

PUBLIC

GAMING

I N T E R N A T I O N A L

World's most widely read Lottery-Racino-Gaming magazine • Video, Racino, Casino, Internet, Wireless, Online, Scratch-Off

To: Lottery, Video Gaming & Racino Executives
Interested in Growth, Expansion & Added Success

Public Gaming Research Institute Inc.'s
International

MORNING REPORT

Your weekly supplement to
Public GAMING International Magazine
August 22, 2005

TIME FOR SPECIAL SEPTEMBER ISSUE

There is still time to get your ad into the Special Edition of Public Gaming International magazine for September. This issue will be distributed at two of the most important trade shows of the year – the 2005 conference and trade show of the *North American Association of State and Provincial Lotteries* being held in Minneapolis AND the big *G2E* trade show for all gaming in Las Vegas. Both shows are in the second week of September. Call: Public Gaming International magazine at 425-985-3157 or -3159.

COMPANY ANNOUNCEMENTS

MDI ACQUIRES SPACE INVADERS®. Space Invaders®, the early 1980's alien invasion video game that helped launch the entire video game industry, has been acquired for the lottery category by MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation. MDI has entered into a two-year agreement with Taito Corporation of Japan to be the exclusive provider of Space Invaders lottery licenses. The popularity of vintage video games is evident in the huge success of PAC-MAN™, which is quickly becoming one of MDI's most popular games. Space Invaders is the perfect companion/follow up game to PAC-MAN or as an introduction to this type of game theme.

SPIELO LAUNCHES WINWAVE AT NASPL. Spielo®, a GTECH® Company, is launching yet another innovative



solution for the lottery industry. WinWave(TM), the next generation video lottery terminal, will be showcased at the NASPL conference in Minneapolis, Minnesota from September 14-16, 2005. WinWave offers a sleek new design, a second LCD screen, and a smaller footprint. Developed in consultation with lotteries to meet the specific needs of venues and players, WinWave offers the same full-bodied features as Spielo's traditional terminals with ergonomic enhancements that improve the overall playing experience. **Come see the future of gaming at Spielo's booth #46.**



NEW ZEALAND CHOOSES GTECH. GTECH has signed an agreement with the New Zealand Lotteries Commission for a complete lottery system conversion to include a new integrated online and instant lottery system and new terminals. In addition to Enterprise Series, GTECH will replace NZ Lotteries existing terminal base with approximately 1,450 Altura® terminals. GTECH will also provide ongoing software support to NZ Lotteries as well as terminal maintenance over nine years commencing with the implementation of the new system, which is expected in June 2006. The Company expects to generate approximately \$14 million in product sale revenue. GTECH will also receive an additional \$14 million in ongoing software support, software licensing, and terminal maintenance.



IGT AND GSA TO COMBINE EFFORTS. The GSA and IGT will work together to combine the GSA's successful Best of Breed (BOB) Version

1.1 and IGT's SuperSAS™ protocols that will lead to an open global industry standard and continue to drive innovation. As part of the agreement, IGT will re-establish its status as a full member of GSA and will work with the group to further the shared goals of creating one standard that will be the cornerstone for new gaming technologies including server-based applications.



ARISTOCRAT LAUNCHES ZORRO HYPERLINK PROGRESSIVE. Aristocrat Technologies continues to expand its Hyperlink® progressive slots portfolio with this summer's widespread introduction of a Zorro™-themed local-area penny progressive offering a \$50,000 top jackpot award. The linked progressive was recently approved by Gaming Laboratories International, Inc. for introduction into most river, land-based, and tribal gaming jurisdictions nationwide. Aristocrat's Zorro linked progressive combines two highly successful Aristocrat game concepts -- Hyperlink and the Bonus Bank.



GSA SIMPLIFIES PATENT POLICY. The Gaming Standards Association (GSA) has simplified and updated its patent policy in an effort to bring it in line with those of other global standard-setting bodies. The policy was reviewed and updated after GSA attended a recent international roundtable of standard-setting organizations that focused on Intellectual Property policies. Among the simplifications made to GSA's policy are: removal of the need to disclose pending applications; requesting disclosure only at the end of the standards-setting process; and a general updating of the policy.

PEOPLE

Joseph C. Sullivan, Executive Director of the Massachusetts State Lottery, was recently elected vice-president of the Mega Millions game by fellow members of the consortium. As vice-president of the organization, Sullivan will be responsible for offering game administration and financial direction for the multi-state game.



For family reasons, **Peter Bertilsson** has announced his resignation as president of Boss Media AB, a position he has held since October 2001. Peter Bertilsson will remain company president until such time as a successor has been appointed, which is expected to be during the autumn.



Governor Perdue has reportedly appointed **Tony Campbell**, founder of the Broad Street Group LLC, to serve on the board of directors for the Georgia Lottery Corporation. Campbell, 53, worked at Flowers Industries for 20 years, serving as chief legal officer, general counsel and secretary. Three years ago, he retired from Flowers to establish the Broad Street Group, a local private equity investment firm.



VIDEO GAMING/RACINOS

PENNSYLVANIA SLOTS INVESTIGATIONS. The Pennsylvania Gaming Control Board is rushing to license slot-machine operators so that the state's homeowners can realize gambling-financed property tax cuts as soon as possible. The board members want their investigation and enforcement bureau to manage the information and split the background-check duties between state police and multiple private contractors the board expects to hire. The state police are lobbying to do the job. The background checks the board will require of firms, executives and employees could number about 30,000, and are viewed as crucial to screening out organized crime. Most will be limited to criminal background checks of low-level employees of the slots operators, casino suppliers and vendors. About one-fifth will involve in-depth background checks of executives and managers or forensic accounting investigations of corporate applicants.



VI VLTs PAYING OFF.

VLTs have reportedly been responsible for helping the Virgin Islands Lottery into the black. Southland Gaming operates 330 machines on the islands, kicking a 33.25% commission back to the Lottery. Since August 2003 the machines have sent \$5.9 million in payments to the Lottery; \$4.1 million in payments to VLT retailers; \$82,000 in charitable contributions such as children's scholarships; \$349,000 in salaries; and \$1.7 million in local goods and services bought, including rent, consultant fees and vehicles. Since December, the lottery has paid \$700,000 to the Virgin Islands Educational Initiative Fund and \$345,724 to the Pharmaceutical Assistance to the Aged Fund, and \$242,000 into the V.I. General Fund.



NH's ROCKINGHAM PARK SIGNS WITH CASINO COMPANY.

New Hampshire's Rockingham Park racetrack has signed a deal with Millennium Gaming Inc. and Cannery Casino Resorts to expand the existing facility and bring gambling and live thoroughbred racing to the track. Of course, before the track can see this kind of development the state will have to legalize a gambling expansion bill. The most recent expansion bill was rejected by the state Senate in April.

WHEEL OF GOLD IN NY. Ten of IGT's Wheel of Gold® video games were installed this week at Finger Lakes Gaming & Racetrack, and eight were installed at Saratoga Gaming & Raceway. The two Video Gaming Facilities are operated under the direction of the New York Lottery. The Wheel of Gold® video game is a 9-line, 45-coin game with a wheel that spins during the bonus round.

LOTTERY NEWS



CA LOTTERY ISSUES RIF FOR ALTERNATIVE SELLING METHODS OF LOTTERY TICKETS.

The California State Lottery is issuing a Request for Information (RFI) to seek ideas, suggestions, strategies, alternatives and experiences from industry with respect to new and innovative approaches to designing, developing, acquiring, operating and managing alternative selling methods of lottery tickets to the public. The RFI is currently available on the Lottery's website at www.calottery.com under "Vendor Opportunities". Responses are due no later than 3:00 pm Friday,

September 9, 2005. For more information contact Tina Miranda at (916) 322-0007 or tmiranda@calottery.com.

OHIO CHANGING LOTTO GAME.

The Ohio Lottery is planning to replace Super Lotto Plus, which has existed in various forms since 1987, with another game designed to be different than the 12-state Mega Millions game played in Ohio. Maryland and Texas are also examining their lotto games, and

Pennsylvania, a Powerball state, revised its one last year to increase the odds of winning. The new Ohio game, to be called Lot 'O Play, will be available at online sales terminals starting Oct. 9, Tom Hayes, Ohio Lottery director, said. Its minimum jackpot will be \$1 million and can increase if there is no jackpot winner and depending on the amount of sales. "It's not unusual for us to change a game or start a new one. Typically, every game has a life span, and you have what we call game fatigue. We thought it was a good time for a new game that looks and plays differently," Hayes said. The Multi-State Lottery Association, based in Urbandale, Iowa, runs the Powerball lotto game in 27 states, the District of Columbia and the U.S. Virgin Islands. Chuck Strutt, the association's executive director, said that typically a big, widespread jackpot game will cannibalize a state's jackpot game sales by about 30 percent.

RI CONTRIBUTES RECORD HIGH TO STATE.

Despite some challenges that kept sales of several Rhode Island Lottery games in check, the Lottery was able to increase its overall revenue, adding a record \$308 million into the state's General Fund. Video Lottery revenue from Rhode Island's two VLT facilities increased 11%, contributing to the nearly 10% increase in lottery revenue to

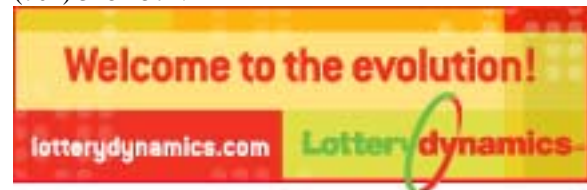
the state. In March 2005, the Rhode Island state legislature passed a bill that prohibits smoking in restaurants, bars and taverns – some of the most popular Keno and HotTrax® venues. This, as well as PowerBall®'s frequent wins, proved to limit sales on these profitable games. Over the past fiscal year, Retailer incentives and player promotions helped to encourage sales on instant ticket, on-line and monitor games. With the PowerBall® game change and revisions to the HotTrax® games scheduled for release in 2005, the Rhode Island Lottery will continue to respond to players' needs and the best interests of the state.



DC MAKING CHANGES. In addition to changes in Powerball, the D.C. Lottery will also be seeing changes to other games. The Lottery's QuickCASH game will be replaced by a new D.C. Daily Six game that will feature two plays for \$1. The Lottery will also replace its Hot Five game in November with a similar game called "Rolling Cash."



ND TEN MILLIONTH TICKET. North Dakota Lottery players will have a chance to win \$10,000, for purchasing the 10 millionth ticket sold at one of the Lottery's 400 retail locations. The date and time of the 10 millionth ticket sale depends entirely on the pace at which lottery tickets are sold. All game purchases – Powerball, Hot Lotto and Wild Card 2 – contribute to the countdown toward the 10 millionth ticket. No bells or whistles will go off at the retail location that sells the 10 millionth ticket. All players must save their winning and non-winning tickets from August 11 until the Lottery announces the 15-digit serial number on the winning ticket. Players will be responsible for checking the serial number on each of their tickets. The player that has the winning ticket should immediately call the Lottery office in Bismarck at (701) 328-1574.



GUARANTEED JACKPOTS PROPOSED IN TX. (AP) Texas Lottery officials are considering guaranteed jackpots to help avoid inflated estimates. Newly proposed jackpot prize guidelines include a guarantee the winner collect either the advertised amount or the amount calculated by sales, whichever is greater. The guarantees would apply to jackpots paid with the 25-year annuity, not to winners who choose the immediate cash-option payment. The proposed rules would also require lottery officials to make a "fair and reasonable" estimation of potential jackpots. And if the jackpot falls short of the estimate and ticket sales, the lottery

would be allowed to pull money from other lottery funds to cover the difference.



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MA RECYCLING MAKING A DIFFERENCE. The Massachusetts State Lottery has made a difference! This past year the Lottery has held seven recycling events that resulted in the collection of over 56 tons of instant tickets. The Massachusetts State Lottery is believed to be the only lottery in the country that redeems instant tickets for the sole purpose of recycling. The impact that its efforts have made on the environment include the following: **952 Adult size trees were saved; 1,120 Barrels of oil were conserved; 3,360 Pounds of air pollution has been avoided; 392,000 Gallons of water were saved; 184 Cubic feet of landfill space has been saved; 235,200 Kilowatt hours of electricity conserved.**



TX BINGO HAS BIG QUARTER. The non-profit organizations in Texas that conduct bingo games had a big second quarter this year, as gross receipts were tallied at \$155.3 million and prizes awarded totaled \$117.1 million. There are 1,293 non-profit organizations that conduct bingo games in Texas.



CELEBRITY HOMERUN DERBY. The Idaho Lottery and the Boise Hawks challenged local celebrities from the Treasure Valley to step up to the plate and take a swing at

scoring some money for area schools. The Celebrity Homerun Derby gave the six celebrity batters the chance to raise money for K-12 public school in the area. Celebrities included familiar names and faces from TV and radio in the area. Each batter had 5 swings, and each hit garnered a different cash amount from the Idaho Lottery: infield hits were \$25; outfield hits were \$50; hitting the fence was \$75; and out of the park was \$100. All batters won \$150 for the school of their choice.



VEIKKAUS ON RECORD PACE. Finns played Veikkaus games for €124.7 per capita during the first half of the year. Lotto retained its position as the Finns' favourite game. It was played for €40.9 per capita on the average. The second most popular game Keno was played for €23.1 and the third most popular game Fixed Odds Betting was played for €12.4 per capita.



PCSO WINNING NUMBERS CHECKED VIA SMS. To help the public check past winning numbers, the Philippine Charity Sweepstakes Office has introduced the Enhanced

Lottery Information Services, which allows players to check winning numbers via SMS. Those interested in checking previously drawn numbers may text 2219 for Globe, 483 for Smart and 2823 for Sun Cellular.

**PUBLIC GAMING RESEARCH INSTITUTE'S
SMART-Tech 2006 CONFERENCE
And
EXPO/ILAC 2006
INTERNATIONAL CONGRESS**

SMART-Tech and EXPO/ILAC will be back in Las Vegas again next year, by popular demand, in February and July, respectively. The 2005 meetings at the Bellagio were more successful than ever and most who attended expressed their appreciation for this new venue for these annual PGRI conferences.

We are in the process of choosing hotels for next year's meetings and expect to be able to announce the specific dates and hotels for 2006 in August.

For those of you who attended this year, thank you, we appreciate your participation. We hope that you will join us again in 2006.

In the meantime, we welcome program suggestions and other comments from everyone for next year to enable PGRI to continue making SMART-Tech and EXPO/ILAC "Must Attend" meetings.

Send notes to: susanjason@aol.com.