

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
September 9, 2002

MEGA MILLIONS LAUNCHES IN WA. Mega Millions Mania is sweeping Washington State. Washington is the first state west of the Mississippi to join the game, and Northwest residents will be taking advantage of the opportunity to win millions. The Washington Lottery's newly enhanced Web Site, www.walottery.net, has the latest Mega Millions breaking news, as well as game information and dozens of links to other lottery-related sites, including the official Mega Millions Web site.

MICHIGAN PLAYERS WAIT FOR RED BALL.

Beginning September 2, Michigan Daily 3 players will have a second opportunity to win on the same Daily 3 evening draw ticket, thanks to the Daily 3 Red Ball Double Draw promotion! After each regular evening Daily 3 drawing, another drawing will be conducted using a separate machine that contains five white balls and one red ball. When the red ball is selected, the Lottery will draw a second set of Daily 3 numbers, giving players a second chance to win on the same ticket. When a white ball is drawn, it will be taken out of the machine and set aside – resulting in one less white ball that could be drawn the next night and an increased chance of drawing the red ball. Double draws will not occur on nights when a white ball is drawn.

CA LAUNCHES XTRA REWARD. California Lottery officials announced that XTRA REWARD(SM), a special featured promotion for the SuperLotto Plus(R) game, will be held from Aug. 31-Oct. 12, 2002. Each time a player buys 5 to 10 SuperLotto Plus plays, for one draw on a single ticket, they automatically receive one to three free Xtra Reward numbers. The Xtra Reward number is a unique eight-digit number, which will appear on the bottom of each ticket. These numbers are sequential and unique to each ticket. Players match the Xtra Reward number to the Lottery-selected eight-digit number and win \$100,000. XTRA REWARD will be drawn every Wednesday and Saturday. Players can find out if they are winners by visiting a retailer, visiting the Lottery website at

www.calottery.com, checking the local newspaper, or by calling the Lottery at 1-900-776-4000.

\$2,000,000 CELEBRATION IN MI. Michigan Lottery players will have cause to celebrate this fall with the introduction of the Lottery's newest \$20 instant game, "\$2,000,000 Celebration," which hit ticket counters statewide on September 5. The "\$2,000,000 Celebration" game is different from other Michigan Lottery instant games that have been offered in the past because the \$2,000,000 top prize will be awarded through a drawing. The top-prize winning ticket will be drawn from the pool of 2,000 players who claim \$1,000 prizes in the "\$2,000,000 Celebration" game. Odds of winning the \$1,000 prize are 1 in 852!

CT LOTTERY HOSTS SECURITY CONFERENCE.

The Connecticut Lottery will host this year's NASPL '02 Security Directors' Conference. Dr. Henry C. Lee, Director Emeritus of the CT State Police Crime Lab and one of the world's most renowned forensic scientists, will be the keynote speaker at the Conference. Security Directors from all lottery jurisdictions are invited to attend the two-day conference, which will be held on October 29, 30 and 31 at the Westin Hotel in Providence, Rhode Island.

VLT LOOKS MORE ATTRACTIVE IN NH. A recent poll showed that New Hampshire residents are warming up to the idea of VLTs. Of the 601 voters surveyed, 50% were in favor of VLTs, 43% against and 7% were undecided. Two years ago 41% were in favor, 49% opposed and 10% were undecided.

CHANGE OF ADDRESS FOR NJ. The New Jersey Lottery has a new home page address, www.njlottery.net. This site, which still can be accessed by the old address (www.state.nj.us/lottery), was changed to create a simpler, easier to remember URL and increase traffic to the Lottery's homepage. The website includes: the Lottery VIP Club, Responsible Play Page, Live Drawings, Unclaimed Jackpots Link, Email Subscriber Service, Lottery Promotional Events, a Media News Center, an Instant Game Page and Lottery Commercials.

ALABAMA LOTTERY OPPONENTS TO FIGHT TENNESSEE LOTTERY.

Dan Ireland, executive director of Alabama Citizen's Action Program, is being called on to help defeat the Tennessee Lottery. Ireland, who was instrumental in defeating the 1999 Alabama Lottery, will represent the "Gambling Free Tennessee Alliance".

WA ADD DRAWS MORE ATTENTION THAN EXPECTED.

A recent Washington State Lottery ad for the launch of Mega Millions really had some state residents fooled. The ad was a mock newscast of the Space Needle being moved from Seattle to Moses Lake (several hundred miles east), funded by a hypothetical Eastern-Washington residing Mega Millions winner. One Seattle station received enough calls asking if the

move was for real that the station's news team came out with a statement reassuring the public that the ad was a spoof.

SVENSKA SPEL LAUNCHES NEW CASINO.

Cosmopol, a subsidiary of Svenska Spel, the Swedish National Lottery opened its 3rd casino in Göteborg (Gothenburg), the second biggest city in Sweden with a population of 600,000. The opening night drew a crowd of 2,800. Casino Cosmopol has had net sales of U.S. \$10 million the first six months this year. The last of the planned four casinos will open in Stockholm some time in February or March.

TATTERSALL'S JOINS IN PARADE OF

CHAMPIONS. Tattersall's joined with the Melbourne Cricket Club in the development and announcement of the "Tattersall's Parade of the Champions". The project involves a selection of ten sporting champions, who will eventually be "immortalized" in a parade of 10 eye-catching, bronze statues outside the stadium.

Tattersall's welcomed the selection of Sir Donald Bradman, acknowledged as Cricket's greatest player, as the first "inductee".

MAGNUM 4D POSTS SIZEABLE GAIN. The Malaysian Lottery Magnum 4D Bhd posted a 10.7% rise in pre-tax profit to RM60 million for the second quarter ended June 30. The company's after-tax profit also increased 19.8% to RM26.5 million.

GREECE BANS COMPUTERIZED GAMES. In an effort to combat illegal gaming machine addiction, the Greek government passed a law making it illegal to play computer games in public. Offenders could face fines of up to 75,000 euros or up to 12 months in jail. This law may be at the very least reworded, because as written, it is technically illegal to play any kind of computerized game in public, including games offered on Gameboys and cell phones.

COMPANY ANNOUNCEMENTS

AWI BECOMES IGT ONLINE ENTERTAINMENT SYSTEMS, INC. AWI, an affiliate of IGT, has changed its name to IGT Online Entertainment Systems, Inc., marking the restructuring and refocusing of IGT Systems' commitment to innovative gaming solutions for the worldwide lottery industry. This announcement evidences IGT Online Entertainment Systems' commitment to provide innovative and exciting new options for online lottery games. For more on this exciting story, read the feature "IGT Online Entertainment Systems, Inc.: Bringing the Promise of Entertainment Based Games to Online Lotteries" in the September issue of Public Gaming International (page 8).

INTRALOT DELIVERS GROWTH. Intralot sustained a high growth in its revenues, operating earnings, earnings per share and maintained its ability to generate considerable operating cash flow during the

six month period ending June 30. Revenues increased to 155 million, a 15% rise over last year; gross margin improved to 32.6% from 30% last year; EBITDA (earnings before interest, tax, depreciation and amortization) increased by 24.5 % to 49.5 million; income before taxes recorded an increase of 25% by reaching 44.1 million; and net cash position reached 46 million demonstrating the company's ability to generate significant free cash flow and efficiently utilize its capital employed.

SCIENTIFIC GAMES LATINO AMERICA GAINS

THREE CONTRACTS. Scientific Games today announced that its recently acquired subsidiary, Scientific Games Latino America or SGLA, has been chosen to supply instant ticket games to three Latin American customers: Loteria Nacional de El Salvador; Loteria Nacional de Nicaragua; and a private foundation in Mexico, Vamos Mexico. The contracts are together valued at nearly \$4.0 million over their initial terms of one year each.

WA GOES FOR HARLEY. The Washington State Lottery will launch its first MDI licensed game when it kicks off a Harley-Davidson Instant lottery game in November. Washington becomes the 37th state lottery to join the MDI licensed game roster of customers out of a total of 39 government-sponsored lotteries in the US. The Washington Harley-Davidson® game will offer ten limited edition 100th anniversary Sportster® 1200 Custom(TM) motorcycles to be won instantly. The game consists of 1.8 million tickets prices at \$3 each with cash prizes of up to \$30,000. The tickets are to be printed by Scientific Games. In addition, there will be 466 Harley-Davidson® merchandise prize packages to be won instantly.

LOTTERY RFP

BCLC TERMINAL RFP. The BCLC has issued a RFP for Lottery Terminals - Competition Number 0203-020417 dated August 6, 2002. Only companies currently supplying the lottery industry with proven terminal technology may apply, and a request for the RFP must be made in writing; solicitations by phone will not be accepted. Eligible companies requiring a copy of the RFP document may write to British Columbia Lottery Corporation, 74 West Seymour Street, Kamloops, British Columbia V2C 1E2; email purchasing@bclc.com -- Attention Jeff Warren Senior Buyer; or fax (250) 828-5678 and -- **include the following pre-qualifying information:** Name of company; Address; City; Postal Code; Country; Contact person; Phone Number; Fax Number; Email address; Current lottery jurisdiction(s) using terminals; How many terminals installed; and How long the company has been in operation. The RFP will be sent by courier and can **NOT** be emailed due to printed examples within the RFP. Closing date is Friday October 4, 2002 at 14:00 hours local time.

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