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GAMING

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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
September 26, 2005

COMPANY ANNOUNCEMENTS

KANSAS TO OFFER ELECTRONIC GAME CARD.

Scientific Games announced the Kansas Lottery will become the second in the nation to offer its players the advanced Electronic Game Card, now that the Kansas Lottery Commission has approved the award-winning game. Kansas expects to launch the yet-to-be-named game in November.

LOTTERY GETS NEW BETWARE INTERNET

GAMES. Betware has delivered six new Instant Scratch Games to the Danish Lottery, Dansk Tipsjeneste. These six games, launched to the public on September 13, 2005 are: Crossword (Bogstavjagt); Eldorado; Sea Battle (Sænke Slagskribe); and Miniquick, Quick Lucky Number and Quick Match 3 (All three games are variations on the original scratch game). The customer may choose a "demo mode" of all these games to familiarize himself with how to play them. Betware and Dansk Tipsjeneste have been working together since 2001, where Betware's platform has made it possible for Dansk Tipstjeneste to offer the games that are sold at retailers also to be sold on the Internet. The games sold on the Internet are: sports action games, lotto games, keno and joker and now, the instant scratch games. Betware has also successfully installed and included a new instant bet generation and audit system for these games. The system, called Trusted Play™ will be used to generate the bet outcomes for instant games offered by Dansk Tipstjeneste. The Trusted Play™ system, developed by Szrek2Solutions based in the USA, will be used by Dansk Tipsjeneste to verify the integrity of the instant game outcomes produced as well as satisfy remote audit requirements of the Danish Gaming Board.



JCM AND TRANSACT SIGN LETTER OF INTENT.

Creating an even more convenient environment for their customers, JCM American Corporation and TransAct Technologies Incorporated announced a letter of intent which will bring together the sales efforts of the two leading bill acceptor and printer brands. Under the letter of intent, JCM's sales force will begin 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 will also work together to offer world-class service and support for TransAct printers by utilizing the network of sales and service centers that JCM already has in place. Under the agreement, JCM will phase out its TSP-02 printer.



BETWARE INTEGRATES SGI CENTRAL SYSTEM

IN ICELAND. Betware integrated its secure gaming solution to the Scientific Games central system bought by Icelandic lottery companies Islenskar Getraunir and Islenskar Getspa on July 4, 2005. The Betware solution was already running on the Lotteries' old system provided by GTECH and the change from the old system to the new Scientific Games one was quick and easy for Betware.



BALLY TO PROVIDE RESORTS' SOLUTIONS.

Bally Gaming has entered into an agreement with Resorts International Entertainment to provide all of Resorts' casino operations in Nevada, New Jersey, Mississippi and Indiana with a complete systems solution. Bally Systems already provides casino management solutions at both Resorts Atlantic City and the Las Vegas Hilton. In total, more than

10,000 slot machines operated by Resorts will be linked by Bally Systems technology.

ALC SIGNS WITH OGT. The Atlantic Lottery Corporation has awarded Oberthur Gaming a five-year contract for the production of the majority of the volume of its instant lottery tickets. This contract includes the possibility of a two-year extension, for a total of seven years.



PEOPLE

Scientific Games Corporation announced the appointment of Gerald J. Ford to serve as a member of the Board of Directors of the Company, effective September 14, 2005. Mr. Ford's appointment fills the vacancy on the Board created by the retirement of Colin J. O'Brien, which was effective on September 9, 2005. Mr. Ford will also serve on the Nominating and Corporate Governance Committee of the Board and the Compliance Committee of the Board. Mr. Ford has been a financial institutions entrepreneur and private investor involved in numerous mergers acquisitions of private and public sector financial institutions over the past 30 years.



VIDEO LOTTERY/RACINO

OREGON TO REPLACE 4,300 MACHINES. (AP) Thousands of Oregon's video poker machines are headed to the recycler, to be replaced by new ones capable of handling the popular new line games. The Oregon Lottery intends to replace all the older terminals by spring 2006, beginning with 2,300 in October. Another 2,000 machines will be replaced in early 2006. Roughly half of the older machines scheduled to be replaced lack the capacity to offer slot machine-style line games, which the state began offering in May. Since those games went online, Lottery profits are up by 19 percent compared to the same period a year ago, lottery spokesman Chuck Baumann said. The first phase will cost \$22.3 million for 2,300 terminals; the state hasn't yet bought the second batch but the projected rate is about \$8,000 apiece.



BETHLEHEM REJECTS GAMBLING BAN. The Bethlehem, PA City Council rejected a proposal to ban gambling in the zoning areas that include the former Bethlehem Steel plant, opening the way for developers to seek a license for slot machines at the site. Developers have promised to preserve many of the historic Bethlehem Steel buildings as part of their plan to build a slots casino, shopping mall and hotel, among other things. The decision allows the Sands and developer BethWorks Now to seek a gaming license for the project in south Bethlehem. A 3,000-machine slots parlor is part of a bigger development plan that includes a hotel, an upscale mall, a National Museum of Industrial History and other amenities.



LOTTERY NEWS

MEITH TO HEAD CALIFORNIA LOTTERY. Melissa Meith will replace Chon Gutierrez as acting director of the California Lottery. Gutierrez, who retired in August, had been acting director since December 2004. Ms. Meith has been legal counsel for the lottery.

MICHIGAN PASSES \$2 BILLION MARK. For the first time in its 33-year history, the Michigan Lottery has surpassed the \$2 billion sales mark. Lottery Commissioner Gary Peters said the Lottery's unaudited revenue report of September 19 shows a year-to-date sales total of \$2,012,132,020. The current fiscal year ends on September 30, so revenues will be even greater than the September 19 total, Peters said, and will far exceed FY 2004's total of \$1.97 billion. According to Peters, the Lottery is on track to exceed the record FY 2004 contribution of \$644.8 million to the fund when final figures are compiled at the end of the fiscal year.



MO TOPS \$2.5 BILLION. Missouri Lottery proceeds to the state of Missouri, including education, topped \$2.5 billion with the Lottery's monthly transfer of \$18.1 million. The September transfer of \$18,118,260 to the Lottery Proceeds Fund for public education brings the total transferred for the fiscal year to more than \$52 million and the total transferred since the Lottery began in 1986 to \$2,510,309,366.

TEXAS TRANSFERS MORE THAN \$1 BILLION.

The Texas Lottery® transfer to the Foundation School Fund for Fiscal Year 2005, ending August 31, totaled \$1.016 billion. It is a 1.3 percent increase over the last fiscal year, which totaled more than \$1.003 billion. It also marks the second consecutive year the lottery has transferred more than \$1 billion back to the state for public education. Sales for all Texas Lottery products, totaling \$3,662,462,838, were up 5 percent over FY 04, which totaled \$3,487,924,569. Players won prizes in excess of \$2.2 billion, and more than 16,000 lottery retailers earned more than \$186 million in commissions and bonuses. Instant tickets accounted for \$2.7 billion, or 73.9 percent, of total sales, Lotto Texas® registered \$306.7 million, Mega Millions \$177.4 million, Megaplier accounted for more than \$40 million, Pick 3® took in nearly \$285 million, Cash Five® accounted for \$102.6 million, and Texas Two Step® sales totaled more than \$45 million.



NEBRASKA'S BIG RED BUNCH. Nebraska sports fans have a new way to show their support. The Big Red Bunch fan club is a special offering this year between the Nebraska Lottery and Pinnacle Sports, which broadcasts University of Nebraska athletics—including football, baseball and basketball. Big Red Bunch fan club benefits include unique knowledge of Nebraska athletics and the chance to win various prizes. The Big Red Bunch is hosted on the Nebraska Lottery website, www.nelottery.com.



LA FRANCAISE DES JEUX LAUNCHES 7EXTRA. On September 15, La Française des Jeux launched an innovation in its instant games range with a brand new concept: **7Extra**. 7Extra is the first La Française des Jeux instant offered at the **€10 price point**. The 2005 edition of the game is based on money theme (dollar, cash, ingot, banknote, gold...) and mixes different sized games and different ways to play. 7Extra is presented in a sealed pack and contains a strip with 7 different new scratch games as well as 1 bonus game. Tickets can be separated from the strip to claim prizes independently, but cannot be sold separately. 7Extra offers: a very high winning frequency: 1 pack in every 4 wins €10 or more (for a production of 750,000 packs); every pack guarantees a €3 winning ticket or more; a high prize payout: 70%; a top prize of €100,000 – top prize (bonus excluded); 12 level prizes; and several low and mid-level prizes (in particular €50 & €100).



MOSCOW LOTTERY. Olympic Lottery, an online lottery game, before the end of the year. Yuvenga holds the license to conduct and operate an online lottery in the Moscow city and the surrounding territory through 2013. Proceeds will benefit of social services and sports clubs in Moscow as well as support the Russian Olympic Committee.



MANITOBA LOTTERY AWARDED CARBON

NEUTRAL. Manitoba Lotteries Corporation (MLC) has been awarded the status of a “carbon neutral organization” by The Tree Canada Foundation.. MLC is the first Gaming organization in Canada to receive this status. As part of Manitoba Lotteries' commitment to sustainable development, MLC minimizes its energy use through preventative maintenance programs in addition to looking for economical energy alternatives to operate its business. To date, these programs have resulted in energy cost savings of nearly \$1 million. In an effort to further reduce and offset the harmful effects of greenhouse gas emissions associated with its operations, MLC, with guidance from The Tree Canada Foundation is funding annual tree planting programs to re-absorb the greenhouse gases emitted and achieve carbon neutrality.

NEW SOUTH WALES LOTTO ANGELS.

NSW Lotteries sent out “*Lotto Angels*” to Western Sydney service stations to give away 1,000 free entries in the big \$19 million Lotto Super Draw held on Saturday September 17. The tickets were handed out to motorists filling up their cars in the suburbs of Lidcombe, Auburn, Granville, Parramatta, Guildford, Cabramatta, Liverpool, Warwick Farm, Yagoona, Bankstown and Chullora between 11am and 4pm on Friday 16 September.

NEW ZEALAND LOTTERY LAUNCHES NEW

WEBSITE. New Zealand Lotteries Commission launched its new-look website, bringing fresh information to players in a more user friendly format. NZ Lotteries games, Lotto, Strike, Powerball, Instant Kiwi and Keno, each have their own dedicated section with a look and feel reflecting each particular game's brand. The new site also features a newsroom section and image gallery for news media to use. Another improvement to the site is more information on the community winners who receive funding from NZ Lotteries profits.

PGRI Thanks Our EXPO/ILAC Sponsors!



**SAVE THE DATES FOR 2006
PLAN TO ATTEND
PUBLIC GAMING RESEARCH INSTITUTE'S
SMART-Tech 2006 CONFERENCE
And
EXPO/ILAC 2006
INTERNATIONAL CONGRESS**

SMART-Tech and EXPO/ILAC will be back in Las Vegas again next year, by popular demand, in February and July, respectively. The 2005 meetings at the Bellagio were more successful than ever and most who attended expressed their appreciation for this new venue for these annual PGRI conferences.

We are in the process of choosing hotels for next year's meetings and expect to be able to announce the specific dates and hotels for 2006 in August.

For those of you who attended this year, thank you, we appreciate your participation. We hope that you will join us again in 2006.

In the meantime, we welcome program suggestions and other comments from everyone for next year to enable PGRI to continue making SMART-Tech and EXPO/ILAC "Must Attend" meetings.

Send notes to: susanjason@aol.com.

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There is no better time to start advertising in *Public Gaming International* magazine than the *September issue* which will be distributed at two of the world's most important gaming shows, G2E in Las Vegas and the annual conference and trade show of the North American lottery industry, NASPL 2005 in Minnesota.

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2. Advertorial or editorial coverage space to complement your ad;
3. Distribution at the G2E trade show in Las Vegas in September;
4. Distribution at the NASPL 2005 lottery trade show in Minnesota in September;
5. Monthly print and electronic distribution of the magazine to 22,000 key people in government and gaming around the world;
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Please submit material for next week's Morning Report by Wednesday of this week to Toddpgri2@aol.com