

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 15, 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. See the last page of this MORNING REPORT for advertising details or call Public Gaming International magazine at 425-985-3157 or -3159.

COMPANY ANNOUNCEMENTS

OK SELECTS SCIENTIFIC GAMES. The Oklahoma Lottery Commission reportedly selected Scientific Games to provide both online lottery and scratch-off tickets. The Associated Press reported that the contract is expected to be worth around \$6 million. Scratch-and-win games are scheduled to start on Oct. 12. Officials said they will run anywhere from \$1 to \$5, and later \$10 apiece. The commission decided drawings for the lottery would be held at an Oklahoma City television station, but the station won't be selected until the commission's next meeting on Aug. 29.

WESTLOTTO CHOOSES GTECH. GTECH has signed a five-year contract to provide ongoing software support and enhancements to Westdeutsche Lotterie GmbH & Co. OHG (WestLotto). In addition to software support and



enhancements, GTECH will also act as general contractor for hardware maintenance, as well as terminal software support provided by Wincor-Nixdorf. With respect to this contract with WestLotto, GTECH expects to generate revenues of approximately \$16 million over the five-year period.

BCLC TO INTRODUCE RACETRAX™ TO NORTH AMERICA. Canadians will be able to try their luck betting on animated car and horse racing following the introduction of a monitor game for lotteries called Racetrax™. British Columbia Lottery Corporation will roll out Racetrax™ with some unique features in a number of bars and other social venues in its hospitality network during the next couple of months. Racetrax™, branded Trackside™ outside North America, is a product developed and operated by Tabcorp International. British Columbia is the first lottery jurisdiction to offer car racing as part of Racetrax™.



ONCE ASKS FOR ADDITIONAL GTECH HANDSETS. Organizacion Nacional de Ciegos Espanoles (ONCE) has signed an agreement with GTECH for the provision of 5,000 additional handheld lottery terminals. GTECH will also upgrade ONCE's central system hardware. By the end of fiscal 2005, ONCE had ordered a total of 19,000 handheld terminals from GTECH. Under the terms of this agreement, GTECH will supply ONCE with 5,000 additional handheld terminals, which will be deployed throughout Spain at ONCE's discretion. In addition, GTECH will upgrade ONCE's hardware systems, providing the organization with enhanced processing capabilities and expanded memory to support future products and services. With respect to this terminal sale and hardware upgrade with ONCE, GTECH expects to generate approximately \$10 million in revenue.



KLC CHOOSES SCIENTIFIC GAMES. Scientific Games has been awarded a four-year extension from the Kentucky Lottery Corporation worth \$20 million. The agreement commences October 1, 2005 and includes a provision to convert to a Cooperative Services model wherein Scientific

Games is paid on a percent of sales basis. Previously the Company was compensated on a flat fee per unit schedule.



IGT CELEBRATES 100th ADVANTAGE™. The Palace Casino Resort in Biloxi, Miss., became the 100th casino property worldwide to install IGT's Advantage™ Casino System. Two components of the system are being introduced to Palace Casino Resort players during August – Power Play and Power Point Play. Both of these new features give the power and convenience of controlling their players' club account right to the player.



GTECH SIGNS SWISS CONTRACTS. GTECH has landed three new contracts with the Swiss lottery, Societe de la Loterie de la Suisse Romande (LoRo), worth an estimated \$34 million over the next six years. One is a six year software license agreement (worth approximately \$20 million), while the other two are an integrated online and instant-ticket lottery system and the associated communications network (worth approximately \$14 million).



WORLDWIDE GLI REPRESENTATIVES TO CONVERGE ON AUSTRALASIAN GAMING EXPO.

A select worldwide team of GLI experts will converge in Sydney later this month for the Australasian Gaming Expo. The show takes place 21-23 August at the Sydney Convention & Exhibition Centre/Darling Harbour in Sydney, NSW Australia, and GLI will be in stand #464. Representatives from GLI Australia's Sydney and Adelaide offices will be attending, as well as representatives from other GLI offices worldwide.



POKER WORLD'S PATRON SAINT GOES WITH TMRG WORLDWIDE.

TMRG Worldwide has reached an exclusive agreement with Converge Entertainment to represent World Series of Poker Champion Chris Moneymaker and his gaming company MoneyMaker Gaming to the Lottery industry worldwide. The agreement involves trips to Las Vegas, MoneyMaker Gaming themed poker merchandise and the chance for a private lesson or tournament with Chris himself. MoneyMaker's WSOP win is widely regarded as the lightning rod of the recent poker cultural explosion and he was recently dubbed the poker world's "patron saint" on the front page of the New York Times.

AGI TO MOVE PLANT TO HUNGARY. Austrian Gaming Industries (AGI) is spending EUR 3.5 million to move its entire production of electronic slot machine innards to its unit in Hungary. AGI will complete a 2,000-square-metre production hall in Veszkeny (NW Hungary) in November, and a warehouse and an office building will be finished in February of next year. AGI will also spend about EUR 900,000 on new machinery. AGI will hire 70 more workers at its Hungarian unit to staff the plant, bringing its total number of employees to 150. AGI will also move its headquarters in Hungary from Sopron (NW Hungary) to Veszkeny, and move a good part of its sales and development activities to the site as well. AGI also recently moved production of the bodies and metal parts for its slot machines to its unit in the Czech Republic.

ARISTOCRAT'S OASIS APPROVED IN NEVADA.

Aristocrat Technologies, Inc. announced that its OASIS™ Casino Management System is the first online slot monitoring and cashless wagering system to be approved by the Nevada Gaming Control Board for meeting Nevada Regulation 14, Technical Standards for Gaming Devices and Technical Standard 3: Integrity of and Proper Accounting for On-Line Slot Systems. Aristocrat received Gaming Control Board approval after successfully completing a field trial of the Tech Standard 3 compliant system at the Silverton Hotel and Casino in Las Vegas. The new standard, which mandates compliance by May 2006, was implemented by the Gaming Control Board to address updated technology in the gaming industry.

PEOPLE

Scientific Games has retained a new chief technology officer. **Steven Beason** will join Scientific Games as of August 8, 2005 and report to Michael Chambrello, president and COO. Beason will be responsible for developing Scientific Games' overall technology strategy including software design, development, communications, and research and development. Prior to joining Scientific Games, Beason spent seven years at the Hong Kong Jockey Club as their Executive Director, Information Technology. Before the HKJC, he was at GTECH Corporation for twelve years in several senior technology-related capacities, including vice president of software engineering and director of product development.



Gaming Laboratories International (GLI) has recruited a new development representative known across the U.S. as an expert in charitable gaming. **Michael Capen** joins GLI's development team and will be based in GLI's Las Vegas Service Center. Capen's primary responsibility will be the Central section of the U.S., focusing on GLI's Tribal gaming, state gaming, lottery and charitable gaming clients. Capen's history in charitable gaming dates back to 1999, when he began working for the Virginia Department of Charitable Gaming. Among his notable accomplishments

was a 100 percent increase in training sessions provided to charitable organizations in one year alone.



WMS Gaming announced that effective August 22, **Patricia C. Barten** has been named Senior Vice President of Manufacturing. Ms. Barten will oversee the Company's manufacturing, procurement, warehousing, regional operations, customer service, shipping and quality functions and will report directly to Brian R. Gamache, President and Chief Executive Officer of WMS.



VIDEO GAMING/RACINOS

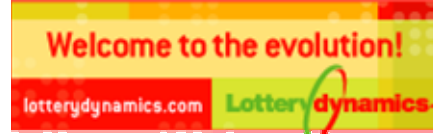
NEW YORK'S FIRST VGM TOURNAMENT HELD AT MIGHTY M GAMING. On July 27, 2005, Mighty M Gaming and Spielo hosted the first video gaming tournament held in the state of New York at Mighty M Gaming in Monticello, New York. Modeled after tournaments held in Atlantic City and Las Vegas, Mighty M Gaming gave away over \$5,400 in cash prizes. The tournament featured Spielo's ever popular Vegas 5-Line game. Mighty M Gaming is located in Monticello, New York.



ALC ANNOUNCES OPENING OF CDPEC. Just in time for Old Home Week, the highly anticipated Charlottetown Driving Park Entertainment Centre (CDPEC) will have its grand public opening at 11:00 a.m. on Thursday, August 11, 2005. This \$25-million, 50,000-sq. ft. state-of-the-art facility will be among the most sophisticated in Canada. It will offer a wide array of entertainment and gaming, a newly restored three-tier dining facility, a new grandstand, a gaming area with electronic gaming machines, a showcase of P.E.I.'s

harness racing history, and a teletheatre featuring parimutuel betting and enhanced simulcast racing. More than revitalizing the Island's harness racing industry, the CDPEC is expected to generate new employment and revenue for both the city and the province, while providing a significant boost to the province's agricultural and tourism industries. In addition to harness racing, the CDPEC will offer a wide range of entertainment and gaming options that will appeal to Islanders and be a significant draw for tourists.

KY SLOTS BILL FILED. State Rep. Tom Burch, D-Louisville, said he was pre-filing a plan that would allow Kentucky to have up to 21,000 slot machine terminals. Horse tracks and certain hotels would be allowed a share of 10,000 slot machines. Meanwhile, each of Kentucky's 120 counties would be eligible for an initial allowance of 50 terminals. The remaining 5,000 machines would be divided among the counties based on their populations, under Burch's proposal. Initially, the plan would bring in about \$200 million, Burch said. The machines, which would be overseen by the Kentucky Lottery would benefit Medicaid and education, among other things, Burch said.



IGUAZU GRAND HOTEL OPENS. In response to increasing demand, Argentina's Iguazu Grand Hotel Resort & Casino has inaugurated 47 new suites and one panoramic suite in July of 2005. The new rooms are all equipped with state of the art high speed Internet, mini-bars, safe boxes, hair dryers, stereo equipment, and cable TV. The ample marble bathrooms all have a Jacuzzi. The hotel has three restaurants, a 17,000 square foot casino, two bars, a theater that seats 200 guests, a 564 foot spa, a library, and six conference and meeting rooms that can accommodate up to 200 guests.



LOTTERY NEWS

NC CLOSES IN ON LOTTERY. North Carolina lawmakers are coming closer to legalizing a lottery. A current compromise between the Senate and the House would create an education funding lottery. Fifty percent of profits would go towards reducing class sizes (hiring teachers) and funding the state's pre-kindergarten program, 40 percent would go towards new buildings and 10 percent would be reserved for college scholarships. The lottery would initially allocate 5 percent of proceeds to create a \$50 million



reserve in case revenue drops. Stringent advertising rules would allow no more than one-percent of revenue to be spent on advertising, ads must avoid themes that appeal to children. Also, odds would have to be clearly publicized and no ticket could bear the likeness of a current or former elected official. The Senate will still have to take a separate vote after passing the budget to actually enact the lottery.



RECORD YEAR FOR AZ. Arizona Lottery sales for fiscal year 2005 hit an all-time high of \$397.5 million, \$31 million more than last year's record-breaking \$366.5 million. As a result, the state will receive \$116.4 million in net profits, the highest in the Lottery's history, and retailers will earn a record \$26.5 million in commissions. Lottery players also cashed in on more than \$222.9 million in prizes. The Lottery's success was due to superior results in two product lines: The Pick and Scratchers. To improve sales of The Pick, the Lottery added a new feature to the game called EXTRA, which for an additional \$1 per play gave players an instant win opportunity. The Pick was also supported by an advertising campaign that positioned it as a "home-grown" game with "home-made" millionaires, and heavily promoted at events such as the State Fair.

CA REPORTS BEST YEAR EVER. With more prizes and more winners than ever before, the California State Lottery broke a 20-year record by posting \$3.33 billion in sales for fiscal year 2004-2005. Additionally, the California State Lottery will transfer \$1.17 billion to California's public education, making this the fifth consecutive year to transfer more than \$1 billion. The highly popular Scratchers® games brought in more than half of all ticket sales revenue at more than \$1.73 billion, an increase of \$400,000,000! SuperLOTTO Plus and MEGA Millions generated \$1.11 billion, while Fantasy 5, Daily 3, Hot Spot and Daily Derby brought in \$487 million. The new MEGA Millions game, introduced during the last two weeks of the fiscal year, was a hit with players and broke the first day ticket sales record by bringing in \$2.4 million.

SCEL HAS ANOTHER RECORD BREAKING YEAR. The South Carolina Lottery exceeded expectations again and had another record breaking year! Gross sales for the fiscal year ending June 30, 2005, amounted to over \$956 million, \$6 million more than the previous fiscal year. This brings total ticket sales since the Lottery's start-up, less than three and one half years ago, to slightly under \$3 billion. South Carolina's Board of Economic Advisors (BEA) originally estimated the annual fiscal year '05 transfer to be \$255 million to the Education Lottery Account. Actual transfers were over \$280 million, translating into a per capita amount of \$70. SCEL not only met the expectation, but exceeded it by 10%; the fourth consecutive year that the transfer goal has been surpassed.



KS REPORTS LUCRATIVE FY05. Ticket sales from the Kansas Lottery reached nearly \$207 million in FY 2005 – a sales figure second only to FY 2004 when the Lottery reached \$224.4 million. The Lottery transferred an unaudited \$65.4 million to the state of Kansas during FY 2005, including \$701,164 in profits from the special veterans games.

OR LEGISLATURE VOTES TO END SPORTS ACTION. The Oregon legislature voted to eliminate the Lottery's Sports Action game in mid-2007. The bill, which received unanimous approval in the House several weeks ago, passed in the Senate as well. The move is due to the NCAA's refusal to allow NCAA tournament games in states that allow sports betting.

NJ's DAVIS VISITS BENEFICIARY. New Jersey Lottery Executive Director Michellene Davis, Esq. accompanied Dr. Marcia Taylor, Director of the Governor's School of the Arts, on a recent visit with students and staff at the College of New Jersey in Ewing, NJ. The School of the Arts is one of six Governor's Schools benefiting from the Lottery's fiscal year 2004 contribution of \$962,000.

ITALY LOVES THE SCRATCH TICKET. Lottomatica announced that, in the period June 2004 to June 2005, the new "Scratch & Win" lottery sold more than 640 million tickets, achieving wagers exceeding 1 billion euro. The significant result is due to the new management of the traditional and instant lotteries by Consorzio Lotterie Nazionali (composed by Lottomatica S.p.A., Scientific Games International Inc., Arianna 2001 S.p.A., Olivetti Tecnost S.p.A. and Servizi Base 2001 S.p.A.), who obtained the license from AAMS, Amministrazione Autonoma Monopoli di Stato, in 2003. The range of the games has recently been increased to 8 tickets with "Fai Scopra" and "Super Poker". These new tickets are supported by a modern, innovative advertising and the claim: "win frequently, win now". In particular, players seem appreciate 2 euro and 3 euro games, as confirmed by the growing popularity of "Las Vegas" game, collecting over 100 million euro, with over 65 million euro winnings in only 4 months.

TRINIDAD REPORTS RECORD REVENUES. Trinidad's National Lotteries Control Board had record revenues of \$970 million in 2004, of which \$137 million in profits was remitted to the Consolidated Fund.

NAMIBIAN LOTTERY BOARD INAUGURATED. Environment and Tourism Minister Willem Konjore recently inaugurated the Lotteries Board of Namibia, which was created through the Lotteries Act of 2002. The Lotteries Board will supervise and control the National Lottery and administer the National Lottery Trust Fund and the Social Upliftment Fund. The Board will also advise the Minister of Environment and Tourism on any matter relating to the National Lottery and other lotteries.

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.

**WHERE IS YOUR COMPANY'S
NEXT BIG GROWTH PATH?**

Let *Public Gaming International* magazine help you find the way.

The big growth path for gaming products now IS government-sponsored gaming such as in Pennsylvania, New York, West Virginia, Oklahoma, other states and government expansions of gaming around the world.

Public Gaming International magazine is THE gaming publication that specializes in this market of

government-sponsored gaming. This is a market that can ensure your company's continued and accelerated growth. If you want to grow with this exciting and lucrative market of government sponsored gaming, your company needs to advertise in *Public Gaming International* magazine.

There is no better time to start advertising in *Public Gaming International* magazine than the *September issue* which will be distributed at two of the world's most important gaming shows, G2E in Las Vegas and the annual conference and trade show of the North American lottery industry, NASPL 2005 in Minnesota.

In addition, as a BONUS to your ad, you get equal space for an advertorial explaining in greater detail how government sponsored gaming organizations can benefit from your products and services.

So, let's summarize the benefits of advertising in this Special September issue of *Public Gaming International* magazine:

1. Entrée into the biggest market in gaming growth in the world;
2. Advertorial or editorial coverage space to complement your ad;
3. Distribution at the G2E trade show in Las Vegas in September;
4. Distribution at the NASPL 2005 lottery trade show in Minnesota in September;
5. Monthly print and electronic distribution of the magazine to 22,000 key people in government and gaming around the world;
6. Free banner ads in *Public Gaming Research Institute's* weekly supplement, *PGRI's Morning Report* with links to your website and going to 22,000/week.

There's no better medium or value for your advertising to the government gaming market. If you're serious about selling to the government sponsored gaming industry worldwide, *Public Gaming International* magazine is serious about helping you.

Contact: Susan Jason at 425-985-3159, e-mail: susanjason@aol.com; or Raquel Orbezo at 425-765-4119, e-mail: raquelpr2@aol.com.
Web site: www.publicgaming.org.

Please submit material for next week's Morning Report by Wednesday of this week to Toddpg2@aol.com