

To: Lottery, Video Gaming & Racino Executives
Interested in Growth, Expansion and Success
Public Gaming Research Institute Inc.'s

International Morning Report

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AZ LOTTERY HEADED FOR RECORD

Sales are well ahead of last year and AZ Lottery Director Katie Pushor is anticipating that a record \$100 million will be contributed to state funds this fiscal year. Principal growth has been attributed to Powerball and scratch-off ticket sales.

GAMING GROWTH PROJECTED

The April 3 edition of the Wall Street Journal reports that gaming stocks are hot with high expectations for the growth of gaming. They report that a National Conference of State Legislatures spokesman says 19 states are considering new or expanded gaming. Gaming machine companies are likely to be principal beneficiaries of the trend, according to stock analysts quoted.

1000 ADDITIONAL VIDEO GAMES TO WV TRACK

Penn National Gaming, Inc. announced that the West Virginia Lottery Commission has approved its request to increase the number of slot machines authorized for placement at the Company's Charles Town Races by 1,000 to 4,500. The Company anticipates adding 300 of the newly authorized slot machines, subject to final regulatory approval of ticket-in/ticket-out gaming devices at Charles Town Races by the beginning of the fourth quarter of 2004 bringing the total slot machine installed base to 3,800 units.

MDI LICENSED GAMES TO ARGENTINA

MDI Entertainment, a wholly-owned subsidiary of Scientific Games (NASDAQ: SGMS), has reached an agreement with Dynamite Sociedad Anonima (Dynamite) that grants the Argentinean lottery organization the licensing rights to use the names, logos and artwork associated with the Elvis Presley®, Marilyn Monroe®, Pink Panther™ and Popeye® branded properties on four instant scratch-off games and related advertising and promotional materials.

The tickets will be printed at Scientific Games' instant ticket production facility in Santiago, Chile. The first game in the series is expected to launch in early April. Among the four games will be the lottery industry's first Popeye-branded instant scratch game. "This agreement marks not only the world debut of our Popeye brand, but also the debut of MDI licensed instant

games in South America," said Steve Saferin, President of MDI Entertainment, which manages Scientific Games' portfolio of licensed lottery products.

OE TO SUPPLY VOICE CHANNEL TO SWISSLOS

OE Netgame AB, the joint venture between EssNet AB and Oberthur Gaming Technologies Inc., announced that the company signed an agreement with SWISSLOS, the lottery of the German and Italian speaking parts of Switzerland, to deliver a speech recognition service tied to SWISSLOS popular instant ticket 'Minissimo'. The agreement adds to OE Netgame's existing relation with SWISSLOS, which includes a turnkey solution for an SMS game tied to the Minissimo-ticket.

The 'Minissimo' is based on SWISSLOS' old 'Mini' scratch ticket, just adding an SMS game. The player not only scratches the traditional instant game, but also another play area where, if lucky, he uncovers a unique code that is subsequently sent in via SMS for the chance to participate in SWISSLOS' very popular TV-show 'Benissimo'. During the live TV-show, 10 players compete for cash prizes and a car. Through the introduction of the Voice Channel, the players can, as an option to SMS, call a phone number and state the code, using a speech recognition service.

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YES, VIRGINIA, THERE IS A WINNER!

After nearly six weeks of waiting, the Virginia Lottery held an April 1 news conference that was no April Fools' joke! The lucky winners of the second largest undivided jackpot in the world – the \$239 million Mega Millions jackpot that was won on February 20 - stepped forward to claim their prize. J.R. and Peggy Triplett, longtime residents of Winchester, Virginia, were the stars at a Lottery news conference held in Richmond. J.R., a retired truck driver, bought the ticket at the Red Apple convenience store in Stephens City, Virginia.

He told his wife of 35 years that they were winners, Mr. Triplett says Peggy cried. "Then she got down on her knees and thanked the Lord," he says. "It didn't excite me all that much. It's no big thing to me." Mr. Triplett says after driving a truck for 47 years, not too much excites him any more. Mrs. Triplett is quoted in USA Today as saying that she was going to "shop 'till she dropped".

INTERNET & PHONE BETTING ON RACING

Washington horse-players will be able to bet by phone or over the Internet under a new law signed by Washington State Governor Gary Locke on Thursday. Senate Bill 6481 is aimed at helping the state's struggling racing industry, essentially by legalizing wagers that are currently being made illegally over the Internet. Neither tracks nor the state make any money from such bets now.

"This provides no bases to expand any other form of gambling," said Locke, who's generally opposed to more gambling.

The law also expands Emerald Downs' authorization to simulcast live horse races from tracks in other states and allow two more off-track betting parlors in King County.

GTECH CHARGED WITH CORRUPTION

Wall Street Journal, DOW JONES NEWSWIRES
March 30, 2004

SÃO PAULO, Brazil -- Federal prosecutors in Brazil have accused two executives from the local unit of U.S.-based Gtech Holdings Corp., the world's largest lottery-systems operator, of corruption linked to a public contract.

The accusation stems from investigations into alleged criminal practices in the renewal of an agreement under which Gtech provides online bill-paying and lottery services for Caixa Economica Federal, a state-owned bank that runs Brazil's national lottery.

Apart from the Gtech executives, federal prosecutors accused seven other people of committing illegal acts and using their positions in the government to facilitate the renewal of the lucrative contract.

Gtech, based in West Greenwich, R.I., denies any wrongdoing. In a statement, the company said it has encouraged Antonio Carlos Rocha, Gtech's former president in Brazil, and Marcelo Rovai, the local marketing director, to "cooperate fully" with investigators. Brazil is Gtech's largest overseas market.

LOTTERY SCAM WARNING

The Louisiana Lottery warned citizens today about a foreign lottery scam after it received about 10 calls from local players who had received solicitations from an organization informing them that they had won a Spanish lottery prize.

According to the Federal Trade Commission, the scam illegally uses the name of Spain's largest lottery prize, "El Gordo," to con consumers out of substantial sums of money. Perpetrators use forged materials from Spanish banks that claim consumers are winners and that they must pay for taxes, bank costs and processing fees to have the prize money delivered to them, which is never received. During the scam, potential victims are asked to keep the award a secret.

According to the Lottery, most of its callers were just curious about the letter they received, but some were in the process of setting up bank accounts to have their money drafted, and at least one had reportedly already sent in a large sum of money.

"Consumers should never give credit cards, social security numbers, bank account numbers or other personal information to a business promising a lottery prize," said Lottery Vice President of Security Bill Cox. "Legitimate lotteries require winners to purchase a ticket and do not guarantee that an individual will win a prize, nor do they require winners to pay money to collect a prize. There is no secret system to winning a lottery prize and people who promise that are not being truthful."

BETTY BOOP A WINNER IN ARIZONA

The animated pop culture icon, an MDI Entertainment lottery licensed property, has become the Arizona Lottery's best ever licensed instant lottery game, selling out in less than 13 weeks. Betty Boop went on sale in Arizona on January 6, 2004. Among ten \$2 games launched between February 2003 and January 2004, Betty Boop sales indexed at 140 after 12 weeks. Total Boop sales for the period were \$2.2 million. "The Arizona Lottery results are not an isolated success story," said Steve Saferin, President of MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation (Nasdaq: SGMS). "As instantly recognizable as Betty Boop is, her success as a scratch game may be one of the best-kept secrets in the lottery industry. In all 15 jurisdictions in which this licensed property has initially been sold, sales have consistently indexed above average."