

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 1, 2005

COMPANY ANNOUNCEMENTS

MDI ENTERTAINMENT MAKEOVER. MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation, has a new look on the Internet thanks to its revamped website. The previous website designed in 1996 no longer accurately reflected MDI's business or capabilities. After an extensive review process, MDI opted to begin fresh with an entirely new site design - with technical and design improvements - rather than making changes to its existing site. The new website will launch in two phases, the first of which was completed earlier this month. In the **first phase** is a new look and new navigation system, which was designed to be more user-friendly. The site was also updated to include the most recent information on MDI's new and existing brands. Other features added to the site include a full staff directory, an interactive poll, a "facts and stats" area highlighting statistical information about MDI's licensed properties, and a search function that allows users to view MDI's broad portfolio of properties either alphabetically or by category, to simplify the process of identifying properties that may be of interest to the lottery. **The second phase**, the Extranet, which will be active soon, features the introduction of an account management area. The account management system will give MDI's lottery clients password access to libraries of creative elements and guidelines, as well as past game designs and information to facilitate ticket designs, advertising materials, and marketing campaigns. The system will also allow MDI clients to submit artwork for approval online and will give them up-to-date status on all phases of the approval process.



OBERTHUR WILL CONTINUE SERVING THE LOTERÍA NACIONAL DE LA REPÚBLICA DOMINICANA. Oberthur Gaming is pleased to announce that the Lotería Nacional de la República Dominicana and its agent CONAFRA have decided to extend until 2013 their exclusive printing contract that was originally signed in 1997 with Oberthur.

JAMAICAN REGULATORY BODY SIGNS FIRST-EVER TESTING AGREEMENT. For the first time since its inception in 1975, the Jamaican Betting, Gaming & Lotteries Commission has contracted with a private testing laboratory to help the Commission oversee the country's estimated 1,300 slot gaming machines and to prepare for the introduction of gross profits taxation on gaming in the island. The Commission selected Gaming Laboratories International to complete a full software and hardware audit of Jamaica's current game inventory and to train Commission staff and machine inspectors.



GSA TO HOLD OPEN, INDUSTRY-WIDE BOB TRAINING SESSION AT G2E. Having recently made all of its protocols open to the industry, the Gaming Standards Association (GSA) will conduct one of its popular, BOB (Best of Breed) "Under the Hood," protocol training sessions during the upcoming Global Gaming Expo (G2E) trade show. The session, which is free to attend, is open to the entire industry. The intensive full-day BOB training session takes place on Thursday, September 15, from 9:00 a.m. to 5:00 p.m. The training will be held at the Las Vegas Convention Center; information and the exact room number will be announced shortly on the GSA website.



PALTRONICS INC. SIGNS WITH TRUMP CASINO

HOTEL. Paltronics Inc. recently announced its agreement with Trump Casino Hotel to exclusively provide the property with its One Link Slot Systems and associated gaming equipment. This is Paltronics' first product installation in the state of Indiana, which is expected to facilitate further growth in the Midwest region and increase sales in surrounding territories.

IGT TO ACQUIRE WAGERWORKS. IGT has entered into a definitive agreement with WagerWorks, Inc. pursuant to which WagerWorks would be acquired by IGT in an all cash merger. The consummation of the merger is subject to customary closing conditions and regulatory approvals. IGT expects the transaction to be completed in August 2005. WagerWorks, a privately owned company, is a provider of internet gaming technology, content and services.



VIDEO GAMING/RACINOS

VIDEO LOTTERY OPPORTUNITY

Machine supplier and/or operator wanted for video lottery salon in Five Star hotel in Central America. Space for up to 150 machines. For details contact: duaneburke@aol.com.

TRAXCO AND HORSEPOWER REACH

AGREEMENT. TRAXCO, Inc. a subsidiary of the Treasure Bay V.I. Corp, has signed a Letter of Intent in order to be considered as an Authorized Racetrack Affiliate and for a five year exclusive license agreement for the pari-mutuel product Horsepower(R) World Pool at their U.S. Virgin Island facilities on the island of St. Croix.



LOTTERY NEWS

PA SALES RECORD.

Pennsylvania Gov. Edward G. Rendell announced that Pennsylvania Lottery sales for the 2004-05 Fiscal Year exceeded \$2.6 billion - a 12.45 percent increase over the previous year. The Lottery has grown by more than 10 percent in each of the last three years. Under the Rendell administration the Lottery's sales have increased by a total of \$710 million during the last three years, after increasing by just \$526 million in the previous 10 years combined. Under the Governor's leadership, the Lottery has increased its sales by listening to players and

offering games that respond to their requests, by developing creative marketing tools like Gus, the Second Most Famous

Groundhog in Pennsylvania and by reversing a decades-long decline in the Lottery's retailer base.



LA SURPASSES \$300 MILLION AGAIN. The Louisiana Lottery recorded \$307 million in sales during the state's just completed fiscal year. It was the fourth consecutive year that state lottery sales topped \$300 million. The lottery took in \$110.4 million for the state treasury. Drawing-based games sold \$202.9 million in tickets, while scratch-off tickets sales totaled \$104.1 million.



RECORD SALES FOR IA. The Iowa Lottery is reporting record sales of \$210.7 million last year, boosted by the strength of its instant scratch tickets and the Hot Lotto game. Unaudited figures show total sales in fiscal year 2005 were up about 1 percent from the previous year. Instant tickets led the way with an 8 percent rise to \$103.3 million. The Lottery's \$51.2 million return to the state was short of FY04's \$55.8 million, but the profits drop is due in large part to a one time cost for equipping 350 Casey's General Stores for Lottery sales.



ANOTHER GREAT YEAR FOR KLC. Kentucky Lottery Corp. ticket sales totaled \$707.3 million in the fiscal year ending June 30 -- the second-highest ever, behind the previous fiscal year's record sales of \$725.3 million. Scratch-off sales reached \$385.1 million, breaking the previous record, set a year ago, by \$28.1 million.



RECORD PROFITS FOR LOTTERYWEST. Sales of Lotto, Scratch'n'Win tickets, Cash 3 and Soccer Pools totaled \$520.1 million; an increase of \$15.1 million over sales in 2003/04 for Australia's Lotterywest. During the year Lotterywest distributed a record \$162 million to the



Western Australian community; \$10 million more than the previous year.



HIGHER SALES FOR SVENSKA SPEL. The Svenska Spel group reports higher sales but less revenue for the first half year of 2005. Sales were up by approx 1% from 9,805 to 9,888 MSEK (M€1,040). The prizes for the winners, however, increased by 155 MSEK due to the players' preference for games with high payout e.g. Oddset and VLTs. This meant that revenue was down by approx.2% from 2,356 MSEK to 2,304 MSEK (245 M€). Sales at traditional outlets were down but this was compensated by an increase from 357 to 481 MSEK ((51 M€) over the Internet and mobile phones (up 35%).



LOTTOMATICA AND FINEURO TO MERGE INTO NEWGAMES. The Boards of Directors of Lottomatica S.p.A., FinEuroGames S.p.A. and Newgames S.p.A. approved the planned merger by incorporation of Lottomatica S.p.A. and FinEuroGames S.p.A. into Newgames S.p.A.. The three companies mentioned above are all owned by De Agostini S.p.A.. Lottomatica is the group company active in the games and services sector currently owned by FinEuroGames S.p.A.. wholly owned by De Agostini S.p.A.. The latter was contributed into Newgames S.p.A. on July 14 following an appropriate capital increase resolved upon by Newgames itself. The merger plan approved has as the purpose to simplify the control of Lottomatica through the elimination of intermediate levels between the reference shareholder, De Agostini S.p.A., and Lottomatica S.p.A., and, for the De Agostini Group, the creation of a single company collecting all the activities in the games and services sector, which will enable more direct planning and achievement of strategic objectives and development plans. The merger will also allow the strengthening of Lottomatica Group's financial structure. The merger can be summarised as follows: Lottomatica and FinEuroGames will be simultaneously merged by incorporation into Newgames; Newgames shares will be listed on the Italian stock Exchange, managed by Borsa Italiana, with effect from the effective date of the merger.



ONCE TO LAUNCH SCRATCHCARDS. Organización Nacional de Ciegos Españoles (ONCE) is to launch Spain's first ever scratchcard lottery game. Under the terms of the agreement, ONCE will be able to generate sales of up to €600 million euros from its scratchcard game. The agreement will also lead to the government providing the association with subsidies, and has resulted in ONCE committing to creating 16,000 jobs and carrying out 32,000 training activities for people with disabilities by 2011.



NSW CHANGES \$5 JACKPOT LOTTERY. NSW Lotteries are making changes to the \$5 Jackpot Lottery that will mean the average jackpot will be bigger than ever! These changes will apply from \$5 Jackpot Lottery 595. Here's what's happening! From \$5 Jackpot Lottery 595 the following changes take effect: The average Jackpot will increase from \$4.05 million to \$7.12 million; The minimum guaranteed Jackpot will be \$1,000,000 (currently \$750,000); The Jackpot will increase by \$170,000 each draw the Jackpot is not won (currently increases by \$100,000); and The number of tickets in each lottery will increase from 140,000 to 160,000. The odds of winning a prize in a \$5 Jackpot Lottery will be approximately 1 in 13 (currently 1 in 11). The odds of winning the Jackpot with a single ticket will be approximately 1 in 5,963,000 (currently approximately 1 in 4,565,000). The cost of entry will increase to \$5.30 (including 30 cents agent's commission).



PCSO TO IMPLEMENT PILOT PROGRAM FOR NEW GAME. The Philippine Charity Sweepstakes Office (PCSO) announced plans to implement a pilot program called 'Loterya ng Bayan' to "provide legitimate employment to jueteng cobradores and cabos" (operators and collectors) displaced by the nationwide crackdown on the popular illegal numbers game. Arnel Casas, assistant department manager of the online lottery division of the PCSO, said that the Loterya ng Bayan would be similar to jueteng. He could not explain, however, how Lazatin's proposal differed from the Loterya ng Bayan.



UK LAUNCHES OLYMPIC LOTTERY GAME. With London and the UK emerging triumphant in the thrilling race to host the 2012 Olympic Games and Paralympic

Games, National Lottery operator Camelot Group plc has revealed the first stage of its plans to help fund the events. For stage one, the Lottery launched a new scratchcard, Go For Gold, on Wednesday July 27. The National Lottery will contribute up to £1.5 billion to the cost of staging the London 2012 Games. Subject to approval by the National Lottery Commission and the International Olympic Committee, the portfolio of lottery games is likely to include a new draw-based game which Camelot aims to launch in 2006, one-off event games based around special occasions connected to Team GB, a series of scratchcards and interactive instant win games. Camelot is also exploring opportunities for London 2012-themed television game shows linked to scratchcards or draw based games.



THAI LOTTERY SETS ONLINE DATE. Thailand's Government Lottery Office says it wants an online-lottery system to be in place by March 16, 2006. The Lottery is in the process of finalizing a deal with Loxley GTECH that would have the company installing 12,000 online terminals across the country in exchange for no greater than 2.4 percent of annual sales.



JOB MARKET

TEXAS LOTTERY COMMISSION EXECUTIVE DIRECTOR POSTING NO. 070705.

\$95,000-\$110,000/yr. After 9/1/05 up to \$115,000/yr. Serves as the Chief Executive Officer for the Texas Lottery Commission relating to the agency's lottery operations. Performs highly advanced management activities with broad oversight responsibility. Exercises strict control and supervision over all lottery games conducted by the Commission. Through leadership, example, and daily conduct, promotes and ensures integrity, security, honesty, and fairness in the operation and administration of the lottery. Open Until Filled. **For more information & how to apply,** visit www.txlottery.org or call (512) 344-5333 or 1-800-395-JOBS (5627). State of Texas application is required; any information submitted by the applicant is subject to public disclosure, except to the extent an exception from required disclosure is permitted under the Texas Public Information Act. Applicants requesting special accommodations should call (512) 344-5143 three days in advance for appropriate arrangements. EOE



PGRI Thanks Our EXPO/ILAC Sponsors!



SAVE THE DATES FOR 2006

PLAN TO ATTEND

**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.