

To: Lottery, Video Gaming & Racino Executives
Interested in Growth, Expansion & Added Success

Your weekly supplement to
Public GAMING International Magazine
December 26, 2005

Pokonobe Associates, MDI has the worldwide rights for Jenga lottery games, including Jenga Throw n Go, Jenga Truth or Dare, Jenga Casino, Jenga Jacks and Jenga Extreme. Unique to Jenga, Lotteries can host Jenga "tournaments" as a fun and creative way to launch the new game. MDI's integrated marketing staff can assist lotteries with organizing the tournaments, bringing in celebrity Jenga judges and awarding prizes. For nearly 10 years, schools, clubs and non-profit groups have hosted these fast-paced and suspenseful tournaments for fund raising and publicity purposes. Tournaments like these have been extremely successful for lotteries in the past and have garnered significant PR and press coverage.

EGC CONFIRMS SGI ORDER. Electronic Game Card, Inc. announced that Scientific Games has placed an order for two electronic games totaling 300,000 cards. EGC provides the electronic game cards to US lotteries under a Joint Venture operation with Scientific Games. Of the 300,000 cards ordered, 120,000 will be used by the Kansas Lottery. The Kansas Lottery delayed the launch of the Company's electronic games in late 2005 due to errors related to battery connections in a small number of cards. The new game cards are scheduled to be launched in the Spring of 2006 in the same play style and card quantity as originally planned. The game features a "match three numbers" play style and is identical to the game card currently on sale in the US. The remaining 180,000 cards feature the all-new "five card stud poker" play format. EGC estimates that the game will go on sale in the US market as early as the Spring of 2006. EGC expects recent quality control measures implemented by the Joint Venture to strengthen the long term performance of the product. In addition, customized high speed labeling equipment, scheduled to be installed in the US in February 2006, is expected to expedite the delivery of electronic game cards to the North American market.

JCM AND TRANSACT COMBINE SALES EFFORTS.

TransAct Technologies announced that it has executed an agreement on its previously announced letter of intent with JCM American Corporation, to combine the gaming sales efforts of both companies. JCM's sales force has started offering TransAct's gaming thermal printers in North and South America in combination with JCM's many bill acceptor and currency handling products. In addition, the companies are working together to offer world-class service

COMPANY ANNOUNCEMENTS

MDI ACQUIRES JENGA! ®. Lottery players will tumble for a new Jenga® instant ticket now that MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation, has acquired the license to the popular building game for nimble fingers. Under the agreement with

and support for TransAct printers by utilizing the network of sales and service centers that JCM already has in place.

GTECH SIGNS THE GAME OF LIFE. GTECH and The Hasbro Properties Group announced a pact that would grant GTECH the exclusive rights in the United States and Canada to develop and market slot machines and VLTs featuring THE GAME OF LIFE property brand in the casino and government-sponsored environments. Spielo, a GTECH subsidiary, will develop the games on its platforms and manufacture and distribute the games to the government-sponsored gaming markets. Global gaming machine supplier, Atronic, has been pre-approved by Hasbro to be one of GTECH's sub-licensees, granting Atronic the right to develop the games on its platforms and manufacture and distribute the games to Native American and commercial gaming markets. Game development plans include linked progressive games and stand-alone dedicated games themed to THE GAME OF LIFE. The first GAME OF LIFE branded slot games are expected to be available to the North American gaming market in the second half of calendar 2006.



ATRONIC INKS KING KONG. Atronic announced a new agreement with Universal Studios Consumer Products Group to develop slot machines based on the Universal Pictures' December 14th film, King Kong, from three-time Academy Award®-winner Peter Jackson (The Lord of the Rings trilogy). Atronic plans to launch the new slots in 2006.

G2S REVEALED. The Gaming Standards Association announced the new name of the combined Best of Breed (BOB) Version 1.1 and IGT's SuperSAS(TM) protocols. The new protocol will be known as the Game-to-System, or G2S, protocol. The name was chosen to give an accurate description of the protocol, bringing clarity to the industry as to what the protocol encompasses. Engineers have been working steadily over the past few months to combine the best elements of the BOB and SuperSAS protocols to create G2S, and the new combined protocol is expected to be released in April 2006 as a single industry solution.

SZERENCSEJÁTÉK AND ESSNET IMPLEMENT A NEW PUTTO RAPID DRAW GAME. EssNet has supplied the rapid draw game Putto to Szerencsejáték, the operator of national lottery games in Hungary. The Putto game was launched in November and can now be played via part of Szerencsejáték's countrywide network of 3,800 online retailers. Putto is a Powerball styled rapid draw game (every five minutes) where players select 8 to 20 numbers (out of 20) in the regular panel and also 1 to 4 numbers (out of 4) in the Powerball panel. By matching 8 regular numbers and the Powerball correctly, players win the jackpot, which is 10,000 times the stake. The minimum stake is HUF 150

(EUR 0.6). The overall odds of winning the top prize in Putto are better than 1 in 500 000.



GTECH ANNOUNCES 3RD QUARTER. GTECH announced third quarter earnings for fiscal year 2006, which ended November 26, 2005. Revenues for the third quarter of fiscal 2006 were \$300.1 million, down 4.9% from third quarter of fiscal 2005. Net income was \$47.8 million, or \$0.37 per diluted share, compared to net income of \$45.9 million, or \$0.35 per diluted share for the same period last year. Revenues for the first nine months of fiscal 2006 were \$936.5 million, up 1.9% over the first nine months of fiscal 2005. Net income was \$151.6 million, or \$1.17 per diluted share, compared to net income of \$152.6 million, or \$1.16 per diluted share for the same period last year. Net income in the first nine months of the prior year includes a one-time, after-tax gain of \$7.0 million, or approximately \$0.05 per diluted share, associated with the sale of the Company's 50% interest in Gaming Entertainment (Delaware) L.L.C.

PEOPLE

Max O. Cogburn Jr. was appointed to the North Carolina State Lottery Commission. The 54-year-old Asheville attorney owns Pisgah View Ranch and is a former U.S. magistrate judge for the western district of North Carolina. House Speaker Jim Black said he chose Cogburn, in part, because of his retail experience as co-owner of the resort ranch. Cogburn replaces Gordon Myers, who resigned in November.



The North Carolina Education Lottery announced five additional hirings. **Alice Garland**, currently an assistant state Commerce Department secretary, will serve as deputy executive director of legislative and corporate communications. Garland has 30 years of experience in private business and governmental relations. **Lou Ann Russell** has been hired as deputy executive director of marketing and advertising. Russell worked for a marketing firm that held the Georgia Lottery's marketing account for 12 years. **Sam Hammett**, the new deputy executive director of sales, most recently worked as the Georgia Lottery's vice president for sales. The human resources director will be **Margaret Spindola-Bode**, who worked at the Georgia Lottery from 1996 to 2001. **James W. Knight**, who most recently worked as a senior manager for the North Carolina Department of Public Instruction, is now the lottery's finance director.

Veikkaus elected a new Board of Directors and Supervisory Board for the years 2006 and 2007. The Board of Directors will continue to be chaired by **Juha Niemelä**, Doctor of Political Science. **Maija-Riitta Ollila**, a new member of the Board, was appointed Vice Chairman. The new members of the Board are **Mr. Jouko Ahtola**, CFO of the Finnish Literature Society, **Mr. Timo Kenakkala**, Director of the Oulu Research Centre of Kemira Oyj, **Mr. Matti Saarinen**, Managing Partner of Kreab Oy, and **Ms. Paula Tuomikoski**, Special Government Adviser of the Ministry of Education. Two members of the previous Board of Directors besides Chairman Niemelä will continue at the new Board: **Mr. Ari Lahti**, Managing Director of ICECAPITAL Securities and **Ms. Leena Paananen**, M.Sc., Econ.



VLTR/RACINO

PGCB OPENS SUPPLIER APPLICATION PROCESS.

The Pennsylvania Gaming Control Board published application forms for people and companies interested in becoming licensed suppliers of gaming equipment in Pennsylvania. The forms, as well as instructions for submitting them, are available on the Board's Web site, <http://www.pgcb.state.pa.us>, under "Licensure." All applications for supplier licenses must be postmarked no later than Tuesday, Feb. 28, 2006. Under a policy approved by the Gaming Board at its Dec. 15, 2005, meeting, no supplier license will be issued until the question of whether to license suppliers statewide or by region is resolved.



MTR COMMITTEE RETAINS FINANCIAL ADVISORS. MTR Gaming Group, Inc. announced that the Special Committee of the Board of Directors established to consider the previously announced management-led acquisition proposal or alternatives has retained CIBC World Markets Corp. and Lazard Freres & Co. LLC as its financial advisors to assist the Committee in its evaluation of the proposal, alternatives, and determination of what is in the best interests of MTR and its stockholders. MTR cautions shareholders and investors that the Special Committee's consideration of the proposal or alternatives is only in its beginning stages and there can be no assurance that the proposed transaction or any other strategic transaction will be approved or completed.

WYOMING GAMING UPDATE. Wyoming's Joint Travel, Recreation and Wildlife Interim Committee passed a bill that would establish a gaming commission. The

Committee also made some other decisions regarding gaming in the state. The Committee removed elements of a bill that would have allowed electronic bingo aids (even if allowed the aids would not have been able to simulate slots – they could only display bingo cards), and declared that 75% of proceeds from bingo games must be used for a charitable purpose. The Committee deleted a portion of the bill that would have allowed organized poker tournaments in bars, but added a provision allowing for informal poker games in bars.

INTERNET/WIRELESS

IRISH BINGO SITE LAUNCHED. Ireland's Rehab Lotteries' has reportedly launched the country's first online bingo site. The Lottery hopes to attract international visitors with www.rehabbingo.com in order to help finance Rehab's community-based training, education, employment and social care services.



LOTTERY NEWS

HOLIDAY TICKET WINNERS! The results are in for the holiday ticket contest posted on www.publicgaminginternational.com. Public Gaming International selected one ticket from each U.S. and Canadian lottery's holiday offerings and asked the industry to vote on their five favorites. All the tickets were outstanding, but the top vote getter was the Colorado Lottery, followed by Nebraska, South Dakota, Vermont and Washington. The voting was extremely close, and several lotteries narrowly missed making it into the top five. Congratulations to Colorado for receiving the most votes.

NORTH CAROLINA TO JOIN POWERBALL. The North Carolina State Lottery Commission agreed to join Powerball. Lottery Executive Director Tom Shaheen predicted North Carolina lottery outlets will sell the first Powerball tickets in early July, about three months after a self-imposed deadline to get start selling scratch-off tickets in the state. North Carolina accepted Powerball's invitation to join after competitor Mega Millions chose not to make a presentation to North Carolina lottery commissioners.

SCEL SENDS BILLIONTH DOLLAR TO EDUCATION. The South Carolina Lottery recently celebrated sending its 1 billionth dollar to state coffers. Here's a look at the lottery's finances, by the numbers: \$3.4 billion - Total sales from the S.C. lottery since Jan. 7, 2002; \$2 billion - Total amount paid out to winners since Jan. 7, 2002; \$1.15 billion - Amount since Jan. 7, 2002, that the S.C. lottery has deposited into the state's Education Lottery Account, which lawmakers divvy up among more than three

dozen education programs; \$791.6 million - To higher education, including HOPE, LIFE, Palmetto Fellows and other scholarships; and endowed chairs at research universities; \$330.8 million - To K-12 education, including math, reading, science and social studies programs; homework centers, textbooks and school buses; \$31.2 million - To other educational programs, including ETV, county libraries, Boys and Girls Clubs, and the Department of Alcohol and Other Drug Abuse Services; \$14.3 million - Amount the state has earned in interest on lottery funds Go to www.thestate.com to see more details on how South Carolina has spent lottery income since 2002.

2005 TO GO OUT WITH A BANG WITH SOUTH AUSTRALIA LOTTERIES DRAW. New Year's Eve celebrations will be even bigger for Lotto players around Australia, with a record \$32 million Division One prize pool up for grabs in this year's end-of-year Megadraw #2551 on Saturday 31 December. Offering the largest Division One prize pool in Lotto history and the biggest non-jackpot lottery prize ever offered in Australia, the \$32 million draw is sure to end 2005 on a high. Players have until 7pm on Saturday 31 December to purchase their entries for the draw from any South Australia Lotteries agency across the State.



CHINATRUST WINS TAIWAN LOTTERY BID. Chinatrust Financial Holding Co. has won the right to run the lottery in Taiwan starting in 2007 after making a NT\$2 billion bid for yearly contributions to the government. That's reportedly twice the amount offered by the next highest bidder. Taipei Fubon Bank. The issuing bank can only keep 1.8 percent of the lottery sales, so sales will have to eclipse the \$100 billion all-time high achieved in 2002 for Chinatrust to turn a profit.



NORTH CAROLINA ISSUES DUAL RFPs. The North Carolina Education Lottery Corporation has issued two RFPs – one for online and one for instant games. One RFP calls for the provision, implementation and operation of a fully integrated online lottery gaming system, a statewide communications network, the provision of online lottery game products and services, associated lottery management services, instant ticket validation and certain marketing services and other purposes described within its RFP document. The System should include comprehensive equipment and services required to implement and maintain both the online game products, services and systems for the NCEL and instant ticket validation and certain marketing

services.

It is the NCEL's desire to select a single Vendor that is able to provide a comprehensive System covered by this RFP. (<http://lottery.nc.gov/documents/FINAL%20ONLINE%20RFP%20INCLUDING%20CONTRACT.pdf>)

The second RFP calls for the provision, implementation and operation of instant ticket lottery game services and systems and certain marketing services and other purposes described within its RFP document. It is the NCEL's desire to select a single Vendor that is able to provide a comprehensive System and solution to its instant ticket operations, to include the manufacture of instant tickets, warehousing and distribution and marketing support services covered by this RFP.

(<http://lottery.nc.gov/documents/FINAL%20INSTANT%20TICKET%20RFP%20INCLUDING%20CONTRACT.pdf>)

In regards to key dates, they are the same for both RFPs:

- December 20, 2005 RFP Issuance Date;
- December 27, 2005 Intent To Bid Letter due to NCEL by 4:00 p.m. EST;
- December 27, 2005 Questions Deadline 4:00 p.m. EST;
- January 4, 2006 Answers to Written Questions Posted on the Website;
- January 13, 2006 Deadline for submission of Proposals 4:00 p.m. EST.

The sole point of contact (the "Contact Person") for inquiries and additional information concerning the RFPs is Barbara Stone-Newton, who can be reached at: Email: barbara.stonewton@ncmail.net, Fax: 919-807-4509.



PLEASE SEND ALL SUBMISSIONS FOR THE MORNING REPORT TO TODD BY WEDNESDAY TO TODDPGR2@AOL.COM