Promo-Travel has simplified the Retailer Rewards fulfillment process by providing a turnkey system accessible through on-line terminals and the Internet as part of the basic point cost. Additional information on Retailer Rewards can be found at www.retailerrewards.com or at www.promo-travel.com.

EMPLOYMENT OPPORTUNITY

MARKETING RESEARCH DIRECTOR. MarketVision Research, a leading marketing research and consulting firm with expertise in the lottery industry, is looking for a Director focused on building relationships with lottery organizations. Position offers opportunity to work across the lottery industry in areas of marketing strategy and product development. Includes excellent compensation package. MarketVision Research was founded in 1983 and is based in Cincinnati with several offices throughout the U.S. Please contact Tyler McMullen at 513-794-3531 or tmcmullen@mv-research.com with interest. MarketVision is an Equal Opportunity Employer.

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