

PUBLIC GAMING INTERNATIONAL

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

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Public GAMING International Magazine
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SMART-TECH UPDATE

LIFETIME AWARD FOR JERRY YOUNG

Public Gaming Research Institute is pleased to announce that Jerome Young has been chosen to receive *the 2005 Major Peter J. O'Connell Lottery Lifetime Achievement Award*. The presentation will be made on the afternoon of February 28 at SMART-Tech.

OKLAHOMA GOVERNOR TO SPEAK

The Honorable Brad Henry, Governor of Oklahoma will be a Special Guest Speaker at SMART-Tech. His remarks are scheduled for mid-morning on Wednesday. Oklahoma is the most recent state to legalize a state lottery.



COMPANY ANNOUNCEMENTS

SCIENTIFIC GAMES ACQUIRES PTI ASSETS.

Scientific Games Corporation has reached an agreement with Promo-Travel International, Inc. (PTI) to acquire the company's portfolio of lottery contracts and lottery licensing agreements, as well as all intellectual property to include registered trademarks and pending trademarks specific to the lottery industry. Financial terms of the agreement were not disclosed. Scientific Games will assume the respective obligations outlined in each PTI lottery contract, including all prize merchandise and travel-related fulfillment. The agreement

brings Park Place Interactive's Caesars Palace®, Shuffle Master's Let It Ride®, and Mikohn® Gaming Corporation's Caribbean Stud Poker® brands, among others, to the library of lottery properties managed by our wholly owned subsidiary, MDI Entertainment. As a component of the transaction, Atlanta-based Promo-Travel International and its principals, David Alpert and Charlie Mintz, have signed business protection contracts whereby they have agreed not to participate in future North American lottery business ventures. The respective terms are five years for PTI and Mr. Mintz, and three-and-a-half years (42 months) for Mr. Alpert.

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

SPORTS TOTO SIGNS WITH SCI-GAMES. Scientific Games completed an agreement with Sports Toto Co., Ltd., a Korean company, to supply equipment, a software license and related software maintenance and support for its development of a fixed odds gaming system. The agreement is for four years and is valued at \$5 million over the term of agreement. Sports Toto Co., Ltd. currently operates its gaming system for conducting a sports betting lottery for the promotion of sports in the Republic of Korea. Sports Toto intends to introduce Scientific Games' AEGIS(TM) Oddset Control System (OCS) and Oddset Information System (OIS) and related software maintenance services for fixed odds games. This agreement will expand Sports Toto's portfolio of sports betting lottery games and products in the Republic of Korea. The official operation of the system in Korea is scheduled to launch in the first half of 2005.

SVENSKA SPEL TO RECEIVE MORE SPIELO VLTs.

GTECH announced that AB Svenska Spel amended its existing agreement with GTECH's wholly-owned subsidiary, Spielo Manufacturing ULC, for the provision of 2,000 next-generation wide area video lottery terminals (VLTs). Spielo is a current provider of VLTs to Svenska Spel and GTECH is the video lottery central system provider. Spielo currently provides Svenska Spel with approximately 5,000 of the 7,000 VLTs already in the field. Under the amended agreement, Spielo will deploy 2,000 new wide area VLTs beginning in September 2005. The new VLTs will replace a portion of the existing machines and also be placed in new locations. With respect to its amended agreement with Svenska Spel, Spielo expects to generate approximately US\$22 million for the sale of the new VLTs.



NH EXTENDS SCI-GAMES. Scientific Games announced that the New Hampshire Lottery Commission has extended the company's online lottery contract through June 2010. The four-year extension was the maximum possible under the existing contract and is worth an estimated \$24 million in revenue over its term. Under the new agreement, Scientific Games will provide the Lottery with an upgrade for 300 mid-range EXTREMA terminals to full-feature terminals, 750 instant and online self-service ticket checkers, as well as an option to obtain additional EXTREMA(R) terminals to increase their retailer network during the remainder of the contract.



NZLC SELECTS GTECH AS LEAD BIDDER. GTECH has been selected as the lead bidder by New Zealand Lotteries Commission (NZ Lotteries) to begin negotiations for a complete lottery system conversion to include a new integrated online and instant lottery system and new terminals. GTECH has provided lottery equipment and services to NZ Lotteries since 1986. Further details of the award will be disclosed upon the Company's signing of a definitive agreement with NZ Lotteries, which is expected to be finalized by June 2005.

MN SELECTS OGT. Oberthur Gaming has been awarded the primary vendor contract for the manufacturing of instant tickets of the Minnesota State Lottery. The contract period is for two years with the option to extend for three additional years.



POPULAR DRIVERS TO BE FEATURED IN HOTRAX. GTECH has obtained a five-year exclusive licensing agreement giving the Company rights to utilize the names, likenesses, and signatures of premier race car drivers in the social space environment. HotTrax™ provides the fast-paced action and vibrant 3-D animation of thrilling race scenes based on the highly popular stock-car auto racing circuit. Players have the opportunity to place a variety of wagers on the finishing order of the racecars every four or five minutes. This new solution will be offered immediately to GTECH customers as additional functionality to HotTrax™, with the power of the race drivers' popularity to create a superior player experience in the social space channel. HotTrax™ is currently being offered as a lottery product at bars, taverns, and restaurants in Rhode Island.

POLLARD ACQUIRES MATCH GAME™. Pollard Banknote signed a three-year agreement for the license - Match Game™. This contract with FremantleMedia North America, Inc. gives Pollard Banknote the exclusive rights to market one of the most popular classic game shows on television to lotteries throughout the United States. The agreement allows lotteries to leverage Match Game's™ title, logo, artwork and game format into their games, promotions, events, and advertising. Match Game™ first aired on CBS in 1973 and ran through to 1979. It has been running in syndication since then and the Game Show Network currently airs the program three times daily.



PEOPLE



Oklahoma Governor Brad Henry has appointed several members to the Oklahoma Education Lottery Commission. The bi-partisan group includes: Former Oklahoma City Mayor (and current manager of

Norick Investment Company) **Ron Norick**; **Cindy Ball**, named teacher of the year in 2004 by the state Department of Education and in 2002 by the Oklahoma Foundation for Excellence; **James Orbison**, an attorney, former chairman of the Oklahoma Transportation Authority, and former director of the Federal Home Loan Bank of Topeka; **William Paul**, attorney, former senior vice president of Phillips Petroleum Co., former director of the Oklahoma City Chamber of Commerce and former president of the American Bar Association; **George R. Charleton Jr.**, owner of Charleton Investments, Charleton Construction Co., Charleton Catering and Tulsa-area Subway Sandwich Shops; former minority retailer of year and Tulsa small businessman of the year; **Linda Dzialo**, retired educator, former vice president of Cameron University and former assistant superintendent, principal and teacher in Lawton Public Schools; and **Thomas F. Riley** of Stillwater, businessman and certified public accountant; former vice president-CEO of Chickasaw Telecommunications; former employee of Price Waterhouse Coopers audit and tax department.



Hoosier Lottery Executive Director Esther Q. Schneider announced that two highly experienced professionals have filled executive-level positions at the multimillion-dollar business. **Ellen M. Corcella** takes the reins as the Director of Security and **W. Edward Benton** joins the Lottery as its Chief Financial Officer. Corcella has served as a prosecutor

her entire legal career. She was previously a deputy prosecutor and supervised the grand jury division of the Marion County Prosecutors Office and was a deputy prosecutor and Chief of Operations in the St. Joseph County Prosecutors Office in South Bend for about two years. For the past 16 years, Benton worked for Anthem Inc., now called WellPoint Inc. Benton held various positions there including Vice President and Controller and Senior Accounting Officer.



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



Gaming Laboratories International (GLI) has hired two top gaming industry veterans for its rapidly expanding development team. **Alan G. Boyd** is a new Development Representative and is based out of Washington, D.C. Boyd will pursue GLI's development efforts in the areas of Tribal, charitable gaming, racing and lottery. Boyd brings an extensive background to GLI, having most recently served as the Charitable Games Program Manager for the DC Lottery and Charitable Games Control Board in Washington D.C. **Erin McGranahan** is a new Development Representative and is based out of the Las Vegas Service Center. McGranahan's aim will be to develop the areas of Tribes, state gaming, lotteries and charitable gaming, primarily focusing on the Midwest. McGranahan brings an extensive background in gaming to GLI, with her most recent accomplishments being as Project Manager / Compliance Administrator for Caesars Entertainment.

VIDEO GAMING/RACINOS

MD SLOTS BILL PASSES SENATE. The Maryland Senate passed a slot machine gambling bill last week. The bill, which would allow up to 15,500 slots at seven venues statewide but does not specify locations, passed by a vote of 26-21. The bill now heads to the House, where slot bills have died for the last two years.

Trusted Draw™
secure electronic drawing system

by Szrek2 Solutions

TERRIBLE'S IN MIDWEST. One of the most colorful brands in casino gaming has officially launched in the Midwest as Herbst Gaming, Inc. assumes ownership and attaches its Terrible's name to St. Jo Frontier Casino in St. Joseph, MO, Mark Twain Casino in LaGrange, MO and Lakeside Casino in Osceola, IA. All three properties were purchased from Grace Entertainment. To celebrate the launch of the Terrible's brand in Iowa and Missouri, a ribbon cutting ceremony was held on February 1st at each casino location. Herbst Gaming representatives were on hand to mark the occasion and discuss plans and enhancements that will be made at the casinos over the next several months. Customers will see the following improvements over the next several months: New Slots

with Ticket In-Ticket Out; Terrible's Player's Club Perks (Club points earn Cash, Gas, Meals, Diamonds and more); Great Food; and Facility Renovations.

LOTTERY NEWS

PALMETTO CASH 5 OFF TO STRONG START. The first week of sales for the South Carolina Education Lottery's newest online game, Palmetto Cash 5, exceeded lottery officials' expectations. Sales for Palmetto Cash 5 started February 12. SCEL's gaming system shows that for the six days ending February 17, sales totaled \$685,602. Sales for the Power-Up option accounted for 37 percent of the total sales. More than 40,000 winning tickets totaled more than \$270,000 in prizes during this six-day period – but not all the tickets have been claimed. Palmetto Cash 5 drawings are held at 6:59 p.m. Mondays, Wednesdays and Fridays.



NE \$2,500 SURVEY. A Scratch Game Survey contest on nelottery.com is accepting entries until midnight on March 13. The survey will take about 20 minutes, and asks players to evaluate different Scratch game features like theme, play style and prizes. Completing the survey automatically enters players in a drawing for \$2,500. To enter, players login to their MVP Club account and go to Contests & Events and then Enter Contests.



OPAP SEEKS 85% 2004 INCREASE. The Greek Organisation of Football Prognostics (OPAP) reported a 39.5% increase in its 2004 consolidated turnover to 3.177 billion Euro from 2.277 billion Euro in 2003. Its pre-tax profits jumped 85.1% to 742.3 million Euro from 401 million Euro over the same period, respectively. Parent sales rose 35.8% to 3.068 billion Euro last year from 2.259 billion Euro in 2003, while pre-tax profits soared 93.1% to 736.5 million Euros in 2004. Betting revenues fell 2.8% to 1.601 billion Euro, while Joker revenues rose 26.7% and Proto lottery revenues rose 4.5% to 270.7 million and 50 million Euro, respectively. Revenues from KENO totalled 944.1 million Euro.

NE SCRATCH & LOTTO CROSS PROMOTION. Between February 20 and March 6, for every \$2 worth of Powerball plays purchased on a single ticket, Nebraska Lottery players will receive one \$1 Scratch ticket free. Once the qualifying Powerball ticket is printed, the terminal will automatically print a receipt for the retailer to use in order to get credit for the free Scratch ticket.



SA LOTTERIES MOVES FROM RUNDLE MALL.

After 38 years in Rundle Mall, SA Lotteries Head Office is relocating to new premises at 24-25 Greenhill Road, Wayville from Monday, 28 February 2005. The sales outlet in SA Lotteries' existing Rundle Mall Head Office closed permanently at 5pm on Tuesday 22 February, with major prizes (greater than \$500) still able to be claimed until Friday 25 February.