

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*  
March 21, 2005

### INTERNATIONAL LOTTERY & GAMING EXPO & ILAC CONGRESS 2005

*Bigger and better than ever for this year and in  
the world's most exciting gaming venue, Bellagio  
Resort Hotel, Las Vegas, Nevada, July 11-14.*

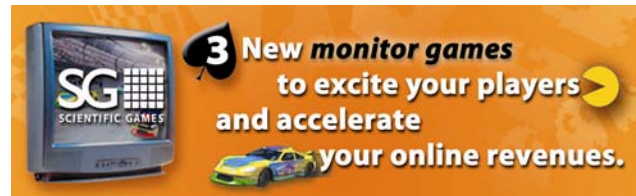
Featuring Technological advancements, innovations in  
games, as well as best management practices, advertising  
successes and successful marketing strategies for increasing  
revenues. The program will feature presentations and panel  
discussions with special emphasis on broad participation. *A  
highlight of EXPO/ILAC will be the VIP Technology Tour  
of leading suppliers with demonstration centers in Las  
Vegas. For additional information on EXPO/ILAC program  
participation, sponsorships and exhibit opportunities, e-  
mail: [susanjason@aol.com](mailto:susanjason@aol.com) or call 425-985-3157.*

### ILAC y GAMING EXPO y LOTERIA INTERNACIONAL

del 11 al 14 de julio del 2005

*Mucho mejor y más grande que nunca y en este  
año en el mejor y más emocionante lugar del  
mundo del juego, el Hotel Bellagio Resort en  
Las Vegas, Nevada, del 11 al 14 de julio.*

**Tecnología, administración, estrategias de publicidad y  
mercadotecnia para incrementar las ventas -  
presentaciones y discusiones de paneles y un visita  
tecnológica de los VIP a las compañías líderes de la  
industria del juego. Para más detalles,  
E-mail: [raquelpr2@aol.com](mailto:raquelpr2@aol.com) or call 425-765-4119.**



### COMPANY ANNOUNCEMENTS

**WASHINGTON SELECTS SMARTPLAY.** On March 9, Smartplay International, Inc. was named apparent successful bidder in the *Washington's Lottery* solicitation for an Automated Draw Machine System. With execution of this contract, Smartplay will have prevailed in the three domestic bid opportunities for digital draw systems, since introduction of their *Origin* system at NASPL 03. The *Origin* has been installed at Arizona and New Mexico lotteries.

**LOTTERY DYNAMIC PATENT APPROVED.** Lottery Dynamics LLC's patent filing covering Multiple-Priced Ticketing for a Shared Single Lottery Jackpot has been approved for issuance by the U.S. Patent Office. Lottery Dynamics Lotto Gold+™ program provides a multiple-priced ticket structure of \$1.00, \$2.00 and \$3.00 tickets playing for fixed percentages of a pooled progressive single jackpot. Additionally, through a transfer of jackpot risk from the issuing lotteries to Lottery Dynamics and its strategic partners, starting jackpots can be raised three-to-four times current levels to promote player demand for every draw. Combined with other proprietary features, Lotto Gold+™ provides the potential to increase annual profits by 40%-100% for any jurisdiction, any matrix and any currency.



**NZLC SELECTS SAP.** The New Zealand Lotteries Commission has selected SAP New Zealand Limited (SAP) as lead bidder for a new Management Information System. Contract negotiations and the finalization of system specifications would now commence and were expected to take several months. Depending on progress with contract negotiations and related issues, NZ Lotteries anticipated going live with the first phase of the project in December 2005 and with the second phase April 2006.

 **Diamond Game**

## VIDEO GAMING/RACINOS

**MACAU REVENUE ON THE RISE.** China's Macao Special Administrative Region (SAR) government recorded US\$1.8 billion from taxing the gaming industry in 2004. The Macao Financial Services Bureau reported 36.8 billion Patacas (U.S. \$4.6 billion) in gross gaming revenue. Revenue looks to be on the rise in 2005, as in January the government saw a 38.4% tax revenue increase over January 2004.



### AR HOUSE COMMITTEE APPROVES GAMING MACHINE BILL.

The Arkansas House Rules Committee last week recommended Senate Bill 999, which would call on residents of two Arkansas counties to vote on whether their two race tracks should be allowed to employ electronic games of skill. The Bill, which was approved by the Senate two weeks ago, now heads to the full House.



### OR DEVELOPERS SEEK CASINO.

Two Oregon businessmen say they have the backing they need to build the state's first nontribal casino. The proposed \$490 million gambling and entertainment complex would be built on top of the now idle Multnomah Greyhound Park. If built, the complex would become the state's largest casino - as well as the only one not run by an American Indian tribe. The Lake Oswego businessmen, Bruce Studer and Matthew Rossman, say they have already secured the backing of major financial and gambling interests, and are considering spending \$7 million to \$8 million for a 2006 ballot measure that would abolish the constitutional prohibition on nontribal casinos in Oregon. Studer, an investment adviser, said they would turn over 25 percent of their gambling revenues to the state. By comparison, around 58 percent of the Oregon Lottery's video poker revenues go the state.



**NH COMMITTEE WANTS GAMING MACHINES.** A New Hampshire Senate committee voted in favor of a proposal that would allow gaming machines at state racetracks and certain hotels. Under the proposal, tracks in Seabrook, Salem, Belmont and Hinsdale could operate 3,900 machines, and three Coos County hotels would be allowed to operate 1,800 machines. The machines would be taxed at a rate of 52%, bringing in an estimated \$252 million per year, and create approximately 3,000 jobs. The proposal now heads to the Senate floor.



**CHURCHILL DOWNS 2004 EARNINGS.** Churchill Downs Incorporated reported earnings results for the fourth

quarter and year ended Dec. 31, 2004. Net revenues for the year totaled \$463.1 million, a 4.3-percent increase over 2003. Net earnings totaled \$0.67 per fully diluted share, compared with \$1.75 per fully diluted share in 2003. The 2004 results included a one-time, \$1.6 million gain from the sale of a portion of the Company's ownership in Kentucky Downs offset by \$5.9 million in expenses related to alternative gaming ballot initiatives, \$6.2 million in non-cash impairment charges at Ellis Park, and a \$4.3 million non-cash, unrealized loss related to the terms of a convertible note issued in the fourth quarter.



### MANITOBA SEEKS NEW MACHINES.

Manitoba Lotteries plans to spend more than \$5 million this year replacing 400 slots at the two Winnipeg casinos with the latest in gambling technology. Under the plan, 200 machines will be replaced at Club Regent Casino and another 200 at McPhillips Street Station Casino (25% of the machines at the two casinos).

## INTERNET/WIRELESS

### GA HOUSE APPROVES

**INTERNET SALES.** (AP) The Georgia Lottery could start selling tickets on the Internet under a bill approved last week by the state House.

The House voted 98 to 48 to allow the lottery to set up online accounts. People could use debit cards to instruct a computer to play their favorite numbers every day without having to go to a traditional retailer. The bill would also allow the lottery to set up online-only games. The bill now heads to the Senate for consideration.



**MOBILE LOTTERY IN HUNGARY.** T-Mobile Hungary and the Hungarian Lottery, Szerencsejáték Rt., introduced Mobile Lottery, a way in which T-Mobile subscribers can gamble and buy lotto tickets via SMS. There are more than four million T-Mobile subscribers in the country.



### IRELAND LOOKING AT INTERACTIVE SALES.

The Irish National Lottery has undertaken a public procurement process that should eventually lead to Internet and Mobile lottery sales. Under an agreement with state lotteries in other countries, only people resident in Ireland will be allowed play the various games electronically.

## LOTTERY NEWS

### WASHINGTON LOTTERY GETS NEW DIRECTOR

Governor Christine Gregoire has named **Christopher Liu**, director of retail services for the Washington State Liquor

Control Board, to head the state lottery, which has 145 employees and a biennial budget of \$706 million. Gregoire said she wants Liu to increase the profitability of the state lottery, including developing new games. The lottery helps fund school budgets. Liu's salary is \$115,000 per year.

**TX PROPOSES MEGA MILLIONS CHANGES.** Today, the Texas Lottery Commission voted to propose rule amendments to the Mega Millions™ game. The proposed changes come after the California Lottery announced last month that it plans to become the 12th lottery member to join the multi-state game. Some of the proposed changes to Mega Millions include: a New Matrix (5:56 and 1:46); Boosting the starting jackpot to \$12 million; increasing second and third tier prizes to \$250,000 and \$10,000; increasing jackpot odds to 1 in 175.7 million (formerly 1 in 135 million); and bettering players chances of winning a prize (proposed 1 in 40 chance).



Wireless Information Solutions...

**TELC PASSES \$1 BILLION.** The Tennessee Lottery announced that gross ticket sales have surpassed \$1 billion after one year and seven weeks of ticket sales. In addition to the \$1 billion milestone, the Tennessee Lottery will soon share other exciting announcements, including details about its fourth computerized game, set to begin late spring, and the amount of its next transfer to the Lottery for Education Account on April 15.



**IRISH SALES UP IN '04.** Sales for the Irish National Lottery rose by 3.4% last year to E578m with all games gaining except the main Lotto draw. The Lottery transferred E191 to its beneficiaries in 2004. Sales of the main Lotto game slipped slightly, by 1.5% to E275.6 million.

**SCIENTIFIC GAMES ASSUMES PUERTO RICO OPERATIONS.** Scientific Games has taken over the operations of Puerto Rico's Electronic Lottery. The first lottery draw was held last Friday. Due to the transition between the current Electronic Lottery operator and Scientific Games, drawings for "Pega 2", "Pega 3" and "Pega 4" scheduled for Thursday night will be conducted on Tuesday.

**Trusted Draw™**  
secure electronic drawing system

by Szrek2 Solutions

**DETERMINED EXTRACTION.** Italy's national lotto game has created another way to win. Beginning Monday, March 14<sup>th</sup>, players have the option of "determined extraction," allowing them to bet on the position that one or more numbers will appear.



**PA CONGRATULATES RETAILER FOR PAT.**

Pennsylvania Governor Edward G. Rendell and Executive Director of the Pennsylvania Lottery Ed Mahlman recently took part in a ribbon-cutting ceremony to congratulate local business owner Billy Kaldes on the installation and sales success of a Player-Activated Terminal (PAT) at his restaurant, The SPOT. The SPOT's self-service, stand-alone Lottery terminal achieved sales of \$4,297 in its first week of business, the highest weekly sales from any PAT in the state to date. The Pennsylvania Lottery was the first state Lottery to introduce such units - which sell both instant and numbers games - in May 2004.



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



**CAMELOT SMS UPDATABLE DISPLAYS.**

Camelot is running a trial for a POS that allows for regionally tailored scrolling messages that can be updated via SMS from a central office. The technology,

created by Comtech, is being piloted in 100 stores.



**Please submit material for next week's Morning Report by Wednesday of this week to [Toddpr2@aol.com](mailto:Toddpr2@aol.com)**