

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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POWERBALL CHANGES TO KICK IN SOON. On Sunday October 6, some minor changes will be made to Powerball. Four more numbers will be added to the selection of white balls, while the amount of red Powerball numbers will remain the same. This changes the matrix to 5:53 and 1:42. The odds of winning the jackpot will increase to 1 in 120.5 million. The odds of winning any prize will be 1 in 36 – almost the same as the current odds of winning any prize. Also, the current length of the annuity prize payments will change from 25 years to 30 years. Another change has to do with PowerPlay. The number “1” will be retired from the PowerPlay wheel for the October 9 draw, meaning players who qualify for a PowerPlay bonus WILL multiply their winnings. Finally, anytime the jackpot reaches its all-time high the jackpot size will increase by a set \$25 million per drawing until the jackpot is won. At that time, the additional money produced from sales will ‘spill down’ to the “Match 5” prize level, so those that match all five could also win millions.

SCEL GETS READY FOR POWERBALL. The SCEL is getting ready for its October 5, 11pm launch of Powerball. One promotion has Lottery officials traveling the state preparing “midnight madness” parties that will run all day on October 5, another has the Lottery giving away a red 2002 VW Beetle stuffed with red and white Ping-Pong balls – whoever comes closest to guessing the number of balls in the car wins (or is at least entered into a drawing to win). The lottery is also putting up more than twenty billboards around the state promoting Powerball. The game is expected to generate \$38 million in yearly sales for the Lottery.

ALC HOLDS A TAILGATE PARTY. A special promotion for the ALC's OVER/UNDER game, the "Atlantic Canadian Tailgate Party" took place at select Dooly's pool hall locations across Atlantic Canada. Players enjoyed a day of NFL football with hourly draws, trivia questions, and chances to win OVER/UNDER merchandise prizes. The major prize

was the "Ultimate Sports Weekend Away" valued at approximately \$15,000. The Atlantic Canadian Tailgate Party was supported by print and radio advertising.

MICHIGAN TO LAUNCH CHANGE PLAY. The Michigan Lottery will launch Change Play on October 13th. Change Play, is the change game that allows players to buy a ticket for any amount between 25 and 99 cents. Michigan's version of the game promises six daily winners. The game is expected to bring in \$50 million a year.

COYOTES TEAM WITH AZ LOTTERY. The Phoenix Coyotes are now officially acting as title sponsor of the Arizona Lottery's Pick 3 game as part of an in-kind cross promotion. Pick 3 is now the Phoenix Coyotes Pick 3. The Coyotes will provide more than \$1 million in arena signage and other advertisements. The Coyotes logo will appear on all Pick 3 tickets, and the team will be mentioned six nights a week during the televised announcement of winning numbers.

STUDY SHOWS VALUE OF LOTTERY. A study conducted by the William Seidman Research Institute at Arizona State University's College of Business, Tempe, found that the Arizona Lottery directly and indirectly generated 3,290 jobs resulting in direct earnings of \$98 million. According to the study, the Lottery also ranked first in earnings impact per \$1 million in spending.

VIRGINIA CELEBRATES 14 YEARS. The Virginia Lottery celebrated its fourteenth birthday in September. In 1988 the Lottery began by selling one game – Match 3. Fourteen years later, the Lottery offers more than 50 scratch games and five on-line games. Sales for each of the past two fiscal years have topped \$1 billion. And most importantly, the Lottery has turned over to the Commonwealth of Virginia a total of more than \$4.1 billion in revenue during those 14 years.

LOTTERY LOOKS PROMISING IN ND. The North Dakota Lottery Referendum, Measure 2 on the Nov. 5 ballot, looks to be favorable to ND residents. A recent poll of 606 people, conducted by the Public Affairs Institute of Minnesota State University Moorhead, showed that 49 percent strongly supported a Lottery, and 23.5 percent mildly support it. Fourteen percent strongly oppose it and 5.5 percent mildly oppose it. Eight percent are undecided.

TEXAS SELECTS DDB DALLAS AND KING GROUP. The Texas Lottery Commission named DDB Dallas as the apparent successful proposer for the General Market Advertising Services contract. The Lottery also named The King Group, Inc., of Dallas as the apparent successful proposer for the Minority Market Advertising Services contract. The TLC issued RFPs for both contracts on June 28, 2002 – each were mailed to approximately 305 prospective proposers. The TLC will now begin contract negotiations with representatives of both companies.

JAPAN AND HONG KONG – GOOD NEIGHBORS. In an effort to battle illegal Internet gambling, The Hong Kong Jockey Club and the Japan Racing Association announced a mutual "Good Neighbor Policy" on wagering. Both the HKJC and the JRA agreed to respect each other's jurisdictional wagering integrity. The policy will become official in a signing period scheduled during December.

DE LOTTO, VEIKKAUS AND HIQ TEAM UP. De Lotto and Veikkaus announced an agreement under which De Lotto has licensed Veikkaus' OnNet Internet gaming technology (other regulated national lotteries are invited to join the partnership). Now De Lotto has successfully launched sports betting on the Internet. Registered players from De Lotto's jurisdiction can now place bets on Dutch and international sporting events using technology originally developed by Veikkaus, the Finnish National Lottery. De Lotto plans to introduce the rest of its gaming offering on the Internet early next year. The Finnish software company HiQ Softplan has adapted OnNet for the Dutch environment.

SOUTH AFRICA TO LAUNCH KENO. Uthingo is to launch its third National Lottery game, Keno, on Monday, November 11, 2002. Keno will comprise daily draws with Jackpot amounts of R60 000 up for grabs. The game will operate on a 6:50 matrix, and players can choose a price point of R1.50, R3.00, R5.00 or R6.00. Players will also be able to play for up to 28 draws in advance with the Multi-draw function.

GREECE REWRITES COMPUTER GAME LAW. A few weeks ago, Public Gaming International's Morning Report reported that Greece, in order to combat illegal VLT play, had passed a law banning the public play of computer games and that the law, as written encompassed any form of computer game – both gaming and otherwise. That law has now been rewritten. The Greek Finance Ministry has now made it clear that the law only pertains to games that do not offer financial benefits to the player. So, for now, Greek Gameboy players are safe.

FRENCH LOTTERY LOOKS TO SCRATCH BACK TO THE TOP. The French Lottery, La Francaise des Jeux, launched the Cash, a new scratch card in the shape of a US note, which allows players to win up to 20,000 euros for an average payment of 2 euros. The lottery is hoping the game will help make up some ground lost during a 10% plunge in sales associated with the transition to the euro. The turnover recovery has already been helped by the successful release of several scratch games, and the Lottery is optimistically projecting a 2% sales increase by years end.

COMPANY ANNOUNCEMENTS

EGET SUPPLIES FINTOTO. EGET has supplied the WinOneã system to Fintoto, a subsidiary of Suomen Hippos ry, the Finnish Trotting and Breeding Association. The system allows the site, www.fintoto.fi,

to offer horse betting games previously available only at Finnish horseracing tracks and through Totoline agent.

LEBANON NATIONAL LOTTERY LAUNCHES NEW MULTI MODES EDITEC SYSTEM. La Libanaise des Jeux (LLJ), the new operator of the Lebanon National Lottery, has successfully launched its new computerized lottery system provided by EDITEC S.A. The EDITEC system supports a variety of modes of operation required by the old and new sales networks of the Lebanese lottery, uniquely combining on-line real-time, semi on-line (store and forward), and off-line TPM 3000 terminals as well as pre-printed paper tickets points of sale. The pre-printed tickets are also generated, printed and managed by the EDITEC system. La Libanaise des Jeux has successfully achieved its goal to obtain efficient coverage of the Lebanese market through an exceptionally cost effective investment per point of sale. The first game to be offered by the new system is a continuation of the existing Loto 6/42 with upgrades to revive the game and introduction of new games planned in the near future.

SAGEM SIGNS WITH SGI. SAGEM signed a contract to supply Scientific Games International with 8,500 SAGEM T2000 lottery terminals. The equipment will be delivered to SGI before the end of 2003 for use in SGI's growing on-line lottery business. For more information, please visit the SAGEM Web site: www.sagem.com.

VIRGINIA EXPANDS WITH INTERLOTT. Interlott received notice of award from the Virginia Lottery to furnish ITVMs throughout the state. The contract gives the lottery the option to purchase up to 300 additional Expandable Dispensing System (EDS) ITVMs over the three-year term of the agreement, which takes effect October 1, 2002 and runs through September 30, 2005.

EMPLOYMENT OPPORTUNITY

TEXAS LOTTERY COMMISSION SEEKS DEPUTY EXECUTIVE DIRECTOR (Posting No. 090502) \$73,920-\$119,160/yr. plus State of TX benefits. Application Deadline: **October 25, 2002, 5 p.m.** Bachelor's degree from an accredited four-yr. college/university in Business Administration, Finance, Political Science, or related field required. (Exp. in an executive level position in management, in excess of the required five years, may be substituted for college on a year-for-year basis.) Five years experience in an executive level position in management required. Three years supervision of supervisors required. Experience in federal or state government management preferred. Experience in lottery or gaming industry preferred. Willingness to travel for job-related purposes. Willingness to work irregular hours (i.e., weekends, holidays, and nights). For specific information, contact TLC at **(512) 344-5333 or 1-800-395-5627** or www.txlottery.org. State of TX application required. Applicants requesting special accommodations should call (512) 344-5143 three days in advance for appropriate arrangements. EEO

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