

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



Your weekly supplement to  
**Public GAMING International Magazine**  
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## COMPANY ANNOUNCEMENTS

### **MAD™ IS MAD ABOUT LOTTERIES AND MDI.**

The famous gap-toothed mascot *Alfred E. Neuman* has something new to smile about! MDI announced that through an exclusive agreement with Warner Bros. Consumer Products, on behalf of MAD Magazine, they have been awarded the license to produce lottery games based on MAD and its irreverent cast of characters. Lotteries will now be able to offer players new games that feature the freckle-faced Alfred E. Neuman plus the trouble-making *Spy vs. Spy* characters, MAD's signature masters of espionage who have kept readers and viewers entertained for generations. The agreement between MDI and Warner Bros. Consumer Products also gives lotteries the rights to offer merchandise featuring the title *MAD*, the likeness of Alfred E. Neuman and the *Spy vs. Spy* characters for promotional opportunities, incentives and second-chance drawings.



### **NEW JERSEY SELECTS GTECH.**

GTECH announced that it is the apparent successful bidder by the State of New Jersey for a new

integrated online and instant ticket lottery system, terminals, and communications network, following a competitive procurement. The proposed five-year contract is expected to commence on June 20, 2006, and provides for



five one-year extension options. The New Jersey Lottery, using existing lottery-revenue

levels as a constant for the contract's initial five-year term, estimated the contract will generate approximately \$107 million, not including items that were requested in the proposal as potential options that the Lottery could select. GTECH will issue an updated revenue estimate upon contract signing.

**INTRALOT THIRD QUARTER REPORT.** The Company is in the position to revise upward its FY 2005 guidance to revenues of €500m and EBT of €150m from €500 m and €120m, respectively, as it was provided during the Annual General Meeting of its shareholders in late April 2005. The reasons for this change is the robust performance of international operation, especially Turkey, Romania and Bulgaria and the stronger than expected profitability of Stihima in Greece. The Company's Board of Directors has approved the distribution of a €0.23 **interim dividend per share**, compared to last year's interim dividend per share of €0.20 (adjusted to share split). This is a 15.0% increase, in-line with INTRALOT's dividend payout policy. **Consolidated Revenues** for the period reached €63.1m, posting a 57.7% increase compared to 9M04. **EBITDA** increased by 38.5% to €124.2m, compared to the same period last year. **Earnings Before Taxes** recorded an increase of 44.1% y-o-y by reaching €122.8m compared to €85.2m in 9M04. Finally, **Earnings After Taxes and after minorities (EAT-am)** increased by 15.6% y-o-y to €56.9m from €49.2m in 9M04. EAT margin settled at 15.7% due to the increased contribution of full operation projects, which carry lower margins than management projects.



**MDI TO BRING UNDERDOG TO LOTTERY INDUSTRY.** Roar of thunder! Speed of lightning! MDI, a wholly owned subsidiary of Scientific Games Corporation, and Classic Media, Inc. have teamed up to bring the world's most lovable superhero, Underdog™, to Lottery games. With super strength, x-ray vision and bionic hearing, the famous rhyming caped canine is now available to lotteries along with the likenesses of his TV reporter girlfriend Sweet Polly Purebred and his arch-rivals, mob boss Riff Raff and mad scientist Simon Barsinister. Underdog is currently starring in a national advertising campaign for Visa Check Card and was recently seen on the #37 Dodge NASCAR. A

live action/CGI Underdog feature film is also currently in development with Spyglass Entertainment and Disney.

**GTECH EXTENDED IN JAMAICA.** GTECH has signed a five-year contract extension with Supreme Ventures Limited to continue providing online lottery products and services in Jamaica through January 11, 2016. Under the terms of the five-year extension, GTECH will continue providing lottery products and services under an integrated services arrangement, including operation and maintenance of the central system; maintenance of the terminals and communications network; marketing support; hotline management; and field service. In addition to its online lottery contract with Supreme Ventures, GTECH also provides video lottery products and services, as well as commercial (non-lottery) services in Jamaica. With respect to the five-year extension with Supreme Ventures, GTECH expects to generate over \$80 million in lottery revenue over the extension period.



**ESSNET AND COMSET SERVICES INTRODUCE SMS FOR THE HERO CARD IN PAKISTAN.**

EssNet announced that the company will expand the ELOS system that was supplied to Comset Services

International earlier this year to also include an SMS solution to enable the participation in the 'Hero Card' draw via mobile phones in. The Hero Card is a pick 6 out of 49 collector's scheme currently sold via a network of 2,000 terminals, connected online to the ELOS system. The Hero Card, a project of the Pakistan Sports Trust, was launched in the beginning of 2005. A draw is performed once a week live on TV and those who have picked 3 to 6 of the drawn numbers win prizes. Following the Islamic Banking model, the Hero Card was developed by Comset Services International to keep its 'play and win' concept legal and acceptable in Pakistan and other Islamic countries.



**NORSK TIPPING SELECTS HYPERCOM.**

Hypercom Corporation has received an order to provide the Optimum P1100 PIN entry payment devices to Norsk Tipping. In connection with the initial US\$1 million order, the state-owned gaming firm will install the EMV-compliant P1100 at hundreds of national lottery and betting sites throughout the country to enable consumers to use gambling smart cards within various electronic games.

**NZLC SIGNS WITH TELECOM.** The New Zealand Lotteries Commission signed a four-year contract to have Telecom replace the NZ Lotteries' current data communications network with an Internet Protocol (IP) network, linking its more than 800 lottery retail outlets. Telecom's Gen-i will play a key role in delivering and managing the IP network. Gen-i will manage and provide

security, monitoring and reporting services for the network and the new NZ Lotteries data centre.



**SHUFFLE MASTER TO ACQUIRE STARGAMES.**

Shuffle Master, Inc. announced that it, through a wholly owned indirect Australian subsidiary, has

submitted formal offer documents to the Australian Securities and Investment Commission outlining its intent to purchase all of the outstanding shares of Stargames Limited for \$1.55 AU (\$1.14US) per share. The transaction, which is subject to Stargames' shareholder acceptance, regulatory approval and the satisfaction of certain other conditions, is expected to close during the first quarter of 2006. The purchase price is approximately \$108 million US. Stargames, based in Sydney, Australia, develops, manufactures and distributes a wide range of innovative electronic entertainment gaming products to worldwide markets, including Rapid Table Games(TM), Vegas Star(R) Multi-Terminal Gaming Machines, and a broad line of traditional video slot machines designed most specifically for the Australian and Asian gaming markets.



**BALLY HONORED AT GAMING AWARDS.** Bally announced that a prestigious panel of judges in the 3<sup>rd</sup> Annual Global Gaming Business Gaming & Technology Awards selected four winning Bally entries, including "Best Slot Product" for its breakthrough S9000 multi-coin, multi-line reel-spinning machine. In the category of "Best Consumer Service Technology," Bally received a second-place award for its Bally System Games™ downloadable technology on the iVIEW™ display and a third-place award for its Bally Power Progressives™ bonusing technology. Additionally, Bally also received an Honorable Mention for its M9000-32 video slot in the "Best Slot Product" category.

## PEOPLE

The North Carolina Lottery Commission lottery selected Tom Shaheen, the immediate past president of the North American lottery association, as the first Director for the North Carolina Lottery. Last week, Shaheen resigned as director of Director of the New Mexico Lottery Authority, adding to speculation that he had been chosen for the North Carolina post. In Shaheen's time with New Mexico, which began in March o 2000, the Lottery's annual sales figures rose from the low-\$20 million range to a high of \$35.9 million in FY04. He is also credited with streamlining the New Mexico staff to save more than \$1 million annually and renegotiating a contract with GTECH to save the lottery \$12 million over a three year period.

The New Mexico Lottery Authority Board called a special meeting for Friday afternoon, November 18. It was anticipated that **Tom Romero**, Executive Vice President of Security, will be named Interim CEO. Romero has been with the lottery since its pre-inaugural start-up in 1996. A veteran of state and local law enforcement, Romero has served as the lottery's day-to-day operational "number two" for all three of the Lottery's CEOs.

Azerbaijani President Ilham Aliyev has reportedly named **Nicat Mammadov**, director of the National Depository Center, as director of the Azarlotereya Lottery.

**Gordon Myers** has resigned from the North Carolina State Lottery Commission, saying that a potential conflict of interest has made it difficult for him to contribute to the panel.

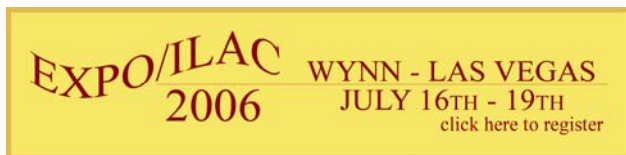


## RACINOS / VLT

**BANGOR RACINO OPENING.** The first 11 days of business at Hollywood Slots generated more than \$12.5 million slots wagering. Penn National gets 61 percent of the racino income, with the remaining 39 percent going to the state.

### **EAST MAINE RACINO SIGNATURE DRIVE.**

Supporters of a tribal racetrack casino in eastern Maine have collected more than 20,000 signatures in an effort to get a racino referendum on the 2006 ballot. Racino backers must submit at least 50,219 signatures to state election officials by Jan. 30, 2006 to get the referendum on the ballot.



**WHEELING ISLAND 3<sup>rd</sup> QUARTER.** Wheeling Island Gaming, Inc. announced that the company's unaudited financial results for its third quarter ending October 2, 2005 reflect operating revenues of \$30.0 million, representing a decrease of \$0.9 million or 2.8% compared to the same quarter last year. Gaming revenues, which represent 81.8% of total revenues, decreased by \$1.4 million or 5.6% from the same quarter last year. The decrease in gaming revenues was due primarily to a July 2005 legislative change that slightly lowered Wheeling's share of gross gaming revenues, and lower customer visitation caused by increased competition from limited video lottery machines in the

surrounding market area, along with higher fuel prices. The decrease in gaming revenues occurred despite the loss of several operating days in September 2004 due to the flooding of the Ohio River. The decrease in gaming revenues was partially offset by a \$0.3 million increase in pari-mutuel revenues resulting from the closure of the racetrack facility for several days in September 2004 due to the flood.



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### **CANTURBURY REPORTS THIRD QUARTER RESULTS.**

Canterbury Park Holding Corporation announced financial results for the third quarter and nine months ended September 30, 2005. The Company earned net income of \$688,372 on revenues of \$16,485,467 for the three months ended September 30, 2005, compared to net income of \$1,064,204 on revenues of \$17,279,804 for the same period in 2004. Diluted earnings per share for the third quarter of 2005 were \$.16 compared to \$.26 for the third quarter of 2004. Further results for the first nine months of 2005 are presented in the accompanying table. Revenues for the third quarter decreased approximately \$794,000, a 5% decrease compared to the third quarter ended September 30, 2004. The decrease in third quarter revenues is primarily due to a 9.4% decrease in pari-mutuel revenues when compared to the same quarter in 2004, reflecting a significant increase in competition from Internet pari-mutuel wagering. In addition, third quarter Card Club revenues decreased approximately 3% when compared to the same period in 2004 reflecting increased poker revenues offset by decreasing revenues in the casino games room due to increased competition from local Native American casinos. Operating expenses decreased slightly in the three months ended September 30, 2005 compared to the third quarter last year. The decrease in operating expense is primarily attributable to a decrease in statutory purses and Minnesota Breeders Fund expenses, related to the reduction in pari-mutuel revenues, which were partially offset by an increase in depreciation expense caused by recent major building and backside improvements.

## LOTTERY NEWS

### **CALIFORNIA HAS ITS FIRST MEGA MILLIONS JACKPOT WINNER.**

California State Lottery officials are excited to announce that California has sold its first MEGA Millions jackpot ticket. The winning number, announced on Tuesday, November 15, was for the \$315 million jackpot – the second largest in Mega Millions/Big Game history.

### **POWERBALL FUELS RECORD MONTH IN AZ.**

Arizona Powerball sales soared to nearly \$33 million in October, fueling a record \$58.1 million in Lottery sales for the month. The Lottery's record Powerball sales for October were the result of the record \$340 million

jackpot won by a family in Oregon.



### **VIRGINIA WINS BIG WITH MEGA MILLIONS.**

Virginians were big winners in the November 15 Mega Millions drawing. A total of 145,422 Mega Millions tickets purchased in Virginia won prizes in the November 15 drawing. Even more importantly, the Mega Millions jackpot run that ended with the November 15 drawing raised nearly \$14.8 million for Virginia's K-12 public schools. That is the amount of profit earned by the \$32.8 million in Mega Millions tickets sold in Virginia between September 16, when the previous Mega Millions jackpot was won, until 10:45 pm on Tuesday, November 15. The number of winning tickets in Virginia includes one ticket that won \$250,000.

**OK PICK 3 LAUNCH UPDATE.** The Oklahoma Lottery's new Pick 3 game recorded first-day sales of \$159,694 and saw 36 players picked the 8-6-7 Pick 3 combination for winnings of \$500 each. In all, 479 players won \$49,420 in cash prizes during the game's inaugural drawing.

**TELC LAUNCHES MIDDAY DRAWS, CASHING INCENTIVES.** The Tennessee Lottery launched midday drawings for Cash 3 and Cash 4 games today. Midday draws will be held at 12:28pm CST, Monday through Saturday. Ticket sales began Sunday, November 20<sup>th</sup>. The Lottery also announced that will begin paying retailers a 1% commission when they redeem Cash 3 and 4 winnings. Retailers have been getting a 6.5% commission for selling the game, but there had been no cashing incentive. The lottery estimates the cashing incentive will cost \$300,000 annually.



**MI CLUB KENO KICKER.** Michigan Club Keno players can now kick up their

winnings by as many as 10 times if they select the new Kicker option. Immediately before each Club Keno drawing, a wheel spin on the Club Keno monitor will select a Kicker number of 1, 2, 3, 4, 5 or 10. Players can select the Kicker box on their play slip and pay \$1 for each dollar originally wagered. Wins on regular Club Keno drawings will be multiplied by the Kicker number, allowing players the chance to win up to 10 times their original prize amount. Kicker began on November 20 in all 2,000 locations selling Club Keno.

**GIVE THE GIFT OF ARIZONA.** "Give the Gift of Arizona" on sale now through Dec. 23, is a special one-of-a-

kind offer that bundles products from the Arizona Lottery, Arizona Highways Magazine, Arizona Highways Television, the Phoenix Suns and Showup.com to create the perfect present this holiday season. Priced at \$26.95, "Give the Gift of Arizona," has something for everyone and is sure to become a popular item this gift-giving season. People who like to "travel" from the comfort of their living room will particularly enjoy the customized Arizona Lottery "Where the Money Goes" DVD set from Arizona Highways Television -- the featured component of "Give the Gift of Arizona." The DVD set transports viewers to some of Arizona's unique jewels that are supported by Arizona Lottery funds. The DVD set is coupled with a one-year subscription to Arizona Highways Magazine, five "We Got Your Ticket" Scratchers tickets from the Arizona Lottery, a 40 percent discount on a Phoenix Suns backpack, and two-for-one discounts from Showup.com-the online hub for arts and entertainment in Arizona.

**KING KONG IN GA.** The Georgia Lottery Corporation today announced the launch of King Kong, a new \$5 instant game with King Kong-sized prizes including a half-million dollar top prize. King Kong tickets went on sale statewide on November 15. The Lottery celebrated the launch of King Kong at the Georgia Dome during halftime of the Atlanta Falcons game on Nov. 13. The Georgia Lottery unveiled the "World's Largest Lottery Ticket," setting a world record. In conjunction with the instant game King Kong, the Georgia Lottery is conducting the exciting statewide promotion "Where's Kong" starting Dec. 14. For more information visit the Media Center at:

[www.galottery.com](http://www.galottery.com).



**CA ANNOUNCES RETAILER OF THE YEAR.** The California State Lottery announced

Allan's Wine & Lotto, owned by Touni and Nick Assad has been named the California State Lottery's 2005 "Retailer of the Year." A special ceremony was held at Allan's Wine & Lotto on Wednesday, November 16, 2005 at 11:00 a.m. Touni Assad purchased the store in February of 2002 and in three years pushed Lottery sales up from an exciting \$34,000 a week to over \$45,000 a week.

### **VT 2<sup>nd</sup> TIER POWERBALL WINNERS COME**

**FORWARD.** Two recent Vermont Powerball winners have come forward to claim their high tier prizes. On November 3, 2005, a Jericho, Vermont resident claimed the \$853,492 prize from the October 19 Powerball drawing. This drawing saw the game's first Match 5 BONUS prize payout, which added \$653,492 to each Match 5 winning ticket. On November 10, 2005 a Colchester resident claimed the \$200,000 prize from the November 9 Powerball drawing. The winner thought the prize was \$100,000 and was pleasantly surprised to discover it was \$200,000. Since October 1, four winners have claimed the second tier Powerball prize in Vermont.

Send all materials for inclusion in the Morning Report to [TODDPGR2@AOL.COM](mailto:TODDPGR2@AOL.COM) by Wednesday.