

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
May 23, 2005

HALL OF FAME ANNOUNCED

Duane Burke, CEO of Public Gaming Research Institute is pleased to announce establishment of the **Lottery Industry Hall of Fame**. As a part of its 30-year tradition of recognizing outstanding people in the world lottery industry, the Institute has established this new award for world lottery professionals in the tradition of other established industries.

Over ten years ago PGRI established the *Major Peter J. O'Connell Lottery Lifetime Achievement Award* to honor one individual (two beginning this year), usually a lottery director, for outstanding personal service and achievement. The *Lifetime Achievement Award* will be continued. The *Lottery Industry Hall of Fame Award* will be an opportunity to honor multiple government and industry individuals for important contributions to the long-term growth and success of the lottery industry. The 2005 *Lottery Industry Hall of Fame Award* recipients will be announced June 1. Presentations will be made at 1 PM on July 12 during the EXPO/ILAC Conference in Las Vegas.

LOTTERY PRODUCTS OF THE YEAR AWARDS

Public Gaming Research Institute is pleased to also announce the *Lottery Products of the Year Awards* to highlight products introduced during the prior year that promise to be important contributors to future lottery revenues. This new award is in recognition of the importance of new products to the growth and continuing success of the lotteries everywhere. Products and the associated supplier companies to be recognized will be announced on June 15. Presentations will be made at 1PM on July 13 at the EXPO/ILAC Conference in Las Vegas.



EXPO/ILAC 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.

EXPO/ILAC FEATURES

This year's International EXPO/ILAC Conference will feature 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. Some of the latest examples of successful TV advertising will also be featured.

A highlight of EXPO/ILAC will be the VIP Technology Tour of leading suppliers with demonstration centers in Las Vegas.

CONFERENCE REGISTRATIONS for government representatives, other lottery operators and track/racino operators is complimentary. The registration fee for vendors and other commercial representatives is \$895 per person. All spouses are complimentary. A registration form is attached or you can register on-line at www.publicgaming.org. For assistance, please call: 425-985-3159.

SPONSORSHIPS & EXHIBITING:

Sponsorship and exhibit opportunities are available. Details are posted on web site: www.publicgaming.org or by calling: Raquel Orbeagozo at 425-765-4119 or Susan Jason at 425-985-3159.

HOTEL RESERVATIONS: A discounted room rate of \$159 per night is available to EXPO/ILAC Conference attendees. Please make your reservations directly with the Bellagio Hotel by calling: 702-693-7444 or 888-987-7111. Be sure to mention the name of the conference to get the discounted room rate.





COMPANY ANNOUNCEMENTS

GUATEMALA VIDEO LOTTERY BUSINESS SALE

Doris and Duane Burke have announced plans to sell ILAC de Guatemala S.A., which operates a video lottery business in Guatemala. The business generates revenue from 816 video lottery terminals in seven hotels with the opportunity to generate revenues at additional hotel locations. A portion of the revenues fund children's health care. Interested parties are invited to e-mail Duane at duaneburke@aol.com.



SCIENTIFIC GAMES WINS 2005 QUEEN'S AWARD.

SCIENTIFIC GAMES announced that its wholly-owned subsidiary, Scientific Games International Ltd. (SGIL), based in Leeds, England, has won the highly coveted Queen's Award for Enterprise in the International Trade category. "We are proud and honored to have won this prestigious award and wish to express our sincere appreciation and gratitude to Her Majesty the Queen for recognizing our contribution to both the British economy and the global economy," said Jim Trask, Managing Director, Scientific Games International Ltd. "This award is a credit to our staff of more than 500 and to our many suppliers who embrace the high quality standards to which we adhere in our daily delivery of goods and services to our global base of customers."

JCM AMERICAN SUPPORTS 9TH ANNUAL EAST COAST GAMING CONGRESS.

JCM American, is supporting the 9th Annual East Coast Gaming Congress. JCM is sponsoring registration and breakfast for the Congress' "Executive Development for the 21st Century" seminar series. The one-day colloquium was created specifically to help gaming professionals manage in turbulent times, and will include speakers from a wide range of consulting and management companies.



GTECH HOLDINGS CORPORATION COMPLETES EXCHANGE OFFER FOR SENIOR NOTES.

GTECH Holdings Corporation announced today that it has completed its offer to exchange up to \$150,000,000 aggregate principal amount of its 4.50% Senior Notes due 2009 and up to \$150,000,000 aggregate principal amount of its 5.25% Senior Notes due 2014 (the "original notes") for 4.50%

Senior Notes due 2010 and 5.25% Senior Notes due 2014 which have been registered under the Securities Act of 1933. The exchange offer expired at 5:00 p.m., Eastern Time, on May 18, 2005.

GLOBAL GAMING EXPO SHIFTS TO NOVEMBER

Global Gaming Expo (G2E) has reached an agreement with Las Vegas Convention Center officials that shifts dates for the show to November for the remainder of the decade, event managers announced today. The change will begin in 2006.

ONLINE POKER IS NEXT FOR GWIN AND CASINO SOFTWARE PROVIDER LIVE CAST MEDIA

Online sports handicapping company GWIN Inc. recently announced plans to take on the online poker industry. GWIN inked a letter of intent with online casino software provider Live Cast Media, enlisting the latter to provide its online poker turnkey software solution. GWIN plans to launch two online poker sites, WAR Poker.com and WAR Poker.net, WAR being an acronym for Wayne Allen Root, GWIN's flagship brand. WAR Poker.com will be a real money online poker site, open to international player markets, including Asia and Europe, but will exclude U.S. players, due to the iffy legal status of online casino gaming in the U.S. GWIN's second planned site, WAR Poker.net will offer online poker games in the non-rake model permitted by many jurisdictions in the United States.



PEOPLE

GONDER NAMED INTERIM MISSOURI LOTTERY DIRECTOR.

The Missouri Lottery Commission named **Gary Gonder**, director of communications, to serve as interim Missouri Lottery executive director. The commission unanimously approved Gonder during a meeting on May 12. Gonder was named acting director subsequent to the resignation of Jim Scroggins, who has accepted the position of executive director for the new Oklahoma Lottery. Scroggins last day with the Missouri Lottery is June 2. Gonder has served as the Missouri Lottery's communications director since 1992. He is a graduate of the Lottery Futures College and the Erehwon State Lottery Case Studies Program. Gonder is a past recipient of the National Association of State and Provincial Lotteries (NASPL) Powers Award and the Missouri Governor's Award for Quality and Productivity. He is a past chairman on the board of the Missouri Alliance to Curb Problem Gambling. Gonder holds a bachelor's of journalism degree and a master's of public administration degree from the University of Missouri. Prior to coming to the Missouri Lottery, Gonder served eight years as the director of the Missouri Film Commission.

ANNE TASKER JOINS TABCORP'S EXECUTIVE COMMITTEE MANAGEMENT TEAM

Managing Director and Chief Executive Officer Matthew Slatter today announced the appointment of **Anne Tasker** to Tabcorp's Executive Committee management team. Ms. Tasker has been appointed Executive General Manager Strategy and Development, reporting directly to Mr Slatter. Her most recent position was President – Europe, Middle East and Africa for Beverage Partners Worldwide (a joint venture between Coca-Cola and Nestle). Prior to this position she held the roles of Vice President Marketing and Innovation, and Divisional Marketing Director, Northwest Europe, with Coca-Cola. She was also a Regional Director and a Divisional Marketing Director with the company.

PENN NATIONAL GAMING HAS NAMED JON JOHNSON AS GENERAL MANAGER for its operations in Maine. Johnson's first task will be to oversee the state's first temporary slots facility, Miller's Restaurant on Main Street in Bangor, and the company's harness racing program at Bangor Raceway. He will also be in charge of the permanent slot facility at Bangor Raceway once it is implemented. Johnson's 28 years of gaming industry experience has included positions at some of the world's top casinos, including Caesar's Palace and Park Place Entertainment.

VIDEO GAMING/RACINOS

VLT'S OPEN AT BATAVIA DOWNS. Batavia Downs reopened Wednesday with new Video Lottery Terminals. The harness racing track now features 586 gaming terminals. \$2 million was spent to add the video gaming machines making Batavia Downs the fifth racino in the state. The track shut down last year for financial reasons and management hopes the new VLT's will mean big money for the track and community. Games include Double Diamond, Bullfroggin, Blazing 7's, and Wall Street Winners ranging from \$.01 cent to \$5.00. One-third of the wins from the machines will go to Batavia Downs and management says that cash should help the track pay off its \$9.2 million debt load within the next 10 to 12 years. Officials believe it will have a positive impact on surrounding communities.



DRAFT REGULATIONS FOR LICENSURE OF RACINOS ISSUED FOR COMMENT. Pennsylvania's Gaming Control Board held a public meeting yesterday in Harrisburg. Three items were addressed at the meeting. First, the Board heard an update on the comment process concerning the draft temporary regulations for manufacturer and supplier licenses. Second, the Board approved the issuance of draft temporary regulations providing general licensing requirements for all gaming facility operators and specific licensing requirements for category 1 ("racino") operators. Third, the Board heard a report concerning best industry practices for the Bureau of Investigations and

Enforcement. will be posted on the Board's website (<http://www.pgcb.state.pa.us/index.htm>).

AS CLOCK TICKS ON SESSION, CANTERBURY CASINO STILL IN PLAY. Gov. Tim Pawlenty's decision to pull his gambling proposal from consideration in the House doesn't spell doom this session for a proposed casino at Canterbury Park racetrack, its chief supporter said Wednesday. Rep. Mark Buesgens, R-Jordan, said that in the next few days he would bring the so-called racino proposal directly to the House floor for an up-or-down vote. He hopes for support from lawmakers worried that Pawlenty's decision leaves them \$200 million short of what they want to spend. Buesgens's bill would give owners of the Shakopee track permission to add slot machines and more table games to existing horse betting and poker tables. The state lottery would be involved in operating the casino. The House passed a budget in late March that assumed \$200 million from gambling proceeds. But it laid out a more austere course should a gambling expansion not be approved -- a spending plan too lean even for many Republicans, Buesgens said.

RACINO PLAN TESTS TRACK RECORD OF REAL ESTATE WHIZ. Jeff Gural and partners plan to spend about \$25 million to reopen Tioga Park in Nichols as Tioga Downs Racino, a track with video slot machines that's projected to create 377 jobs. The real estate magnate is trying to revive two harness tracks in upstate New York. One has been shuttered for two decades, the other festers in bankruptcy. It could cost another \$40 million to resuscitate Vernon Downs, near Utica. To succeed, Gural will need to apply his real estate specialty: renovation. Gural is president of Newmark & Co., New York City's No. 2 commercial property manager, according to Crain's New York Business.



CHURCHILL BIDS FOR 16-HOUR SLOTS

Churchill Downs officials said Thursday that they would limit operation of the hundreds of slot machines they hope to install at the Fair Grounds racetrack to an average of 16 hours a day. That is considerably more hours than many neighbors want to allow and more than the City Planning Commission voted for last week, but significantly less than Churchill had sought earlier. The final decision is up to the City Council, which is expected to decide the issue June 16.

TRUMP'S CASINO COMPANY EMERGES FROM CHAPTER 11. With a new name, a big bankroll and a challenge as big as you-know-who's ego, Donald Trump's casino company emerged from bankruptcy protection Friday. The casinos, which remained open throughout the Chapter 11 filing by Trump Hotels & Casino Resorts, now face the task of winning back gamblers who took their coin cups and wallets to rival casinos that added hotel rooms, retail developments and other attractions while Trump barely had two \$5 chips to rub together.

SCHWARZENEGGER PLANS TO BLOCK URBAN-AREA CASINOS Governor lists 200 cities in state where

he will oppose any proposal by tribes. Stepping up his opposition to tribal casinos in urban areas, Gov. Arnold Schwarzenegger said he will block any proposal to put the gambling outlets in more than 200 cities throughout the state. The move comes as an increasing number of tribes are seeking to build casinos off their reservations and follows nearly a year of fierce community opposition to a proposed San Francisco Bay area casino. Schwarzenegger issued a proclamation stating he will oppose tribes' efforts to acquire land in urban areas to build casinos. He also said he will approve casinos only if the community where the casino would be built supports the project. According to the administration, Schwarzenegger will block the development of new casinos in 204 cities large and small -- from tiny Yucaipa west of Palm Springs to Anaheim to sprawling Los Angeles.

LOUISIANA'S FINAL RIVERBOAT CASINO TO OPEN THURSDAY The 15th and final riverboat casino allowed by law in Louisiana opens Thursday as Pinnacle Entertainment Inc. unveils its \$365 million gambling resort in Lake Charles. The L'Auberge du Lac Hotel & Casino joins an already competitive fray in southwestern Louisiana for the attention and wallets of casino players from nearby Texas. The Lake Charles market already has a pair of two-riverboat complexes run by Harrah's Entertainment Inc. and Isle of Capri Casinos Inc., and a slot-machine casino at the Delta Downs race track in Vinton.



LOTTERY NEWS

IOWA LOTTERY DEBUTS FIRST EVER ELECTRONIC SCRATCH GAME A slot machine wouldn't have fit into your pocket -- until now. "Quarter Play," the world's first-ever electronic lottery card, made its statewide debut at the Southern Hills Hy-Vee in Sioux City on Monday. "If you've ever played quarter pull tabs, it's like playing 80 of those," said Karen Smith, Iowa Lottery promotions and events manager. "But instead of scratching, you're pushing." The credit card-sized game costs \$20 and comes with 80 random plays that, with a touch of the play button, appear on three small screens on the front of the card. Each play is like that on a slot machine or scratch ticket, where the three numbers on the screen must match up in the right combinations to receive points. The points are worth 25 cents each, and players can win up to \$500 with the points they accumulate. Every card is guaranteed to win at least \$3, and can be redeemed like any other lottery ticket.

APRIL A RECORD MONTH IN VIRGINIA The Virginia Lottery saw record breaking sales in April, making it the highest sales month in the Lottery's 17-year

history. The chart-topping \$130 million in sales surpassed the previous monthly record set back in 2002 by \$3 million and is 19% higher than the previous April's sales. All product categories recorded increases, and Mega Millions topped the list by increasing sales an astonishing 77.5%, which is attributed to the \$205 million jackpot on April 22. The Lottery also surpassed the \$1 billion sales mark in April and is on track to have another record sales year for FY 2005.

KANSAS LOTTERY RE-LAUNCHES ESCRATCH GAME. The new version boasts a top prize of \$50,000 and the best odds of any Kansas Lottery game to date. In addition to enjoying higher payouts and improved odds, eScratch players will be able to choose from more than 20 entertaining and interactive Internet games, including Hunting Bonanza, Groovy Hoops, Casino Golfer, Monopoly and Spin Words. "Sales of eScratch have been somewhat disappointing since the initial launch of the game one year ago," said Kansas Lottery Executive Director Ed Van Petten. "Our players have suggested ways to make the game better, and we've listened. We think Kansas Lottery players will really like the new eScratch, and we're urging them to give it a try." In addition to improving the odds, upping the top prize to \$50,000, and adding a variety of new interactive games, the Kansas Lottery has made eScratch easier to play by revising the pricing and prize payout structure and adding an optional play slip. A new Name in Lights feature, which allows players to compete for high score, is another enhancement.



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EDUCATION AT THE CENTER OF N.C. LOTTERY DEBATE.

North Carolina Senate leadership pushed a budget through the chamber May 5 with a lottery provision that might give new life to the House lottery bill. The budget's lottery provision would amend the lottery bill narrowly passed by the House in early April if the Senate votes in favor of the House measure. Several staunch opponents of the lottery voted for the budget because of strong support for other parts of the bill. "I'm forced to vote for the lottery," said Sen. Ellie Kinnaird, D-Orange. Kinnaird said she voted for the budget because it would increase the cigarette tax and includes funding for public education. The budget would raise the cigarette tax by 75 cents and would allocate education funds based on the number of school districts in a county. But Kinnaird's vote for the budget does not change her stance on the lottery. "I'll never vote for a free-standing lottery," she said. If both the Senate budget bill and the House lottery bill are passed, lottery revenue would not go to higher education, as the House bill stipulated, but fund school construction and educational programs such as Gov. Mike Easley's "More at Four" program. Rep. Bill Owens, D-Pasquotank, a primary sponsor of the lottery bill that

passed in the House by two votes, was reluctant to pass judgement on the Senate's proposed budget.

VT PROMOTIONS REVERSE TRI-STATE

MEGABUCKS DECLINE \$155 Million Powerball Jackpot Estimated for May 21 Drawing. The Vermont Lottery announced today that the Powerball jackpot for the Saturday, May 21 drawing is an estimated, annuitized \$155 million. The estimated cash value is \$87.8 million. This is Powerball's highest jackpot since December 8, 2004. While our Tri-State Megabucks sales have been declining over the last few years, innovative promotional efforts have now reversed this trend, according to Vermont Lottery Executive Director Alan Yandow. "Megabucks has been around since 1985, so we knew we had to look outside the box for new ideas," said Yandow. Megabucks promotions such as: instant cash prizes; trips; free tickets and more have reenergized player interest and, year to date, resulted in sales above projections. Yandow continued, "The Vermont Lottery is strongly committed to all Tri-State Lotto products, and continually looks for ways to increase player interest."



CAMELOT SET TO REVEAL LOTTERY GAINS.

Television presenter Kirsty Gallacher has helped National Lottery operator Camelot boost sales for the second successive year. Advertising campaigns have hit the jackpot after Kirsty launched a service that allows people to play by texting on their mobile phones and actress Fay Ripley featured as Lady Luck. Tomorrow, Camelot will report a rise in sales for the second year in a row to more than £4.7bn. Sales for the year to the end of March are thought to be £100m higher than the previous year. Chief executive Dianne Thompson, who was set to quit before Camelot began the process of bidding for a third licence next year, is now likely to stay, at least until a preferred bidder is picked in 2007. Camelot has signed up the millionth player to its website while the interactive operation has seen sales rising to about £87m from £12m in the previous year.

NEVADA DEMOCRATS TRY TO REVIVE LOTTERY PLAN.

Assembly Democrats are trying to breathe life into their Nevada lottery proposal - an idea that seems like a natural for this gambling state but is opposed by Senate Republicans. Although AJR2 was voted down earlier this session by the Senate Judiciary Committee, Assembly Speaker Richard Perkins, D-Henderson, said Monday he's negotiating with leaders in the GOP-controlled Senate in efforts to orchestrate a lottery comeback. Advocates said a lottery could generate up to \$50 million a year in state revenues that could be used to help pay for school supplies and class-size reduction.

HOUSE VOTES TO END SPORTS LOTTERY

GAMES. After two decades without the NCAA basketball tournament, the state of Oregon moved one step closer Friday to getting it back. The Oregon House voted 51-0 to pass House Bill 3466, which would abolish state-run sports

lottery games. The vote marked the most significant movement in the debate over Sports Action, a game founded in 1989 to help fund athletic departments at the state's seven public universities. In 1999, Senate Bill 455, which also aimed to abolish the game, died in committee. The bill will replace the sports lottery money by earmarking for athletic departments 1 percent of the lottery's Administrative Services Economic Development Fund. The bill stipulates that 70 percent of that money should fund non-revenue-producing sports, and 50 percent of the total should fund women's sports. The bill moves to the Senate, where it probably will face more opposition than it did in the House. Among its opponents is the Oregon Education Association, which represents 43,000 educators.

NEBRASKA LOTTERY INTRODUCING NEW LOTTO GAME.

The Nebraska Lottery is introducing a new Lotto game, developed in part as a result of direct player input. Nebraska Pick 3 will go on sale across the state at 6 a.m. on Sunday, May 22. The first Nebraska Pick 3 drawing will be held on Monday, May 23. Nebraska Pick 3 drawings will be held six days a week, Monday through Saturday. Drawing results will be released to the news media and the public by 10 p.m. each night. Prizes in Nebraska Pick 3 will range from \$1 to \$600. The odds of winning will range from 1 in 4.12 to 1 in 1,000. In all, there will be 9 ways to win. Nebraska Pick 3 will give players the chance to not only select the numbers they wish to play, but also the opportunity to decide what type of play style and potential prizes to play for.

EMPLOYMENT ADS

Job Announcement Lottery Sales Manager
Resumes are being accepted for the statewide Sales Manager position with the New Mexico Lottery Authority (NMLA). We are seeking an energetic, highly motivated individual with prior management/supervisory experience and proven creative and innovative sales techniques for increasing sales. Duties include, but are not limited to; sales management and supervision of outside field staff and inside customer service staff responsible for the sales of lottery products through a statewide retailer base, planning and implementation of sales promotional campaigns, and providing and maintaining statistical data related to sales. Bilingual a plus. Frequent travel within the state is required. Salary will be commensurate with experience. Salary range is \$41,600 to \$62,400. Incentive plans available as approved by the Board of Directors. A Bachelor's degree in Business Management or Marketing is preferred. Candidate must possess a valid NM driver's license with a good driving record and be insurable for standard vehicle insurance. Must pass an extensive background check. Position open until filled. Send resume and cover letter to: HR Department, PO Box 93130, Albuquerque, NM 87199-3130 or fax to 505-342-7525. EEOE.

Please submit material for next week's Morning Report by Wednesday of this week to Toddpr2@aol.com

LOTTERY PRODUCTS OF THE YEAR AWARD

Public Gaming Research Institute's
LOTTERY PRODUCTS OF THE YEAR AWARD

This year, for the first time, Public Gaming Research Institute is expanding the awards program at its EXPO/ILAC Conference in Las Vegas to include the category, "***Lottery Products of the Year***". The objective is to bring to the attention of everyone in the lottery industry important new products that have shown promise of being important, long-term contributors to the revenue successes of the lotteries. Following are details. We invite you to submit an entry by June 6. We expect that product winners will see a marked increase in interest in their products by lotteries around the world.

A product may be submitted for consideration by either a lottery representative or a representative of the manufacturing company. Who submits the entry will not influence the judging. Products will be judged by a panel of lottery directors.

Entries should be in letter form addressed to:
LOTTERY PRODUCTS OF THE YEAR AWARD
Public Gaming Research Institute, Inc.
E-mail: susanjason@aol.com

Entries should include the following information and should take not more than two pages in MS Word or PDF file format attached to the entry e-mail:

1. Name of product
2. Manufacturer of product
3. Description of product
4. Explanation of how product is used
5. Statement of when and where product has been implemented
6. Statement of revenue results from implementations
7. Pictures of product in jpg format
8. Any other information likely to be helpful in judging the product
9. Contact details should the judges wish to contact someone regarding your entry

There will be multiple awards. Winners will be announced via e-mail by PGRI on June 15. Awards will be presented on July 13th during PGRI's EXPO/ILAC Conference at the Bellagio Hotel in Las Vegas.
EXPO/ILAC registration information is available at www.publicgaming.org.

ENTRIES MUST BE RECEIVED AT PGRI BY JUNE 6 FOR CONSIDERATION.

Thank you for your interest in PGRI's ***LOTTERY PRODUCTS OF THE YEAR AWARD***. Best of luck.

Duane Burke
CEO
Public Gaming Research Institute, Inc.