

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 2, 2002

WORLD LOTTERY TALK CONTINUES. Talk of a World Lotto game continue to intensify as newspapers have reported that the Missouri and Kansas lotteries are among 17 states and 10 national lottery organizations that have signed to participate in a proposed international lotto game. Still, nothing has been decided regarding whether or not the game will actually develop. Hurdles include currency differences and time zone problems (conflicting with draw times). Be that as it may, jurisdictions have until September 30th to sign up for a guaranteed seat at the founder's table of the International Lottery Alliance. Current jurisdictions known to be at that table include: Austria, Denmark, Ireland, Norway, Sweden, Finland, Netherlands, Indiana, Iowa, Kentucky, Minnesota, Nebraska, and three Australian lottery jurisdictions.

ILLINOIS TEAMS WITH WHEEL OF FORTUNE.

This summer, the Illinois Lottery has partnered with the Wheel of Fortune game show to launch a new instant game with a top cash prize of \$40,000. Each game ticket offers four chances to win by scratching off your letters and then matching them up to the four phrases on the game piece, similar to the TV version. A second-chance feature has players send in non-winning Wheel of Fortune instant tickets to enter a drawing for a trip for two to Hollywood to attend a live taping of the show and the chance to audition to be on the show. Each winner also receives \$500 in cash.

VERMONT LAUNCHES FAST TRACKS. The Vermont Lottery launched the MDI licensed game Fast Tracks, featuring logos and other imagery associated with NASCAR drivers. The game features 500,000 tickets. Each ticket costs \$3 and gives lottery players the opportunity to win cash prizes of up to \$5,000. Additionally the game features 300 instant win Players Choice Racing Gear Packs and fourteen Players Choice Racing Trips.

FLORIDA LAUNCHES FIRST \$10 INSTANT. The first-ever \$10 Florida Lottery Scratch-Off ticket is catching the attention of Florida Lottery players all over the state. Cash Bonanza offers the highest payout percentage ever for a Florida Lottery Scratch-Off ticket, including a top prize of \$250,000. Cash Bonanza's cash prizes total more than \$42 million, including more than 200 instant-win prizes ranging from \$10,000 to \$250,000! There also are more than 64,000 prizes ranging from \$100 to \$1,000. Lower-tier prizes start at \$10.

ALC INCREASES UNDERAGE PROTECTION. The Atlantic Lottery Corp. is stepping up its campaign to stop the sale of lottery tickets to minors. ALC will place more visible stickers on lottery terminals in retail stores to remind employees and customers that ticket sales to those under 19 are prohibited. There's no social outcry fueling this campaign; it's just part of the corporation's ongoing efforts to abide by the law.

SC MOVES OUT OF CELLAR. South Carolina has moved out of the SAT score cellar. Increased money for scholarships was cited as a factor that contributed to helping state improve its SAT scores at the highest rate in the country. That scholarship money comes from the Lottery. Be proud SCEL.

MD SAYS GOOD-BYE TO CASH-IN-HAND. The Maryland Lottery is retiring its Cash-in-Hand game. Declining ticket sales, compared to similar Lottery offerings, were the catalyst behind the decision. Sales for Cash-in-Hand, however, have experienced a steady decline since it peaked in 1999. The decline could be attributed to the fact that the game's selling point, giving jackpot winners the cash up front rather than through an annuity, was rendered ineffective once larger games offered cash options.

NOVA SCOTIA LAUNCHES RESPONSIBLE GAMING WEEK. Canada's first province-wide responsible Gaming Awareness Week will be held in Nova Scotia from October 20-26. The week, which is meant to heighten awareness about gambling responsibly, is themed "Know Your Limits, Play Responsibly." Activities include a combination of public education and awareness initiatives as well as gaming employee information sessions.

ARKANSAS FAVORS LOTTERY. A poll of Arkansas voters shows a narrow majority support for a state lottery. The poll, conducted by Zogby International, found that 52% of the respondents favor a lottery, 45% in opposition, and 3% undecided.

TENNESSEE GIVES LOTTERY HIGH VISIBILITY IN POLLS. Tennessee's lottery referendum will appear at the top of election ballots on November 5, just below the governor's race and above the lists of candidates for U.S. Senate and other offices. That's good news, because there will have to be a lot of

“yes” votes registered for the Lottery to pass. The total yes votes must equal at least 50% of the votes cast in the governor’s race plus one. That means an apathetic voter is nearly as dangerous to the referendum as a vote against it.

PA CANDIDATES PRO-VLT. Pennsylvania has candidates on both sides of the race for governor in favor of VLTs. Republican and Democratic candidates want to raise \$200 million to \$469 million annually utilizing as many as 2,500 slot machines Pennsylvania’s racetracks. Edward Rendell, the Democratic candidate wants to use the money to increase funding to education, while Republican Mike Fisher wants to increase funding to senior programs.

SIEGELMAN CONTINUES AL LOTTERY PITCH. Alabama Gov. Don Siegelman revealed details of his renewed proposal for a statewide lottery. In his proposal, he promised that the multimillion-dollar operation would be subject to Alabama laws on bids, open records and open meetings. He also promised that legislation creating the lottery would be made by an independent panel.

PAYPAL PURCHASE SPELLS DOOM FOR ONLINE CASINOS. Online payment network PayPal was acquired by eBay, and the move dealt a significant blow to the online casino market. eBay announced that it would exclude all online gaming transactions from PayPal’s services which is the payment method for nearly 85% of Internet casinos.

TAIWAN LOTTERY LOOKS TO REKINDLE INTEREST. The Taipei Bank will offer the potential for extra 16% to be added to jackpots during September draws. This “Super Jackpot” can be won when the draw’s seventh (extra) number is bigger than the other six numbers picked. The effort is being made to rekindle interest in the Lotto game that once had players in such a frenzy that the government stepped in several times to change the game to make it less enticing. Since those moves, which included eliminating Sunday draws, sales have dropped by nearly 70%.

ROC GAINS CONTROL OF RUSSIAN LOTTERY. The Russian Government will be handing over control of the country’s lottery industry to the Russian Olympic Committee (ROC) in cooperation with the Kremlin property department. Proceeds will be split between the Government and the ROC. The Russian lottery market currently pulls in close to \$300 million a year, but some estimate it could reach as high as \$1 billion if properly developed.

LEBANESE LOTTERY MANAGEMENT CHANGES HANDS. The National Lebanese Lottery will soon be managed by private industry. La Libanaise des Jeux (LLJ), has been granted the exclusive license to

operate and develop the lottery games. LLJ will hand revenues over to the National Lottery Directorate. Developments in the works include an online lottery system as well as an expansion of the existing network which currently consists of 360 machines throughout the country.

LOTERIA MOLDOVEI LAUNCHES NEW GAME. Loteria Moldovei launched a new instant game called ‘Zig Zag Udachi’. Its artwork is based on a series of local popular jokes.

MORE COMPETITION FOR CAMELOT. The UK lottery and pools company Vernons has launched a new game which will compete with the National Lottery operated by Camelot. The new game, MyNumbers, promises payouts of £7,000 and £100,000, much higher than Camelot’s 2001 average 4 and 5 payouts of £69 and £1,842.

SAZKA AIDS FLOOD VICTIMS. SAZKA shareholders unanimously decided to take significant steps to supply swift, all-embracing aid to the European areas recently devastated by floods. The recently launched Keno, a five-minute game, has been dubbed a “flood lottery”, as all 2002 proceeds from the game will be designated exclusively for the reconstruction of the affected areas and to repair the damage caused by the floods in the Czech Republic. SAZKA expects the proceeds over this period to come to at least CZK 50 million (approximately US\$1.6 million), but could be much higher. SAZKA has also called on its business partners and associates to join in with its efforts to rescue and renew the flood-hit areas.

WESTLOTTO HAS GREAT YEAR. Germany’s WestLotto had another great year – earnings once again broke the DM 4 billion barrier. The Lottery is attributing this success to Lotto, and their slogan, “One week, two opportunities – win Wednesdays and Saturdays.” DM 1.6 billion went to beneficiary programs funding culture, social welfare, environmental protection and sports.

ARIZONA AND OGT TEAM-UP. The Arizona Lottery and Oberthur Gaming Technologies formed a new strategic partnership in an instant ticket printing contract beginning January 2003 through January 2008 with 2 one year options to renew. The 5 year contract, which has been awarded to four different printers, including OGT, has an approximate total value of \$10 million.

ESSNET SUPPLIES ELOS TO RHEINLAND-PFALZ. EssNet has received an order from Lotto Rheinland-Pfalz, Germany, to provide an ELOS e-Channels™ interface to the ELOS system. Installation will take place in December and Lotto Rheinland-Pfalz will then be able to offer their games via Internet, accepting lottery sell transactions directly into the ELOS system.