

JUDr. Josef Cupka

Insolvency Administrator for SAZKA, a.s.

Trojanova 18 120 00

Prague 2

By e-mail, courier

Attn:

Municipal Court of Prague

Slezská 9, 120 00 Prague 2

JUDr. Josef Novotný, Chairman of the Creditors' Committee

Vinohradská 1511/230, 100 00 Prague 10

Debtor: SAZKA, a.s.

File No.: MSPH 60 INS 628/2011

FORTUNA Sázková Kancelář a.s.,
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bank connection: 2000005329/0800, ID#: 00418382, Tax ID#: CZ00418382
FORTUNA Sázková Kancelář a.s. is entered in the Commerical Register of the Municipal Court
of Prague, Section B, Entry 60

Offer to Purchase a Portion of the Business of SAZKA, a.s.

Dear Administrator,

We are contacting you as the insolvency administrator for the debtor SAZKA, a.s., ID#: 471 16 307, headquartered in Prague 9, K Žižkovu 851, Postal Code 190 93 (hereinafter **"Debtor"**) regarding an offer to purchase the business of SAZKA, a.s. by FORTUNA Sázková Kancelár a.s., IČ: 004 18 382, headquartered in Prague 1, Vodičkova 30, Postal Code 110 00 (hereinafter **"Fortuna"**).

On January 17, 2011, based upon a proposal by Moranda, a.s., ID#: 281 71 934, headquartered in Prague 1, Václavské náměstí 1601/47, Postal Code 110 00, insolvency proceedings were initiated against the assets of the Debtor, as recorded by the Municipal Court of Prague in File No. MSPH 60 INS 628/2011 (hereinafter **"Insolvency Proceedings"**). The Debtor was found to be insolvent under an order by the Municipal Court of Prague, dated March 29, 2011, Ref. No. MSPH 60 INS 628/2011-A-153.

At a meeting of creditors on May 27, 2011 held under Art. 150 of Act No. 182/2006 Coll., on Bankruptcy and Settlement (the Insolvency Act), as amended (hereinafter **"IA"**), a resolution was adopted calling for the Debtor's insolvency to be resolved by bankruptcy. Today, the Municipal Court of Prague has issued a declaration of bankruptcy (Ref. No. MSPH 60 INS 628/2011-B-244).

In accordance with Art. 290 of the IA, the insolvency administrator is entitled to monetize the Debtor's business using a single contract.

In view of the nature of the Debtor's business and the extent of the Debtor's assets, monetizing the Debtor's business (or the lottery, betting and game portion thereof) as a unit is the most favorable variant for the insolvency proceedings. In our opinion, this will bring a higher profit than sale of individual assets belonging to the Debtor's asset basis.

Because of the above noted phase of the insolvency proceedings against the Debtor, we anticipate that when the bankruptcy resolution takes effect legally, you will begin monetizing the Debtor's asset basis.

As you are certainly aware, Fortuna is a part of the FORTUNA ENTERTAINMENT GROUP gaming holding company, whose market capitalization currently exceeds CZK 7 billion. Fortuna has been active in the Czech Republic for more than 20 years and in May, began selling lottery tickets, as well. Fortuna plans to begin a number lottery in the coming weeks. We trust that the status and reputation of Fortuna in the Czech gaming and lottery marketplace is a sufficient guarantee of the fact that the well-liked lotteries and betting games which have been operated by the Debtor will continue operation in a dignified manner and that Fortuna may become a suitable platform for reviving these traditional games and creating a national champion.

If the Debtor's assets are acquired, Fortuna will feel an obligation to support the Debtor's existing shareholders and provide financing for Czech sporting activities, which Fortuna anticipates will amount to CZK 300 million per year.

Fortuna is a responsible employer. Accordingly, Fortuna declares that if it acquires the assets of the Debtor, it will ensure that the Debtor's existing employees continue to have jobs at Fortuna.

We therefore hereby submit a responsible offer of serious intent to purchase the asset basis of the Debtor or a portion thereof, with a focus on the operation of games and lotteries.

Offer to Purchase the Asset Basis of the Debtor

The method by which the sale of the Debtor's asset basis will take place is not yet clear, i.e., it is not certain whether it will involve

- (i) the sale of the entire asset basis in a single contract,
- (ii) the sale of a portion of the asset basis, i.e., a portion of the business or other clear-cut, interlocking group of the Debtor's assets,
- (iii) the sale of individual assets owned by the Debtor, or
- (iv) another method,

Because of this – although we prefer to purchase a clear-cut portion of the Debtor's assets – please do not interpret description below of a portion of the asset basis as the only possibility. We would like to expressly state that if a method is selected for sale of the asset basis other than that we describe in the offer below, we are prepared to make immediate modifications to the offer so that it corresponds with the method of sale chosen.

In keeping with the above, we hereby state that **Fortuna is submitting a serious offer for the purchase of a "portion of the business" of the Debtor, focusing on the Debtor's existing lottery activities (the so-called core business),**

including, among other things, the Debtor's trademarks, functional contractual relationships with key suppliers (particularly contracts involving lottery and non-lottery activities, a financial and technical leasing contract with GTECH, contracts for the use of key software for the operation of lottery and non-lottery activities using the online terminal network), lottery equipment, patents and utility models, 100% of the stock of KPS Media, a.s., and any other assets relating to the operation of lottery or non-lottery activities via the online terminal network.

Fortuna is prepared to pay a price in the range of CZK 2.0-2.5 billion for this "portion of the business".

The amount paid by Fortuna for the indicated portion of the Debtor's business will depend upon the condition and extent of the Debtor's assets transferred to Fortuna. **The amount paid by Fortuna for a portion of the Debtor's business will be a minimum of CZK 2.0 billion.**

Although Fortuna would prefer to take on all assets and rights arising under contractual relationships concerning the operation of the Debtor's lottery and non-lottery activities via the online terminal network, **we hereby expressly confirm** that if the Debtor's asset basis (or a portion thereof representing the Debtor's main activity) is not monetized in a single contract but rather as individual assets, **Fortuna will be interested in acquiring these individual assets** (see the example listing in the prior paragraph).

By way of illustration, we are offering 30%-35% of the total offer price indicated for the Debtor's trademarks. For rights stemming from functional contractual relationships concerning the operation of lottery and non-lottery activities via the Debtor's online terminal network, we are offering 65%-70% of the total indicated offer price.

Method of Sale of the Asset Basis

In terms of the method used for the sale, **we presume that the Debtor's asset basis will be monetized in keeping with the Insolvency Act, as well as in a manner which maximizes the profit earned from the monetization process for all declared creditors. Our priority is to see that our participation in the monetization of the asset basis is done in a manner sufficiently transparent to ensure that at no time in the future will any doubt or speculation arise as to whether the process was clean and legal.**

In this regard, we would like to request explicit assurance that monetization of the Debtor's asset basis will not be carried out hastily before the bankruptcy resolution has taken effect legally, to guarantee transparency and a maximally beneficial, fair monetization for creditors; since (i) the Debtor's business, portion thereof or individual assets of the Debtor do not represent "*items directly threatened with destruction or devaluation*", and (ii) due to the Debtor's position as the dominant operator of lotteries and betting games and the largest contributor to the public good, the scale and importance of the Insolvency Proceeding and the consequences of a hasty sale of the asset basis, there is no justification for requesting the Insolvency Court to permit an exception that would allow the asset basis to be sold before the bankruptcy declaration takes legal effect, since, if the bankruptcy decision were to be rendered invalid, it might lead to unprecedented meddling in the Debtor's economic affairs.

We therefore expect monetization of the asset basis to take place after the bankruptcy decision has come into effect, either

(i) at public auction, or

(ii) in an open tender procedure,

and that this will be done in a manner and under conditions enabling participation in the auction or tender by the broadest possible range of candidates, including both financial and strategic investors, who will be properly acquainted in detail with the scope, legal and factual status of the asset basis, as well as with all legal, commercial, technical and other relevant circumstances significant for making decisions on particular investments by standard institutional investors engaged in international commerce.

In view of this, Fortuna anticipates that negotiations concerning this offer will permit standard legal, tax and accounting due diligence to be carried out to the extent typical for this type of transaction.

It is our opinion that it will be in the interest of all creditors involved in the insolvency proceeding to see that the conditions and manner by which the Debtor's asset basis is monetized do not betray the trust of creditors or the public that the insolvency proceeding is being carried out in a way which is legal, transparent and honest.

Temporary Disposition of the Asset Basis

We would like to further state that if, as administrator, you consider it beneficial for the business or a portion thereof to be operated until such time as monetization takes place by leasing the business or a portion thereof, or individual assets of the Debtor, or if the Creditors' Committee or insolvency court asks that you do so, we are prepared to make a corresponding financial offer on the lease immediately upon your decision being made public. However we anticipate that just as with the sale of the asset basis or a portion thereof, lease of the asset basis or portion thereof will proceed in a manner which is careful, prudent and transparent.

In the immediate future, Fortuna will submit a request that its purchase or lease of the Debtor's assets under the scenario indicated be approved by the Office for the Protection of Competition.

Fortuna declares that it will use its own resources via the FORTUNA ENTERTAINMENT GROUP to finance the purchase/lease of the Debtor's assets, or the resources of the majority shareholder of FORTUNA ENTERTAINMENT GROUP. FORTUNA ENTERTAINMENT GROUP and its majority shareholder have approved and fully support this offer.

With this letter, we declare that we are ready at any time to begin negotiations with you as administrator, as well as to take the factual and legal steps standard for the negotiation of offers to purchase/lease assets.

We would ask the chairman of the creditors' committee to please see that all members of the creditors' committee are acquainted with the content of this offer from Fortuna.

Best regards,

Martin Todt

Chairman of the Board, FORTUNA Sázková Kancelár, a.s.

Jiří Bunda

Member of the Board, FORTUNA Sázková Kancelár, a.s.