

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
July 25, 2005

CONGRATULATIONS

Congratulations to all individuals, companies and lottery organizations that were honored or were winners at EXPO/ILAC 2005.

LOTTERY INDUSTRY HALL OF FAME INDUCTEES:

Daniel Bower, Doris & Duane Burke, Gordon Graves, John Koza, Jean-Marc Lafaille, Lothar Lammers, Victor Markowicz, Tim Nyman, Rebecca Paul, Steve Saferin, Guy Simonis, Guy Snowden, Edward Stanek, Cal Tigner, and Lorne Weil.* *Chosen by other inductees

MAJOR PETER J. O'CONNELL LOTTERY LIFETIME ACHIEVEMENT AWARD RECIPIENT:

Daniel Bower.

LOTTERY PRODUCTS OF THE YEAR 2005 AWARD WINNERS:

Creative Games, GTECH, Scientific Games (2), SplashDot, Take-A-Ticket.

TOP TEN LOTTERY TELEVISION ADS AWARD WINNERS:

Caracas-Venezuela, El Salvador, Guatemala, Israel, Michigan, Minas de Gerais, Panama, Rio de Janeiro, Tennessee, Trinidad & Tobago.

THANKS TO EXPO/ILAC 2005 SPONSORS:

Gold Sponsor: Scientific Games

Silver Sponsor: IGT

Bronze Sponsor: GTECH

Program Sponsor: Lottery Dynamics



COMPANY ANNOUNCEMENTS

ISLENSK GETSPA, SCIENTIFIC GAMES LAUNCH SUCCESSFUL CONVERSION. Islesnk Getspa announced that the largest system conversion in Iceland's history was successfully launched on July 5th, 2005. In six months Scientific Games designed and implemented a new modern and technologically advanced online gaming system that will run over the seven-year life of the contract. The system in Iceland comprises over 300 new EXTREMA(R) terminals and an integrated central system with advanced software specifically for Iceland. A future project phase will add over 130 new STAN(R) terminals that will allow customer self-service play of online games as well as real-time credit card processing from the terminals.



AUTOTOTE ENTERPRISES & TOTE INVESTMENTS RACING SERVICE COMPLETE FIVE-YEAR SIMULCAST DEAL. Scientific Games Worldwide Sports Limited and Autotote Enterprises Inc., divisions of Scientific Games Corporation, and Tote Investments Racing Service announced the completion of a five-year deal for Scientific Games Worldwide Sports Limited and Autotote to supply simulcast services at Tote Investments Racing Service simulcast centers on the island of Barbados. The estimated contract value is \$5 million over the five-year term of the agreement. Tote Investments has operated simulcast facilities on Barbados for the past 30 years. Services are expected to commence in early August.

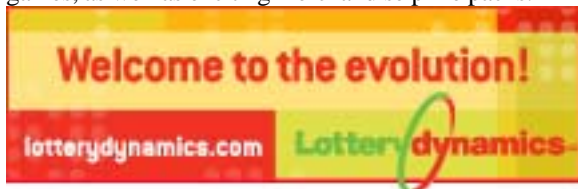


INTRALOT SYSTEM GOES LIVE IN NIGERIA. INTRALOT provided the technology for the successful launching of the Lagos State Lottery by the official operator, Orion Technologies Nigeria Ltd. On July 9th, the Lagos State Governor, His Excellence Asiwaju Bola Ahmed Tinubu and Humphrey Khoza, CEO, Orion Technologies Nigeria Ltd, attended the launching ceremony held in the EKO HOTEL. The system started

operation on July 13th. The whole network covers 600 terminals of mobile technology, with LOTOS central system as a base platform, both provided, implemented and supported by INTRALOT. The high-end technology combined with well-trained workforce guarantees effective and immediate service to customers. The new system supports the integration of new games and alternative distribution networks, including fixed and mobile telephony, Internet and digital TV.



NHL LICENSING OPPORTUNITIES RETURN. The National Hockey League drops the puck on a new season this fall and MDI announced that U.S. lotteries, after a one-year hiatus, will again have the opportunity to drop an exciting NHL-licensed instant game and promotion into their 2005-06 product plan. The original four-year agreement between MDI and NHL Enterprises L.P., announced in September 2003, was short-circuited last year because of a labor-management dispute that ultimately led to a 10-month lockout and cancellation of the 2004 NHL season. The National Hockey League Players' Association and the NHL Board of Governors formally ratified a new Collective Bargaining Agreement this month. The approximately 600-page document paves the way for the start of the 2005 NHL season and clears a path for U.S. lotteries to once again offer their players instant games featuring NHL league and related member team names, nicknames, slogans, logos, emblems, insignia, colors, uniform designs and other symbols associated with the National Hockey League, including the NHL All-Star Game and the Stanley Cup. Promotions developed under the NHL license will feature "Winner's Choice" Grand Prize NHL Experiences such as regular season ticket games, trips to see lottery players' favorite teams on the road, NHL All-Star trips and trips to NHL playoff games, as well as exciting merchandise prize packs.



GTECH INTEGRATES BILLBIRD'S PAYMENT CAPABILITY INTO ENTERPRISE SERIES. GTECH has successfully integrated BillBird's commercial services payment capability into the existing GTECH Enterprise Series(TM) system. The new solution, Enterprise Series Commercial Payments (ES-CP), offers GTECH's customers seamless lottery and commercial services operations. In September 2004, GTECH's majority-owned subsidiary PolCard S.A. acquired Billbird S.A., the leading provider of electronic bill payment and prepaid mobile recharge services in Poland. The acquisition provided GTECH with a stand-alone commercial services platform that encompassed broad system and back-office functionality, as well as comprehensive reporting and business intelligence functions. The integration of BillBird's system into Enterprise Series effectively enables lotteries -- and other future distribution partners -- to leverage existing point-of-sale terminal configurations for new revenue streams. Lotteries can connect

to bill payment clients, prepaid service providers, and a host of other payment services.



ESSNET, BOSS MEDIA TO DEVELOP OWN VLT OFFERINGS. Boss Media's is withdrawing from EssNet Interactive, a joint venture established in 2003 between Essnet, Boss Media and Tattersall's. The results have been extremely good, in part in the form of significant orders from the Norwegian state-owned gaming operator Norsk Tipping, as well as two additional projects, one in the Czech Republic (Synot Lotto) and one in Åland, Finland (PAF). Still, the convergence currently taking place in different parts of the gaming market makes it increasingly difficult for the parties not to have full control themselves over such an important part of the product offering. As a result, EssNet is purchasing Boss Media's 35-percent share in EssNet Interactive AB for an initial sum of SEK 25 million plus an additional purchase price linked to the financial outcome of the Norsk Tipping order. Additionally, Boss Media is purchasing the version of the VLT system that is being delivered to Synot Lotto and other customers for a cash payment of SEK 40 million. Boss Media will pursue the customer relationship with Synot Lotto as its own business. Boss Media and EssNet are entering a strategic partnership agreement regarding delivery of games and hardware to each company's customers.



WIN WIN TO ACQUIRE CLANPASS. Win Win Gaming, Inc. entered an agreement to acquire the assets and rights related to the ClanPass(TM) Tournament System, a suite of proprietary gaming software applications from Bijou Studios, Inc. (Bijou), a privately held developer of wireless-enabling software for electronic games. The ClanPass system consists of a suite of virtual servers that enable full interaction between players, including chat, messaging, instant challenges, creation of game server networks, and designing tournament templates. ClanPass also provides the ability to integrate third-party game servers to create and manage tournament-related transactions such as statistics, ranking, full player reports, year-to-date summaries, prize-enabling, and more.



BETEX WINS CHINA SPORTS LOTTERY DEAL. OFEX-traded online football betting specialist Betex Group has won a contract to co-manage the state sports lottery of the Chinese province of Guizhou. Dr Johnny Hon, the Cambridge psychiatry graduate-turned financier who runs Betex, says the Guizhou deal will enable the company to modernize and multiply the use of the Guizhou lottery.



VIDEO GAMING/RACINOS

RI APPROVES LINCOLN SALE TO BLB. (AP) -- The State of Rhode Island has signed a contract with BLB Investors allowing the group to run the Lincoln Park greyhound race track and video lottery parlor. The contract sets the state and park's shares of revenues from the video lottery terminals at the track. BLB is purchasing the park from a British company, Wembley PLC.



OR SLOTS DRIVING SALES INCREASE. (AP) Oregon Lottery Director Dale Penn reportedly said that lottery revenue from video games from June 5 to July 9 was up by 20% from the same period a year ago. The increase is due to the addition of 'slot-type' games to video gambling machines in age controlled venues over the last two months. Penn is also reported as saying by the media that, the lottery's goal is to achieve an increase in revenue of 17% for the two-year budget period that began on July 1. Video poker terminals provide more than 80% of the lottery's total income. Penn said he's also pleased that 82% of the 2,000 establishments with video poker have chosen to add slot games to their machines. Analysts estimate lottery games all told will net \$933 million for the state in the 2005-07 budget, after prizes and retailer commissions are paid, a 19% increase over the previous budget.



MIGHTY M BRINGS IN PROGRESSIVES. Mighty M Gaming, located just 90 minutes from New York City, announced the installation of its first video gaming progressive jackpot machines. The arrival of progressive jackpot machines make this popular Catskill gaming destination the third New York based gaming facility to offer these exciting games.



NO NEW IA CASINO BIDS. The Iowa Racing and Gaming Commission informally agreed Thursday not to issue new gambling licenses for at least 18 to 24 months. The Commission wants to give its four most recent licensees a chance to get operations up and running. The new licensees are all riverboat operations to be operated in Waterloo, Emmetsburg, Riverside and rural Worth County. All are expected to start operations sometime in 2006 or 2007. Iowa's 16 casinos took in a record \$1.1 billion in FY 2005, generating an estimated \$263 million in state, county and city taxes.

HOLLYWOOD PARK 2005 SPRING/SUMMER MEET ON PAR WITH 2004.

Hollywood Park closed its 64-day Spring/Summer Meet with total common pool wagering of \$667,016,796, down less than one-half percent from the figure of \$679,693,206 during a 65-day meet a year ago. The daily average wagered was \$10.42 million, compared to \$10.45 million in 2004. A record American Oaks Day handle of \$22 million and a 15-percent increase in wagering on Hollywood Gold Cup Day to a handle of \$19.5 million helped the track pull virtually even with 2004 after entering the final three weeks down nearly three percent. The American Oaks program, which featured five graded stakes, generated more handle than the Kentucky Derby Day program (\$21.8 million), which had annually been Hollywood Park's single biggest day since the inception of simulcast wagering in 1984. The fourth running of the Oaks belonged to the sensational filly Cesario, who dominated 11 rivals in becoming the first Japanese-bred to win a Grade I race in North America.



MTR ANNOUNCES SECOND QUARTER RESULTS.

MTR Gaming Group, Inc. announced financial results for the second quarter and six-month period ended June 30, 2005. Total revenues for the quarter rose 18% to \$97.8 million compared to \$83.2 million for the second quarter of 2004. EBITDA was \$12.1 million compared to \$13.8 million in the same period last year. Net income was \$1.6 million or \$0.06 per diluted share compared to \$3.0 million or \$0.10 per diluted share in the second quarter of 2004. Net win from slot operations at Mountaineer was \$67.3 million, producing net win-per-day-per-machine of \$230 based on an average of 3,218 machines for the current quarter compared to \$231 on an average of 3,220 machines in the second quarter of 2004. The Company's Nevada properties accounted for \$18.5 million of total revenues and \$1.1 million of EBITDA for the quarter. For the first half of 2005, total revenues rose 11% to \$175.8 million from \$158.8 million in the first six months of 2004.



WIRELESS/INTERNET

BCLC LAUNCHES MORE INTERNET PRODUCTS.

The British Columbia Lottery's most popular lottery products are now available for purchase online through PlayNow on bclc.com with the introduction of Lotto 6/49, Lotto Super 7, BC/49 and Extra. PlayNow, a secure section within BCLC's web site, was launched in October 2004 with select Sports Action games.



LOTTERY NEWS

NAJARIAN NAMED INTERIM RI LOTTERY

DIRECTOR. Rhode Island Governor Carcieri named Director of Administration Beverly Najarian as the state's interim lottery director. Lawmakers voted earlier this month to dissolve the Lottery Commission, reassigning the day-to-day supervision of gambling to the Department of Administration. The legislation calls for the appointment of a lottery director for the new division, who, once confirmed by the Senate, would hold office for a five-year term. Naming Najarian as an interim director preserves the governor's right to consider the Lottery's longtime executive director, Gerald S. Aubin, for the permanent appointment. Aubin, for now, will serve as acting chief operating official of the lottery division, reporting to Najarian.



TELC BEATS PROJECTIONS. The Tennessee Lottery saw \$844.3 million in ticket sales during its first full fiscal year of sales. Last year, state officials predicted sales of \$740.4 million in the 12 months that ended June 30, increasing to about \$768 million in fiscal 2006. The Tennessee Lottery has raised nearly \$360 million for education since it began selling tickets in 2004.

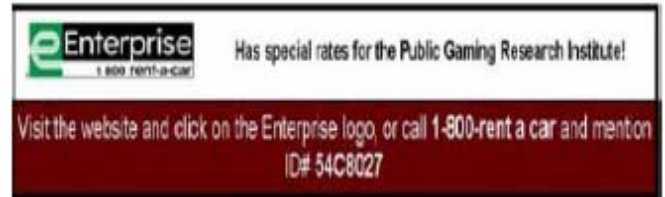


RECORD SALES FOR GLC. Georgia Lottery sales for fiscal year 2005 were the highest in the lottery's 12-year history. Lottery sales for fiscal year 2005 totalled \$2,922,332,167 – \$211 million ahead of the previous sales record of \$2.71 billion in fiscal year 2004. As a result, the Georgia Lottery's fiscal year 2005 profits transferred to the State Treasury's Lottery for Education Account will amount to over \$802,083,000. This is the largest educational transfer in GLC history, surpassing last year's record transfer by more than \$19 million. Online and instant games performed well during fiscal year 2005 with a strong boost from instant games. Instant game sales were driven by the extremely popular game \$100 Million Cash Spectacular and its corresponding promotion, Million-Dollar Hoopla.



ALC ANNUAL REPORT. The Atlantic Lottery Corporation released its 2004-05 annual report, highlighting a return of \$426 million in profit to the four Atlantic provinces, record-setting jackpot prizes, innovation in how products are delivered, and progressive responsible gaming initiatives. ALC's annual report for 2004-05 is available at: www.alc.ca/English/AboutALC/AnnualReport

NY UNVEILS ELECTRONIC PHONE KIOSKS. The New York Lottery unveiled the first ever electronic phone kiosks, which will immediately display Mega Millions jackpot amounts to New York City metro area pedestrians. This electronic type of advertising is the first of its kind in the country! The phone kiosks will employ Wireless Satellite Technology messaging to deliver the Mega Millions jackpot amounts. Messages will be wirelessly programmed using a satellite and pager network, a signal will be sent out, verified upon receipt and then automatically updated in minutes on all 100 phone kiosks utilizing a secure satellite.



TEXAS LOVES LUCY. Starting July 20, Texas Lottery players can purchase the \$2 I LOVE LUCY® scratch game, featuring five different scenes with Lucy, Ricky, Fred and Ethel in some of the funniest moments in television history. The I LOVE LUCY® scratch game features cash prizes from \$2 to \$20,000. The overall odds of winning any prize, including break-even prizes, are 1 in 4.25.

MI's PLAYER CITY ANNOUNCES TWO CONTESTS.

Michigan Lottery players will want to be sure and join Player City so they can take advantage of two exclusive, just-launched contests that include Detroit Tiger baseball and jazz concert tickets among the prizes. Player City is the Lottery's new Internet-based VIP club. Players can join by visiting www.michigan.gov/lottery and clicking on the Player City link, or by visiting www.playercity.net. Membership is free and by joining, players can take advantage of exclusive member benefits plus enter the two event ticket giveaways. One Player City member will be selected on July 29 to receive four tickets to the Detroit Tigers-Cleveland Indians game at Comerica Park on Aug. 5. An additional 100 winners will also be selected on this date to receive one dozen golf balls. Entries can be submitted through the Player City website between July 18 and July 28. Jazz loving Player City members will be humming a happy tune beginning July 21 when the first of six drawings to award tickets to the Chene Park Jazz Series will be conducted. Other drawings will be July 28, Aug. 4, Aug. 11, Aug. 18 and Aug. 25. Each drawing will award two tickets to see a different concert at Chene Park for performances by jazz greats, such as Alexander Zonjic, Hiroshima and Brian Culbertson. Entries not selected in a concert drawing will be automatically carried over into the remaining drawings.

Please submit material for next week's Morning Report by Wednesday of this week to Toddpgr2@aol.com