

To: Lottery, Video Gaming & Racino Executives  
Interested in Growth, Expansion & Added Success



Your weekly supplement to  
**Public GAMING International Magazine**  
November 14, 2005



## COMPANY ANNOUNCEMENTS

**SCIENTIFIC GAMES CHOSEN BY VT.** Scientific Games has been named the apparent successful bidder for the Vermont Lottery's instant ticket contract. The contract is set to begin in December of 2005 for an initial term of two.

**MDI SIGNS AMERICAN IDOL.** American Idol®, the hit reality show that has rapidly become a television phenomenon over four seasons, is about to become a star with lottery players. MDI Entertainment, a wholly-owned subsidiary of Scientific Games Corporation announced its agreement with FremantleMedia, co-producer and licensor of American Idol for branded scratch off lottery tickets. As part of the agreement, MDI has obtained exclusive rights to use the show's name, image and logos for instant scratch lottery tickets in the US and Canada. In addition, MDI will provide an incredible line of custom and unique American Idol merchandise for use in promotions, 2nd-chance drawings and incentive programs. From the East Coast to the West, 22 states are currently represented by American Idol finalists, almost all of which operate lotteries. To date, three



state lotteries have already committed to carrying the game with more indicating they want the game in their line up by March, when the intensity of the show skyrockets with the finalists being voted off.

### SCIENTIFIC GAMES REPORTS THIRD QUARTER.

Scientific Games reported that third quarter 2005 revenues increased 10% to \$196.8 million from the \$179.3 million reported in the third quarter of 2004. Net income declined to \$19.2 million, after reductions for \$7.3 million of unusual charges, or \$0.21 per diluted share in the third quarter of 2005 compared to net income before preferred stock dividend of \$21.5 million or \$0.24 per diluted share in the third quarter of 2004. Excluding these unusual charges, net income for the third quarter would have been \$24.9 million or \$0.27 per diluted share, an increase of 16% over the prior year period. EBITDA was \$48.3 million in the third quarter of 2005 as compared to \$53.5 million in the third quarter of 2004. The 2005 results have been reduced by unusual charges of \$5.1 million in connection with the Company's Pari-mutuel Group and \$2.2 million relating to instant ticket manufacturing defects that occurred during the third quarter. Excluding these unusual charges, EBITDA for the third quarter would have been \$55.6 million, a 4% increase over the prior year period. For the nine months ended September 30, 2005, revenues increased 7% to \$578.8 million compared to \$542.9 million for the corresponding period of 2004. Net income increased 6% to \$65.0 million or \$0.70 per diluted share compared to net income before preferred stock dividend of \$61.4 million or \$0.68 per diluted share in the corresponding period of 2004. EBITDA increased to \$158.4 million in the first nine months of 2005 from \$157.8 million in the first three quarters of 2004. Excluding the \$7.3 million of unusual charges, EBITDA for the period would have been \$165.7 million, and net income for the period would have been \$70.3 million or \$0.76 per diluted share, an increase of 14% over the prior year period.



**OGT SIGNS WITH POPCAP GAMES.** Oberthur Gaming announced the signature of a three-year contract with PopCap Games for the exclusive use of three of the most popular casual games worldwide: Bejeweled, Bookworm and Zuma. The license agreement encompasses all lottery products, including instant scratch games and pull tabs, as well as Internet and online games.

**ATRONIC ENTERS RHODE ISLAND.** Atronic announced its entry into the Rhode Island gaming market with its first VLT installation at one of Rhode Island's premier gaming venues, Lincoln Park. Atronic has already provided Lincoln Park with 125 e-motion™ games, with an additional 50 machines to be installed by the end of the year. The new machines are part of the recent expansion of Lincoln Park, which opened October 31, 2005. A large portion of the order consists of Cash Fever™, Atronic's new dynamic Linked Gaming System featuring four levels of progressive jackpots and exciting game themes in Atronic's innovative e-motion cabinet.



## PEOPLE

GLI has added a new team member in its European office. **Theo Vranken** joined GLI as Market Development Manager. Vranken will be based out of GLI Europe's offices in The Netherlands and will pursue GLI's development efforts in the rapidly growing Europe gaming market. Vranken has been active in the gaming industry for more than 20 years, most recently serving as the Export Manager of the Fair Play Centers in the Netherlands. He was also directly involved in its real estate management, and has consulted independently on AWP's.

North Carolina House Speaker Jim Black named **Jim Woodward**, a former chancellor at the University of North Carolina at Charlotte, to the state lottery commission, replacing Kevin Geddings, who resigned. **Shirley Frye** was also appointed to the commission to fill the spot vacated by Malachi Greene, but Frye had to decline the nomination due to a possible conflict of interest, leaving the commission one member short.

## VLT/RACINO

**GTECH PUTS NEW MACHINES IN LINCOLN PARK.** (AP) GTECH has reportedly introduced 415 new machines at Lincoln Park in the past month. Tests show the new gaming machines bring in more money on average than traditional slot machines, meaning potentially more revenue to the state. A test last month showed a new machine, called Pompeii, took in \$1,040 a day, according to data provided by GTECH.



**MATZEL DEVELOPMENT TAPS PARTNERS FOR POCONOS.** Greg Matzel, President of Matzel Development, unveiled his team of partners and consultants hired to bring a world-class gaming resort to the Poconos. Matzel's \$3 billion development plan for the Pocono Manor Inn & Golf Resort includes construction of a one-million-square-foot hotel and casino complex housing 5,000 slot machines and 750 rooms. Along with retail shopping, a spa, two golf courses and countless other amenities, the Pocono Manor property would be transformed into the finest casino resort destination on the East Coast. Leading the list of companies joining the Matzel team is Gomes Gaming Management, LLC. Matzel and President Dennis Gomes have inked an agreement that establishes GGM as the exclusive manager of Matzel's newly created gaming division, which will include the management and operation of the resort and casino to be developed at Pocono Manor. The balance of the impressive list of companies signed on to the project consists of some of the most respected names in the gaming industry including: **Spectrum Gaming Group, Michael & Carroll, New England Design, Inc. / Thematic Design International, The S/L/A/M Collaborative, Vibrant Development Group, Urban Research & Development Corporation, Calyon, Morowitz & Company, Blank Rome, Newman, Williams, Mishkin, Corveleyn, Wolfe & Fareri, P.C., Cultural Resource Consulting Group, Pennoni Associates, Inc., and Neiman Group.** Matzel said his team will be submitting its application for a Category Two license to the Pennsylvania Gaming Control Board in the next 60 days.

**SASKATCHEWAN LIBERALS WANT GAMING MACHINES CUT.** Saskatchewan Liberals want significant cuts to the number of gaming machines located in the province. A resolution was passed at a weekend convention in Saskatoon of the Saskatchewan Liberal Association, which includes federal and provincial party members. The party is working to set a definite target for number of machines to be cut. There are more than 5,900 gaming machines in the province.

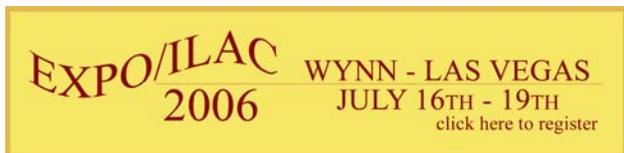


**IT DOESN'T LOOK GOOD FOR NC VIDEO POKER.** In a letter to the state lottery commission, North Carolina Senate President Pro Tem Marc Basnight proposed banning the sale of lottery tickets in venues housing video poker machines. In a separate incident, NC's Gov. Easley stopped short of saying that he would ask the Lottery Commission to ban retailers who have machines from selling lottery tickets. But he also said he thought the Lottery would do away with the video poker industry. There are an estimated 8,000 video poker machines operating in North Carolina.

**TORNADO HITS ELLIS PARK.** A tornado inflicted significant damage at Ellis Park in Henderson, Kentucky last week. Horse barns and other buildings (including the

grandstands) were damaged in the storm, and while no people were injured, some suffered minor injuries, and some horses were killed. Ellis Park's 2005 racing season ended on Sept. 5, but an estimated 150 horses remained in training on the track's grounds.

**NEW LIQUOR REGULATIONS FOR EVANGELINE DOWNS.** Evangeline Downs Racino, in Opelousas, Louisiana, has fallen victim to a vote from the Opelousas Board of Alderman that prevents the Racino from serving alcoholic beverages between the hours of 2:30am and 6:00am. The new regulations come into effect on January 3.



**IRG APPROVED BY ORC.** Youbet.com's International Racing Group subsidiary has become the first company of its kind to be licensed by a U.S. racing regulatory body. The Oregon Racing Commission approved IRG's application for a license to operate a multi-jurisdictional simulcast wagering hub under Oregon state law. IRG's license is separate and apart from California-based Youbet's Oregon license to operate a hub for Internet and telephone pari-mutuel wagering.

**MTR ANNOUNCES THIRD QUARTER RESULTS.** MTR Gaming Group, Inc. announced financial results for the third quarter ended September 30, 2005. Total revenues for the quarter rose 15% to \$98.0 million from \$85.2 million in the third quarter of 2004. EBITDA was \$14.8 million compared to \$18.6 million in the same period last year. Net income was \$3.2 million or \$0.11 per diluted share compared to \$5.9 million or \$0.20 per diluted share in the third quarter of 2004.



**CHURCHILL DOWNS REPORTS THIRD QUARTER EARNINGS.** Churchill Downs Incorporated reported results for the third quarter and nine months ended Sept. 30, 2005. Net earnings for the third quarter were \$71.6 million or \$5.30 per diluted share, compared to a loss of \$3.8 million or \$0.29 per diluted share for the same period in 2004. During the third quarter of 2005, CDI recognized a gain, net of income taxes, of \$69.9 million on the sale of the assets of Hollywood Park. During the third quarter of 2004, the Company recognized \$6.2 million of impairment losses on the assets of Ellis Park. Net revenues from continuing operations for the third quarter reached \$112.0 million, an increase of 9.3 percent, compared with \$102.5 million for the same period last year. Net earnings from continuing operations were \$3.8 million during the third quarter,

compared to a loss from continuing operations of \$396,000 during the year-earlier period. Diluted net earnings per share from continuing operations totaled \$0.28, compared to a loss of \$0.03 per share from continuing operations during the third quarter of 2004. Results for the third quarter and first nine months of 2005 are outlined in the accompanying tables.

## LOTTERY NEWS

**NEW DATES AND LOCATION FOR WLA FORUM.** The WLA and Loteria Nacional have the pleasure to announce that the WLA Executive Committee has unanimously approved an alternative date and location for the World Lottery Forum in the historic Mexican city of Merida, from February 1 - 5, 2006. Mexico's President Vicente Fox, and the Governor of the Yucatan have both indicated their strong ongoing support for this important event.



**NY INSTANT RFP.** The New York Lottery intends to award primary and secondary contracts for the design, development and production of instant lottery tickets. In addition, the Lottery intends to qualify and award contracts for the design, development and production of specialty instant ticket games. **Requirements:** Businesses capable of meeting the technical criteria as presented in the RFP. **A pre-bid conference** is scheduled for 11/16/05 in Schenectady, NY. Call Lottery at 518-388-3595 to reserve space at the pre-bid conference. Space is limited to three representatives from each potential bidder. **RFP Issued:** 11/23/05; **Proposal Due:** 01/18/06; **Contract term:** Three Years with two optional one year extensions; **Location:** Schenectady, NY; **Contact:** Carolyn Hapeman; Financial Administration; New York Lottery; P.O. Box 7500; One Broadway Center; Schenectady, NY 12301-7500; (518) 388-3365; (518) 388-3334; **Submit to:** Gardner Gurney; Financial Administrative Officer; New York Lottery; P.O. Box 7500; One Broadway Center; Schenectady, NY 12301-7500; (518) 388-3595; (518) 388-3403 FAX./



**MEGA MILLIONS GROWS.** \$262 million and it's still growing! Through last Friday (and possibly beyond) the Mega Millions game is certainly living up to its name. In fact, there were more than 1.4 million winning tickets in the Tuesday, November 8, 2005 Mega Millions drawing. But none of those tickets matched all six numbers to win the jackpot. So the jackpot for the Friday, November 11 drawing rolled to an estimated \$262 million.

**NC COMMISSION CHOOSES DIRECTOR, WAITS FOR ACCEPTANCE.** The North Carolina Lottery Commission held director interviews last week, interviewing six candidates. The hour long interviews gave the Commission what they needed to select their first choice, but they won't indicate who that person is until he or she has accepted the position.



**OKLAHOMA RAISES \$9 MILLION, BEGINS NEXT PHASE.** (AP) The Oklahoma Lottery has raised almost \$9-million in new funding for public education in its first four weeks of operations. The lottery commission says about \$29.4-million in instant scratch-off tickets were sold in the first four weeks of the lottery's first phase that began October 12th. Net proceeds after prizes and administration amounted to \$8.82-million. All net lottery revenues is earmarked for public education. The second phase of the lottery, the online Pick Three games, began last Thursday (Nov. 10) with live, televised drawings. The final phase begins in January when Oklahoma joins the multi-state Powerball game.

**WI SALES UP.** Wisconsin Lottery sales were up during the last quarter, despite volatile gas prices that impacted \$1 ticket sales. From July 1 through September 30, the Lottery posted sales of just over \$109.2 million as compared to \$108.2 in the same period last year. Sales for the recent record Powerball jackpot, hit in October, will show up on the second quarter. All games over the \$1 price point posted solid sales; especially the new \$20 "Big Money Extravaganza" ticket introduced at the end of September. This \$20 ticket is contributing over \$685,000 a week in scratch sales and is out selling the top \$10 tickets and the most popular \$2 ticket. Pull-tab tickets have seen significant growth since mid-October of last year when a scannable validation code was added to the ticket. This addition has made it easier for the player to quickly redeem their prize at any retailer location.



**NC PROPOSES ETHICS POLICY.** (AP) The North Carolina Lottery Commission wants companies that work with it to have to follow an ethics code. It's like the policy adopted last month that bars members of the commission from having conflicts of interest, including refusing gifts from would-be lottery vendors.

**CRUISE AWAY WITH POWERPLAY® PROMOTION.** Beginning Monday, November 7, South Carolina Powerball players have the opportunity to enter a drawing to a Caribbean or Bermuda cruise courtesy of Tee Times and Totally Travel. When a player buys five \$1.00 Powerball® plays for a total of \$5 and five \$1.00 PowerPlays® for a total of \$5, all on one ticket for a total \$10 purchase, an entry form will dispense from the terminal. Players must complete the form and mail it in. From the seven finalists of the weekly drawings, two Grand Prize winners will be chosen. The remaining five finalists will each receive a Charleston Harbor Cruise provided courtesy of AquaSafaris, Inc. The promotion ends on Friday, December 30, 2005. The Grand Prize drawing is scheduled to take place in January 2006.

**ND INTRODUCES SUBSCRIPTIONS.** North Dakota Lottery Subscriptions for Powerball and Hot Lotto are now available for players to purchase for 26, 52, and 104 draws. Players must fill out a subscription application. Applications are available at all 400 Lottery retail locations and on the Lottery's website (<http://www.ndlottery.org/indexie.shtml>).

**MASS. LOTTERY WINS AWARD FOR INSTANT TICKET RECYCLING PROGRAM.** The Massachusetts State Lottery was presented with the "Best Institutional Recycling" award at MassRecycle's 2005 Annual Event & Recycling Awards. The Lottery received the award, which honors the municipality, manufacturer, or institution with the most comprehensive recycling plan, for the development of its successful instant ticket recycling program "Instant Replay". Since the program's inception in August 2004, the Lottery has held 10 regional recycling events that have resulted in the collection of over 100 tons of instant tickets. To learn more about the "Instant Replay" program, visit: [www.masslottery.com](http://www.masslottery.com)



**NE ANNUAL REPORT.** Once again, the Nebraska Lottery has posted record sales, and as with the previous year, various factors contributed to the continuing success. In addition to total sales of more than \$102 million, the activation of a new Lotto network and the introduction of new Scratch game products and features are among the highlights in the report. The Nebraska Lottery 2005 Annual Report and Resource Guide (33 pages, full-color) is available in PDF form here. (<http://www.nelottery.com/media/annualreport2005.pdf>). To request a full-color, bound copy of the Nebraska Lottery 2005 Annual Report and Resource Guide, email your name and mailing address to [lottery@nelottery.com](mailto:lottery@nelottery.com).

**QUEBEC PUBLISHES 'FOR A RESPONSIBLE CONTRIBUTION'.** For the first time in its 35-year history,

Loto-Quebec has set forth all of its contributions in detail within a single reference document made public today. Entitled '*For a Responsible Contribution*,' the publication is a thorough review of the Corporation's multitude of social responsibility initiatives, offering the public a unique opportunity to discover some of the lesser-known aspects of the organization's diverse activities while highlighting the means it employs to assure responsible management of gaming in the province. The initiative also represents a first within the entire Canadian lottery sector.



**UK IN EXTENDED GROWTH PERIOD.** Camelot announced interim results showing that National Lottery ticket sales rose by more than £55 million in the first six months of this financial year – a year-on-year increase of 2.3%. This means The National Lottery® is now experiencing the longest period of growth in its 11-year history. Total sales for the half year to September 24 grew to £2,409.8 million – an increase of £55.2m on the figure of £2,354.6m for the same period last year. A major development for the National Lottery has been the success of London's bid to host the 2012 Olympic and Paralympic Games. Since launch on 28 July, the *Go For Gold* scratchcard has achieved sales of over £1 million a week, with £2.7 million already raised towards the 2012 Games. The first edition of *Go For Gold* was the fastest-selling of all the 60 new £1 scratchcards launched by Camelot since November 2002. A second edition of the game featuring 20 million more scratchcards is now on sale with plans for other dedicated games currently in development. Ticket sales were also boosted by the continued double-digit growth of the non-Lotto portfolio, driven in particular by EuroMillions, Thunderball, National Lottery Scratchcards, and online Instant Win Games. Overall, National Lottery players raised a further £622.1 million for Good Causes in the first half of the 2005/6 financial year.



**ISRAEL REVENUE UP.** Mifal Hapayis' revenue for January - June 2005 totaled NIS 1.6 billion, NIS 91 million more than in the same period last year, and NIS 40 million more than the lottery's initial goal. The Lottery's goal for July through December is NIS 1.7 billion. The Lottery's big seller was Lotto at NIS 497 million, followed by the Lottery's version of a VLT, Hish Gad (NIS 442m), and Chance (404m).

## POKER

**WPT ENTERPRISES RELAUNCHES WORLDPOKERTOUR.COM SITE AND STORE.** WPT Enterprises, Inc. unveiled its redesigned [www.worldpokertour.com](http://www.worldpokertour.com) website and online store (<http://store.worldpokertour.com>). The WPT's growing fan base and poker players worldwide can now experience and purchase everything WPT-related with a couple of mouse clicks. [www.worldpokertour.com](http://www.worldpokertour.com) offers everything from upcoming TV schedules and satellite/live tournament information to complete tournament recaps and comprehensive WPT player career winnings. Fans can also expect to see exclusive professional poker player biographies of Doyle Brunson, Phil Hellmuth Jr., John Juanda, Jennifer Harmon, Antonio Esfandiari, Gus Hansen and many more.

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