

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**

December 13, 2004

### MARK YOUR CALENDARS!

*What:* PGRI's SMART-Tech 2005  
*When:* February 28-March 3  
*Where:* Bellagio Hotel, Las Vegas  
*For details:* Call Susan Jason  
Tel. 425-985-3159



### COMPANY ANNOUNCEMENTS

**ALC CONTRACTS WITH OGT.** Atlantic Lottery Corporation has chosen Oberthur Gaming to implement and support ALC's Corporate Inventory Management System. Subject to final negotiations, the contract will be for a period of four years, commencing in early 2005.

**BUFFALO RACEWAY AND HORSEPOWER SIGN FIVE YEAR DEAL.** Sungold International Holdings Corp. announced that its wholly owned subsidiary Horsepower(R) Broadcasting Network (HBN) International Ltd. ("HBN")

and Buffalo Trotting Association, operating under Buffalo Raceway have entered into a five year Horsepower(R) Authorized Racetrack Affiliate license agreement (A.R.A.).

3 New monitor games  
to excite your players  
and accelerate  
your online revenues.

### CONTRACT EXTENDED BETWEEN MDI AND SONY.

MDI Entertainment, a wholly-owned subsidiary of Scientific Games, has signed a contract extension with Sony Pictures Consumer Products (SPCP) keeping Wheel of Fortune and Jeopardy! in MDI's portfolio as exclusively licensed for scratch-off lottery properties through December 2008. Wheel of Fortune and Jeopardy! are the two most popular syndicated shows in television history. Since MDI first acquired the licenses in 1997, over 125 million Wheel of Fortune and Jeopardy! lottery tickets, valued at close to \$300 million have been produced by 22 U.S. and Canadian lotteries. This latest contract extension mirrors the one the two companies signed with MDI in August 2002, making Wheel of Fortune and Jeopardy!'s title, logos, artwork, set designs and sound effects available to lotteries in the United States and Canada.

### EGET LAUNCHES INSTANT WINONE PLATFORM FOR INTERNET AND MOBILE.

EGET chose the WLA convention in Durban November, 14<sup>th</sup>-19<sup>th</sup> to launch the WinOne™ Instant Game Platform. The new platform will enable any lottery operator to add mobile and internet to their existing offering quickly and cost-effectively. The new offer runs on EGET's WinOne™ Gaming Platform, which already powers internet and mobile games of a range of large licensed gaming operators, including Sperospel, holder of a national lottery license in Sweden.

Fully Loaded With Awards  
MDI  
CLICK HERE FOR A PDF BROCHURE

**GSA BRINGS STANDARDS TO EUROPE.** With worldwide membership now exceeding 75, the Gaming Standards Association (GSA) will bring its new, landmark standards to Europe, exhibiting for the first time at the International Casino Exhibition (I.C.E.) in London this January. The trade show takes place January 25-27, at the Earls Court Exhibition Centre in London. **GSA will be in booth #2920.** GSA's booth will feature the most recent information on its gaming standards and supporting tools. Attendees can get details on how to profit from the standards that GSA's technical committees have delivered to the industry. In addition to its booth,

GSA will conduct four informational sessions: January 25 from 10:30 a.m. to 12:00 p.m., 1:00 p.m. to 3:30 p.m., and 4:00 p.m. to 5:30 p.m. (operators only), and a January 26 members-only session. For additional details on these sessions, please go to [www.gamingstandards.com](http://www.gamingstandards.com).



**GTECH TO ACQUIRE 50% CONTROLLING EQUITY STAKE OF ATRONIC.** GTECH Holdings Corporation and the owners of privately-held Gauselmann Group announced that both parties have entered into an agreement whereby GTECH will acquire a 50% controlling equity position in the Atronic group of companies owned by Gauselmann. The remaining 50 percent of Atronic will be retained by the owners of the Gauselmann Group. Under this agreement, Atronic will continue to maintain its current operations and its established worldwide brand identity. The final purchase price will be calculated through a performance-based formula equal to eight times Atronic's EBITDA for its fiscal year 2006 ending December 31, 2006. In addition, in the 12 months after the closing, Atronic will also have the potential to receive an earn-out based on its 2007 performance above specified thresholds. Based on Atronic's medium-term outlook, GTECH expects the all-cash transaction will have a total value of approximately \$100 million to \$150 million, for its 50 percent share including the assumption of debt. As part of the transaction, beginning in 2012, GTECH has the option to purchase Gauselmann Group's interest in Atronic and Gauselmann has a reciprocal right to sell its interest to GTECH. There are also mutual put/call rights that may become effective before 2012, under certain circumstances.

**HORNBILL SELECTED BY CAMELOT.** Hornbill Systems has been awarded the contract to supply UK National Lottery operator Camelot with a tailored IT Service Management solution. The contract is to supply Hornbill's ITIL compatible Supportworks ITSM application and Assetworks, Hornbill's inventory tool. Training and professional services will be provided to deliver full integration with Camelot's chosen infrastructure, desktop and network management systems. The solution will provide Camelot with a fully consolidated and integrated IT Service and Asset Management toolset, which will be used by 80 IT professionals supporting over a 1000 customers located within 7 sites in the UK.

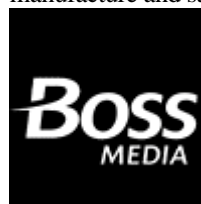
**MADISON SQUARE GARDEN CHOOSES INFOGENESIS.** InfoGenesis has been selected by Madison Square Garden to manage all food, beverage, and retail transactions throughout the arena and Radio City Music Hall. The InfoGenesis point-of-sale (POS) solution, Revelation, was implemented at Madison Square Garden during the Republican National Convention at the end of August, and at Radio City Music Hall in August on a record breaking foodservice sales night.

**MIKOHN GAMING REPOSITIONING.** Mikohn Gaming Corporation announced it will reposition its business to focus solely on technology and content, and will change its name to

Progressive Gaming International Corporation (ticker symbol PGIC). Mikohn expects to realign its interior sign division through a private buy-out by the division's employees effective in late March 2005 that will include transferring the Mikohn brand. Progressive Gaming expects to receive cash at the closing of the transaction. **Roth Capital Partners** has been retained as financial advisor on the transaction. **Robert Parente**, Executive Vice President of Sales and Marketing, is also expected to serve on the Board of Directors of the new private, standalone entity that will maintain the Mikohn Gaming Corporation name. **Margerhita Arvanites**, currently Mikohn's Vice President of Operations and Manufacturing and a former veteran of General Electric's Aircraft Division, is expected to assume the post of Chief Executive Officer of the new private entity. **James Cook**, currently Mikohn's Western Regional Vice President of Sales and a 12-year veteran in the gaming industry with deep relationships with gaming operators, would assume the post of President of the new entity. Approximately 150 employees are expected to transfer to the new private entity that would be headquartered in Las Vegas on Paradise Road, and will maintain its flagship manufacturing operation in Hurricane, Utah.



**PATENTS PURCHASED BY SHUFFLE MASTER.** Shuffle Master has purchased two patents owned by ENPAT, Inc., U.S. patent numbers 5,735,742 and 5,651,548, which relate to the use of RFID technology at gaming tables and throughout a casino. Under the terms of the agreement, Shuffle Master has agreed to pay ENPAT \$12.5 million in cash, with an initial payment of \$2.4 million and the balance to be paid over a three-year period. Also under the terms of the agreement, Mikohn Gaming Corporation's obligations under its non-exclusive license agreement for certain uses of these patents at gaming tables will be owed directly to Shuffle Master as licensor. Similarly, Gaming Partners International Corporation will retain its exclusive license for the use of these patents in the manufacture and sale of RFID gaming chips and readers.



**SCI-GAMES CHOOSES NCR.** NCR Corporation's human factors consultants will develop the next-generation user interface for Scientific Games' self-service and teller-operated terminals used for pari-mutuel race wagering. The user interface design project is scheduled for completion in early 2005 and will be incorporated into self-service and teller-operated wagering devices for the Scientific Games Racing Quantum System.

**SHUFFLE MASTER TO DISPLAY SEVERAL PRODUCTS AT ICE.** Shuffle Master, Inc. (NASDAQ National Market: SHFL) and CARD, a Shuffle Master International Company, announced that they will feature several key products at this year's International Casino Exhibition

(ICE) being held in London, England, January 25 through 27, 2005. In addition to exhibiting well-established Utility Products like the one2six™ automatic card shufflers and Entertainment Products like Dragon Bonus™, the two companies will feature: The Easy Chipper™, The Deck Mate™, The MD-2™, The Intelligent Shoe™, Intelligent Table System™ modules, Table Master™, Big Raise Hold'em™, and Four Card Poker™.



SCS designs and implements everything a State Lottery needs to offer its Players a comprehensive, flexible and state-of-the-art subscription services program.



## PEOPLE

**Thomas J. Matthews** will succeed G. Thomas Baker, as chairman of IGT effective March 1, 2005, at the company's annual shareholder meeting to coincide with Baker's previously announced retirement. Matthews was named Chief Operating Officer in December 2001 and was appointed Chief Executive Officer in October 2003. He has served on IGT's board of directors since December 2001, when Anchor Gaming was acquired by IGT. He will retain his CEO title in addition to his new title of chairman.

Reed Exhibitions, co-producers of Global Gaming Expo (G2E) in partnership with the American Gaming Association, has appointed **Nick Lewin** as the new Las Vegas-based national account manager for G2E. Lewin brings to G2E both gaming industry and trade show expertise from previous positions at The Mirage Hotel & Casino, ConvExx trade shows and The Freeman Decorating Companies, a leading exposition service provider. Lewin replaces **Ed Gallo**, who served as G2E's director of strategic accounts, based in Las Vegas. Gallo was promoted to group sales director, managing G2E's full sales force from Reed's Norwalk, Conn., headquarters.

Paltronics Inc. recently announced **Stephen Fleischmann** as their sales account executive to oversee operations in the Midwest region of the United States. Fleischmann will work to develop business with new and existing customers, and expand Paltronics' brand recognition and product emplacement in the region's targeted territories. Fleischmann previously served as a sales director and account executive for various organizations, and joins Paltronics with over ten years of sales and marketing experience.

Youbet.com, Inc. announced that **Lonny T. Powell** will join the company as Vice President-Public Affairs and General Manager of the Central Region. Powell, who is currently President and CEO of the Association of Racing Commissioners International (RCI), begins his new assignment on February 1, 2005. Powell has been with RCI since 1999. Under his leadership, RCI widened its efforts to uphold and protect the integrity of pari-mutuel sports in the U.S. and

abroad. Prior to joining RCI, Powell was President and CEO of race tracks at Santa Anita, Turf Paradise and Multnomah Greyhound Park. He held key operating positions at Longacres Park and Magna Entertainment and acted as Director of the University of Arizona Race Track Industry Program. He has also served in advisory capacities on regulatory affairs and on racino development with the NTRA and Multimedia Games, Inc., respectively.

## VIDEO GAMING/RACINOS

**WISE BACKS TABLE GAMING SESSION.** Gov. Bob Wise offered his support last week for a special legislative session to consider table gambling legislation. The legislation would allow citizens residing in counties with racinos to vote on whether to allow table games.

**PA VETO SLIP.** Gov. Ed Rendell recently vetoed the changes to Pennsylvania's new slot bill, but he apparently vetoed the wrong version of the bill. Rendell's office calls the mishap a typo and maintains that the veto stands, but Republicans are saying it means the final version of the bill became law. It is highly likely that the courts will have to clear up the incident.



**BCLC VIDEO DISTRIBUTION SOLUTION.** The BCLC has called tenders for new technology to upgrade its online gaming network in around 1,100 age restricted venues. **Summary Details:** BCLC is in the process of implementing a new communications network to its Hospitality Network (HN) locations. The HN network is a network of age restricted locations located throughout BC such as pubs, bars, etc. BCLC's intention is to deliver game content via private television/video feed. Wagers will be placed over our traditional on-line HN Lottery network and content will be delivered over a private television channel (satellite and/or terrestrial). Initially, there will be a roll out to approximately 500 locations throughout the province of BC with further roll out to approximately 1,200 locations within one year's time. BCLC is looking for a vendor who can provide a full service package from initial rollout to ongoing maintenance. The **Request for Quote** document can be viewed at: <http://www.bcbid.gov.bc.ca/open.dll/welcome>

## INTERNET / WIRELESS

**TIPOS INTERNET LAUNCH.** The Slovakian national lottery company TIPOS, a.s. recently presented a new product in its portfolio – online betting. The rising demand from players and continuously growing tendency to use Internet in communication and entertainment were reasons given for the expansion. Within the first 24 hours after the launch the TIPOS received more than 100 player registrations, and currently has about 1500 registered players. TIPOS, a.s. plans to release additional online games in 2005.



## LOTTERY NEWS

**KLC's ARCH GLEASON SLATED TO BECOME PRESIDENT OF WLA.** Arch Gleason, President and CEO of the Kentucky Lottery Corporation (KLC), has been elected Senior VP of the WLA. The current WLA president, Reidar Nordby, has announced he will step down next November, and under WLA bylaws, Gleason will then ascend to the office of the organization's president.

**OLGC PRO•LINE COMMERCIAL WINS WLA AD AWARD.** A popular PRO•LINE television commercial produced for Ontario Lottery and Gaming Corporation (OLGC), the PRO•LINE sports lottery ad entitled "Relaxed Cooler" won the Best Sports Advertising Award from the World Lottery Association. The commercial, entitled "Relaxed Cooler", was recognized for its humorous and effective depiction of football players who accidentally become all-too relaxed before a game thanks to a clumsy team trainer who spills muscle relaxants into a water jug. The outcome is a very unusual performance by the team, demonstrating that, as PRO•LINE says, "Because anything can happen, anyone can win!"

**TX SCORES BIG WITH MEGAMILLIONS.** The Texas Lottery's first year sales for Mega Millions topped \$234 million, with another \$55 million being spent by players on the Lottery's Megaplier feature.

**MAURITIUS NATIONAL LOTTERY RFP.** The Central Tender Board (CTB) on behalf of the Government of Mauritius wishes to publicly announce the launching of the international procurement process for the implementation and operation of the Mauritius National Lottery. The Invitation to Submit Proposals applies to all firms or corporate bodies having or being able to provide a proven track record in the implementation and/or operation of lottery systems and having or being able to provide the required knowledge, expertise and capabilities to undertake such a comprehensive assignment. The Request for Proposals (RFP) is released and available for download from the web page of the Ministry of Finance and Economic Development at <http://mof.gov.mu/lottery.htm>. Alternatively, the RFP documents can also be obtained by calling in person at the MOFED, Government House, Port Louis, Mauritius between 09:00 and 16:00 hours on weekdays. All interested parties are required to register before downloading/collecting the RFP documents.

**2005 MISSOURI GREAT OUTDOOR CALENDARS ON SALE.** If you're an outdoor-lover and enjoy Missouri's rich beauty, the Missouri Lottery's new 2005 Missouri "Great Outdoor" wall calendar is guaranteed to be a favorite. The calendar features the 13 winning photographs from last year's Missouri Lottery "Great Outdoor" Photo Contest. The calendars cost \$5 each and can be purchased from the Luckytown Store located at [www.molottery.com](http://www.molottery.com). All proceeds received from calendar sales will go to benefit public education in Missouri.

## CONFERENCES

**G2E** is the world's largest gaming event and the intersection of the forces critical for gaming professionals. It's the most

in-depth source of new products, ideas and information on the planet. G2E is the laboratory for the industry. It's in Vegas, where you can see it in action and have fun doing it. You can't afford to miss G2E's 700+ exhibitors, 100+ conference sessions, exciting special events and all-new F&B at G2E, a culinary marketplace. Mark your calendar for September 13-15 at the Las Vegas Convention Center with the G2E Training & Development Institute on September 12. For more information and registration discounts, go to [www.globalgamingexpo.com](http://www.globalgamingexpo.com).

## CASE STUDIES

### NY CASE STUDY – CROSS MERCHANDISING GAMES A WIN WIN!

New York is a 'buzz' with the excitement, momentum and sales explosion of instant games. This phenomenon presents a challenge in continuing to maintain the relevance of the bread and butter on-line games; LOTTO, Take Five, Numbers and Win-4. Cross merchandising instant and on-line games has proven a wonderful tool for the New York Lottery taking advantage of the instant games growth to build playership of the more mature, less dynamic on-line games.

"Our greatest on-going business challenge is to maintain the relevance of the New York Lottery across all product categories," said Lottery Director Nancy Palumbo. "Cross merchandising offers the Lottery a cost-effective way to leverage instant games widespread popularity and exciting sales momentum to sustain and build participation in the more established and somewhat static on-line games. It's a win win proposition for our customers and for the New York Lottery."

In May 1998 the Lottery launched the first cross merchandised instant ticket "Hey You Never Know". Named after the award-winning advertising campaign for New York LOTTO, the ticket included LOTTO free plays as part of the prize structure. The \$1 game offered a 54.5% prize payout; odds of winning a cash prize of 1 in 4.68, odds of winning a \$1 LOTTO quick pick free play of 1 in 2.84 and overall odds of winning any prize of 1 in 1.77. Since there was no increased financial liability for the Lottery and virtually no impact on the pari-mutual LOTTO prize structure when the free plays were incorporated into the winner markoff, the Lottery was able to provide these free plays without any cost charged against the instant or on-line product. On the market for one year, the ticket was a strong performer for that time generating \$27 million in sales.

Pursuing this marketing approach, the Lottery launched another cross-merchandising instant game in October 1999. Instant Take Five, an enormously popular \$1 instant game, offers players the chance to win \$1 Take Five quick pick free play. Since Take Five already offers free plays as part of its prize structure, the marriage between the instant and on-line game was a natural. Instant Take Five has a 65% prize payout with odds of winning a cash prize of 1 in 4.64, odds of winning a quick pick free play of 1 in 2.84 and overall odds of winning any prize of 1 in 1.76. The incredibly strong odds of winning on the instant ticket coupled with excellent overall odds of winning on the Take Five game (1 in 8.77) creates lots of winning experiences for players. Again, there is no cost associated with the free plays for either the instant or the on-line product. This instant game sold out in January 2001 but was brought back by popular demand in

March 2001 and has been on the market continuously ever since. Current ten week average sales are \$1.4 million. Sales from creation to date exceed \$285 million.

Over the past six years, the Lottery has released a number of other instant games that included on-line free plays; for example, Instant Numbers and Instant Win-4, both of which worked well from a sales perspective. "Max-a-Millions", a \$5 instant game is currently in design for a March 2005 launch. This game offers customers \$5 worth of Mega Millions quick pick free plays as part its prize structure. Mega Millions has been enormously successful for the New York Lottery generating over 93% public awareness, according to independent research reports, after only two and one-half years on the market. "Max-a-Millions" will provide the Lottery with a compelling strategy to encourage expanded Mega Millions participation and even broader consumer brand awareness. The Lottery is ordering approximately 12 million tickets. The odds of winning free plays will be 1 in 16.67, odds of winning a cash prize 1 in 4.77 and overall odds for this game will be 1 in 3.71. Since the odds of winning Mega Millions of 1 in 42, the \$5 in free plays essentially offers players a 1 in 8.5 chance of winning -- comparable odds to the strong selling Take Five game. Since Mega Millions is a multi-jurisdictional game, the Lottery has handled the accounting for the free plays differently than for a New York-only game.

The New York Lottery plans to continue cross merchandising between instant and on-line games as part of its strategic business development plan.

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



## ADVERTISING

Your gaming company can now benefit by advertising in Public GAMING International magazine and in PGRI's weekly MORNING REPORT.

Previously limited to lottery interests over the past 30 years, this world-leading publication, *Public GAMING International magazine*, has now *expanded* its editorial focus to encompass *the growth of all forms of gaming* which makes it an important new avenue for promoting your products and services throughout the world.

Public GAMING International magazine's has also *expanded its distribution* to make it the most widely distributed and most widely read publication in the world for gaming professionals – 20,000 copies per

month – giving advertisers the greatest value per ad dollar in the industry.

For major *added value*, Public GAMING International advertisers also get **FREE**, dynamic banner ads in the magazines' weekly supplement, *PGRI's MORNING REPORT*, which is distributed to the same 20,000 recipients *each week!* Besides the vast, added exposure, advertisers' banner ads will direct readers to the advertisers' web sites with simple clicks on the ads.

As a further bonus, advertisers receive a **FREE** link from Public GAMING International magazines' web site, [www.publicgaming.org](http://www.publicgaming.org), to their own web sites.

And as if that wasn't enough, Public GAMING Magazine will be distributed at every major gaming conference in the world during 2005 giving you the added on-site exposure that you want!

## You can't beat the value!

So, for the price of a page of advertising each month in Public GAMING International magazine, your company gets 100,000 monthly exposures to prospective customers around the world, **FREE**, dynamic-linked banner ads in PGRI's *e-MORNING REPORT* each week, a link from Public Gaming's web site to yours *and* distribution at probably every conference and trade show of interest to you in the world! Oh, and I almost forgot, your ad in the electronic version of Public GAMING International magazines is dynamic also, linking to your web site with the click of a reader's mouse!.....**Now that's super value!**

*Public GAMING International magazine is focused on growth – your growth. Let us help you exceed your goals for 2005.*

*For assistance in creating a successful ad program in Public GAMING International magazine for your company, please contact one of our representatives:*

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