

# **Progressive Gaming signs definitive agreement with Shuffle Master on table-game division**

Progressive Gaming International announced that it has executed a purchase agreement with Shuffle Master, whereby it will acquire Progressive's worldwide Table Game Division assets, including the worldwide rights and lease contracts for all of the table game titles including Caribbean Stud and Texas Hold 'Em Bonus.

The agreements also include a „Software Distribution License Agreement“ under which PGIC will be the exclusive provider of progressive table technology to Shuffle Master, with certain exceptions, and will immediately integrate this technology with certain versions of Shuffle Master's specialty table games.

Closing is subject to PGIC's satisfaction of certain customary conditions and payment of the USD 19.8 million by Shuffle Master described below. Shuffle Master expects that closing should occur during the next several days.

Additionally, the parties have agreed to enter into a 5-year „Technology License“ to integrate Progressive's Casinolink Jackpot System progressive jackpot system module for use with Shuffle Master's progressive specialty table games.

Under these arrangements, Progressive will receive upfront payments of approximately USD 23.4 million, of which USD 20.4 million is to be paid at closing and USD 3 million to be paid upon the initial integration of Progressive's CJS system with Shuffle Master's tables, which the parties expect to complete in the 2007 fourth quarter.

The Purchase Agreement also provides for earn-out payments based on the installed base growth of the TGD assets through 2016, including USD 3.5 million in guaranteed minimum payments. Progressive will also receive recurring monthly royalty payments for the placement of Progressive's CJS on Shuffle Master's specialty table games.

Roth Capital Partners, LLC has provided a fairness opinion and analysis to the Board of Directors of the Company. The analysis provided estimated that the net present value of the consideration expected by the management of the Company to be received in the Transaction is between USD 37.4 million and USD 46.5 million.

Upon completion of the acquisition of Progressive's worldwide TGD assets, Shuffle Master, the world's leading provider of specialty table games, will own the worldwide rights and contracts for all of Progressive's specialty table game titles including Caribbean Stud and Texas Hold 'Em Bonus Poker.

Under the Technology License, the parties will immediately integrate Progressive's CJS progressive jackpot system module for use with certain versions of Shuffle Master's specialty table games. The CJS module generates jackpot awards and heightened player awareness and play levels in a similar manner as slot machine progressive systems.

Russel McMeekin, President and CEO of Progressive Gaming International Corporation, commented: „The sale of our Table Game Division will complete our transition to a company that is solely focused on achieving sustainable revenue growth from high-margin recurring systems' placements. We intend to use the upfront cash proceeds from this transaction as well as the majority of proceeds from the strategic financing that was completed last month to repay a significant portion of our outstanding debt. The effect of this debt reduction will be a significant decline in our interest expense which will be immediately accretive to our cash flows and earnings. We are

also actively reviewing opportunities to restructure our remaining outstanding debt in a manner that will further strengthen our balance sheet.”

„Importantly, the sale of our Table Game assets to Shuffle Master places our flagship brands in the hands of the premier worldwide supplier of specialty table games which we believe will ensure the continued growth of these assets on a global basis,” he concluded.

Mark L. Yoseloff, Ph.D., Shuffle Master Chairman and CEO said: „We look forward to adding Progressive Gaming’s Table Game Division assets to our specialty table game portfolio which includes the majority of the industry’s top performing titles and anticipate that this transaction will be immediately accretive from both an EBITDA and earnings-per-share perspective. Additionally, PGIC’s progressive technology will enable us to offer exciting progressive jackpots on many of our popular games, an enhancement that we believe will add a new element of excitement to some of our top-performing titles.“