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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 20, 2004

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What: PGRI's SMART-Tech 2005
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COMPANY ANNOUNCEMENTS

EGC EXCEEDS EXPECTATIONS. Electronic Game Card, Inc. confirmed that the initial response to the pilot conducted with its partner, Scientific Games Corporation, and the Iowa Lottery of the Quarter Play(TM) electronic GameCards in the Cedar Rapids, Waterloo/Cedar Falls and Dubuque areas of Iowa has surpassed the upper expectations

set for the new lottery industry product. As of December 13, nearly 90% of the 20,000 electronic GameCards initially ordered by the Iowa Lottery for the three-month trial have

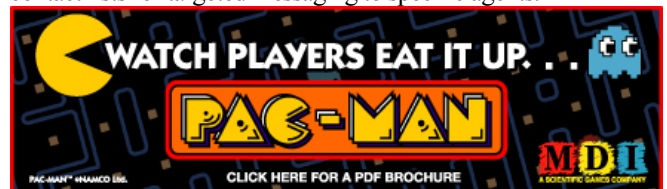


3 New monitor games
to excite your players
and accelerate
your online revenues.

been sold to the public via the 130 outlets in eastern Iowa selling the GameCards. An initial follow-on order of over half a million GameCard units is being made. The re-order will allow the continued roll-out of Quarter Play(TM) as well as the phased introduction of a further two electronic GameCard based products.

CGTV PARTNERS WITH BOARDWALK. CGTV, the Casino and Gaming Television, has partnered with Boardwalk Gaming and Entertainment Inc., Canada's leading gaming entertainment production house. Together, the companies have secured a distribution agreement with Bell ExpressVu, Canada's leading satellite TV service provider, to broadcast CGTV Canada in the second quarter of 2005. This marks the first distribution deal for the United States-based CGTV network. Under the terms of the agreement with CGTV, Boardwalk will oversee brand management and distribution of CGTV Canada as well as production of bingo, keno, and other gaming themed and related original programming for the channel. Additionally, both companies will jointly develop interactive TV (iTV) gaming programming to complement CGTV's content for Canada and the USA.

IL SELECTS EASYLINK. The Illinois Lottery has chosen EasyLink Services Corporation's Broadcast Fax Service to efficiently communicate time-sensitive information with thousands of lottery outlets across the state. By utilizing EasyLink's Broadcast Fax Service, the state's lottery office can quickly deliver point-of-sale flyers, jackpot information and technical alerts to outlets ranging from large-scale chains to private "mom and pop" stores. In addition, EasyLink's service enables the lottery office to easily build and maintain categorized contact lists for targeted messaging to specific agents.



WATCH PLAYERS EAT IT UP... PAC-MAN
MDI
A SCIENTIFIC GAMES COMPANY
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JCM AMERICAN ANNOUNCES NEW DEVELOPMENT INITIATIVES. JCM American announced a new development initiative that will result in even more compelling product development and customer service. A corporate restructuring is at the center of the initiative. Two divisions were created

specifically to understand and develop more responsive solutions to customers in their respective fields. The new **Gaming Solutions Division** will continue JCM's history of developing innovative currency solutions for the gaming industry around the world. JCM products, such as the embedded bill validator, have revolutionized the gaming industry, and the new Gaming Solutions Division will analyze the industry and create solutions for all gaming automated transaction needs. The newly formed **Commercial Solutions Division** will seek out currency challenges in the commercial arena, most notably the vending, retail and banking industries and develop solutions for those needs. The division will also focus on the growing kiosk industry.



NEW ESTONIAN OFFICE FOR PROGRESSIVE GAMING. Progressive Gaming International Corporation has established a new regional sales office in the Estonian capital of Tallinn. The office will serve customers in Finland, Russia, Ukraine, the Baltics and certain Eastern European countries. The new office is located on the 5th Floor of Liivalaia 22, Tallinn 10118. Phone +372 6285023.

NM, AZ EXTEND GTECH. GTECH has signed contract extensions with the Arizona Lottery and the New Mexico Lottery Authority to provide new products and continued services for the lotteries' Instant Ticket Vending Machines (ITVMs). The **Arizona** Lottery signed a three-year contract extension with GTECH commencing July 1, 2005. Under the extension, GTECH will upgrade approximately 150 existing 16-bin Expandable Dispensing System Quad Burster™ (EDS-Q) machines with 20-bin EDS-Q machines. GTECH will also provide 100 additional 20-bin EDS-Q machines bringing the total ITVM count in Arizona to more than 420. The 420 ITVMs will also be equipped with online connectivity by summer 2005. The **New Mexico** Lottery Authority signed a two-year contract extension commencing May 21, 2005, whereby GTECH will continue to provide hotline and field services, and software upgrades, at a reduced rate, for the 160 ITVMs currently leased by the New Mexico Lottery.

OGT ADDRESS CHANGE. As of December 22, 2004, Oberthur Gaming Technologies' sales office in Atlanta will be located at: *3114 Cherokee Street, Suite 201; Kennesaw, Georgia 30144; USA.* Phone and fax numbers as well as e-mail addresses will remain the same: +1-770 528-0208; FAX: 770-528-9808

PAF SIGNS WITH ESSNET. EssNet Interactive AB has signed a pilot agreement with The Ålands Penningautomatförening (PAF), the largest gaming operator in the Baltic Sea, based on Åland, Finland. The pilot will take place at PAF's International Casino in Mariehamn and the agreement includes games, gaming machines and a central system. The pilot agreement is for a period of six months. During this time, technical and financial requirements will be established for developing the installation of the system on

board cruise liners. The first gaming machines will be in commercial operation in Q1, 2005.

PATENT FOR INTERNET SALE OF TICKETS WON BY ELOT. eLOT, Inc. has received a "Notice of Allowance" for a patent that covers their system for purchasing state and government lottery tickets over the Internet. The patent expands on earlier patents the Company acquired for its operating system, and now includes Daily Number and Instant game lottery products that are purchased and played on Internet and sold either on a daily basis or by a long-term subscription service. This system will allow a lottery to sell daily numbers, Lotto, Powerball or MEGA MILLIONS tickets and instant games on a daily or long term subscription basis. The new patent also covers the eLOT system and method that: enables lottery players to receive player and ticket information; screens and verifies that lottery players satisfy state eligibility criteria; stores player and ticket information and determines winning tickets and notifies winning players, upon receipt of this data from state authorities.



SPECIAL 7 TO LAUNCH. Oberthur Gaming will be providing the Interprovincial Lottery Corporation with the national instant game *Special 7* that will be launched in the Canadian market in February 2005. This special order includes the printing of nine (9) million instant tickets that will be distributed to all Canadian provinces through the regional Lotteries.

SWAN ECOLABEL EMPLOYED BY NORSK TIPPING. Together with Strålfors, Norsk Tipping have ensured that all bet slips and event programs will be printed in an environmental-friendly way in the future. The 'Swan ecolabel' is a visible proof that Strålfors production of coupons, bet slips and event programs gratifies various environmental demands. The 'Swan ecolabel' have certificated Strålfors and Norsk Tippings production. On a yearly bases Norsk Tipping are producing 200 million bet slips and 14 million game event programs. Calculations made by The Swan ecolabel, indicates that this amount of paper equals a forest the size of 30 football pitches.



VIDEO GAMING/RACINOS PRAIRIE MEADOWS LAUNCHES TABLE GAMES.

Altoona, Iowa's Prairie Meadows Racetrack and Casino opened its table games to the public last week, offering poker, blackjack, craps and other games. The racino is opening 33 table games in an area (overlooking the racetrack) that recently underwent a \$1 million renovation. State law had, until recently, prohibited table games at the track. Prairie Meadows is currently seeking approval for a \$60 million expansion that would provide an additional 30 table games and 500 new slot machines.

WV AWARDS PERMITS FOR FINAL VLTs. (AP) The West Virginia Lottery Commission recently awarded permits for the state's final 225 VLTs, more than three years after the first permits were offered to bars and fraternal organizations. The permits were awarded through a drawing because the commission received tie bids from 28 potential vendors on Nov. 19. Of those, 21 vendors received permits at the commission's minimum price of \$3,500 per permit. When the first permits were offered in August 2001, the going price was \$1,000 per permit.



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



CASINO DE MONTREAL TO HOST MISS UNIVERSE® CANADA. The Casino de Montréal is delighted to, in collaboration with Beauties of Canada, be playing host to the Miss Universe® Canada 2005 pageant - marking the very first time this highly acclaimed national competition is held in Québec. Beautiful ladies from nation's coast to coast are expected to arrive in Montréal as of this coming January 19, and the one to be ultimately crowned Miss Universe® Canada 2005 will represent the country at the world-renowned Miss Universe® competition in Bangkok, Thailand.

PA SLOTS BOARD ADOPTS ETHICS CODE. (AP) Pennsylvania's new gambling commission adopted an ethics code last week and began searching for top-level executives to implement its policies. The daylong meeting by the Pennsylvania Gaming Control Board was its first step toward making a reality of the slot-machine gambling. A timeline provided to the board by a consultant suggested the first machines could be up and running under conditional licenses within nine months after they start taking license applications.

INTERNET / WIRELESS

PLAYSPHERE MEETING EXPECTATIONS. Darlene Doucet, spokeswoman for the Atlantic Lottery Corp., said there's been a steady migration to web-based purchases of lottery tickets since its PlaySphere site was launched almost four months ago. PlaySphere participation is about what had been predicted. The site is meeting its sales target: about one percent of regular lottery ticket sales (\$5.9 million), and members of the site are wagering an average of \$6 weekly on tickets or sports games.

ESTONIA LAUNCHES INTERNET SCRATCH. EGET has successfully delivered an internet scratch card game to Spordiennustus, an online gaming subsidiary of the Estonian Olympic Committee. This is the first game of this type to be offered in Estonia and yet another first for Spordiennustus, following the launch of their online sports betting site earlier this year. The scratch card has a basketball theme, hence fitting

perfectly with the site. It follows the standard scratch card model with 2 games, doubling the chance to win. Players can also play for 'double-or-nothing'. The winnings can be up to 100,000 EEK, depending on the price of the purchased ticket. The delivery of the scratch card is just the first phase. The cooperation with EGET will continue, with other releases of instant games to follow next year. These will include games such as Keno, which will be available at the beginning of next year.

LOTTERY NEWS

GWADOSKY TO HEAD MAINE LOTTERY. Maine Secretary of State **Dan A. Gwadosky** will take over as director of the Maine Bureau of Alcoholic Beverages and Lottery Operations in January when his term in the Statehouse expires. Gwadosky served as Secretary of State for eight years. Gwadosky completed a term as House speaker before being elected secretary of state in 1997. He served nine terms in the House, first getting elected in 1978.



TX REVENUE PASSES \$12 BILLION. With a recent transfer of \$83 million to the state of Texas, the Texas Lottery Commission surpassed yet another major milestone in its 12-year history. As of December 6, the total revenue generated for the state by the Texas Lottery® is \$12,066,718,703.

ALBERTA PAYOUT RECORD. Alberta, Canada has achieved a new lottery milestone! In 2004, 15 prizes of one million dollars or more were claimed by Albertans for a record total of \$55,330,362.40. This easily surpasses the previous record total for million-dollar-plus prizes claimed in one year - \$41,877,833.30 set in 1993. The 2004 total does not include all other prizes of less than \$1 Million claimed within the province.

MEDIA SHOOTOUT INTRODUCES NBA TICKET TO CA FANS. To launch its new NBA Scratchers game to its NBA fan base, the California Lottery partnered with the Golden State Warriors and the Los Angeles Clippers, and held a "Media Shootout" during the halftimes of two of their recent games. At both venues, local television and radio personalities competed against each other for a grand prize of \$2500 to be donated by the Lottery to the charity of their choice. The object of the Media Shootout was to get as many baskets as they could in a 30-second period, with 3-point shots being worth the most points. And of course, the main objective was to have each reporter cover the details of the shootout, the competition and the winners on air. The event promoted the new ticket at these top venues and garnered a number of news stories on television and radio in each of these media markets at a minimal cost to the Lottery.

NE GIFT CARDS. The Nebraska Lottery is offering printable gift cards that customers can download and print for use in "wrapping" tickets being given away as gifts. Lottery customers have two styles to choose from. Each card can be printed on a standard 8.5 x 11-inch sheet of paper, and folded to a handy 4.25

x 5.5-inch size. The Lottery also has a promotion where MVP Club members can enter the name and address of one person (19 or older) to whom they would most like to give a Lottery holiday greeting card and \$10 worth of Scratch tickets. The Lottery will hold a drawing and send the tickets in a holiday card addressed to the friend of the winning MVP Club members, as well as \$10 in scratch tickets for the MVP Club member. The Lottery will draw a total of 60 winners in December.

TX RECEIVES GFOA AWARD. The Financial Administration Division of the Texas Lottery Commission has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2004. The prestigious national award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government agency and its management.

CA NAMES RETAILER OF THE YEAR. The California State Lottery's 2004 Retailer of the Year is the San Dimas Liquor & Beverage Shoppe, owned by Wafa and Nathan Younan. A ceremony was held in November at the retail establishment to celebrate the highest honor from the California State Lottery to a Lottery retailer. One retailer is bestowed the honor annually of the 18,000 in the California Lottery's retail network. The Retailer of the Year is chosen from the twelve retailers chosen each month. San Dimas Liquor & Beverage Shoppe averages nearly \$30,000 in Lottery sales per week and has total sales-to-date of more than \$12 million since it began selling Lottery products in 1989.

INTERNATIONAL

SHORTLIST FOR MALAWI NATIONAL LOTTERY. Malawi has approved a shortlist of three bidders out of five proposed candidates wishing to run the first national lottery in the country: IT Centre/Editec consortium; Mwayi Lottery Limited; and LVK World Trade.

GERMANY'S TIPP24 FOR SALE. Tipp24, the German online lottery company, is to be sold to three state-owned lottery companies in Germany. Negotiations are being held with the Hesse, the Rhineland-Palatinate and Baden-Wuerttemberg lottery jurisdictions.

NZLC ADDS DRAWS FOR THE HOLIDAYS. New Zealand Lotto players have two extra chances to win big before Christmas, with the first Wednesday draw being held last week, and one more scheduled for December 22.

LITTLEWOODS BET DIRECT INSOURCES CALL CENTER. Bet Direct, the telephone and online betting arm of Littlewoods Gaming, has bucked industry trends and insourced its entire UK call center operation. The decision to end its outsourcing contract and bring operations in-house will enable the sports betting firm to reduce costs, improve business agility and provide enhanced customer service to over 300,000

telephone and online betting account holders. Bet Direct offers a full range of fixed odds betting on sports ranging from football and horse racing to golf and greyhounds. As part of its strategic move, the sports betting firm selected CCT (Call Center Technology) to design and implement a call center solution to accommodate over 100 customer service agents.

BILL WOULD EXTEND PAGCOR FOR 25 YEARS.

The Philippine House of Representatives has approved a bill extending the life of the Philippine Amusement and Gaming Corp. (PAGCOR) for another 25 years.

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

CASE STUDIES

New York Case Study – The Game Plan

THE HOTLINE, The Newline, The Retailer News, The Agent News, The Game Plan – it's the evolution of the New York Lottery's retailer publication. Like so many other Lottery organizations, New York has struggled over the years with how to best communicate important game and promotional information to its retailer network. In the end, the key is giving retailers a one-month lead time on "the game plan" for new instant games and promotions.

"The Lottery's commitment to an aggressive three-week instant game launch schedule and the sales success of the product line drives the contents in each retailer publication," said Lottery Director Nancy Palumbo. "Our sales representatives visit shops on a bi-weekly basis, so keeping retailers educated on upcoming games is challenging. 'The Game Plan' has bridged the communication gap. The winning formula was found when the Lottery began to focus on answering the most frequently asked questions customers posed to retailers about instant games."

Following a considerable trial and error period, a simple basic template was developed which provides retailers with a consistent format for new information. Each publication highlights the following key elements:

- Upcoming instant games: color ticket art, launch dates, play methods, price point, special features and top prizes;
- Top selling instant games complete with game numbers for ordering purposes;
- Instant game outstanding top prizes: game number, 1st and 2nd prizes with the number of remaining winners;
- End-of-Game validation cut-off schedules showing the last day retailers can validate prizes for discontinued instant games;
- Key Contacts/Reference Information: televised drawing schedule; official website address; phone numbers for claims offices, ordering tickets, lottery number results line, responsible gaming help line

phone number and reporting terminal, accounting and vending machine issues;

- Optional items: One panel in the publication is reserved for promotional and program updates, terminal software and technology updates, retailer incentive programs and the very popular retailer best practices.

Although the above elements are critical aspects of any retailer communication, the following often forgotten production components are also critical:

- A commitment to sending out the publication on a consistent basis;
- Keep the content timely and relevant – always ask if this information will help sales?
- Include information retailers can use – ask retailers what their customers want and provide it consistently, then ask them again and again;
- Use a friendly, simple, organized layout - don't get fancy and keep to the same format to improve the retailers' confidence and comfort level;
- Make it pleasing to the eye – heavy on graphics and calendars, light on copy;
- Know what not to include; for example, stand alone pieces are better for material requiring more lengthy explanations – new game launches (Mega Millions), technology training (upgrading terminals), promotions (statewide second chance drawings), and retailer incentive programs.

