



# SMARTPLAY INTERNATIONAL, INC.

QUARTERLY UPDATE

FALL/WINTER 2002



## NEW YORK LOTTERY BENEFITS EDUCATION, *With Style!*

Perhaps the most glamorous state in the nation, New York is synonymous with sophistication. It follows that within our industry, the state's thirty-four year old lottery has set its share of trends.

In 1985, New York Lottery commissioned the former Beitel Lottery Products to build the first American-made, rubber ball, lotto machine. The resultant Criterion® has become an industry icon, serving twenty lotteries on four continents. Since purchase of the product rights in 1997, the robust model has continued to perform as a top seller for Smartplay.

New York Lottery, under the direction of Margaret DeFrancisco, continues to set trends. The organization has recently revamped their on-air look with a new television set, accented with rich cherry and sparkling aluminum. Following completion of the set, the lottery called upon Smartplay to update the look of the Criterion. It was emphasized however, that the basic familiarity of the model must be preserved.

The mission held great appeal for Smartplay President, David Michaud, who as Beitel's Chief Engineer, had developed the Criterion. "In the re-design, it was key to marry the machine aesthetics to the modern set. Our artist was asked to plan the makeover, with two constraints: that he not compromise the visibility of the drawing process, and that in the end, the look still says Criterion."

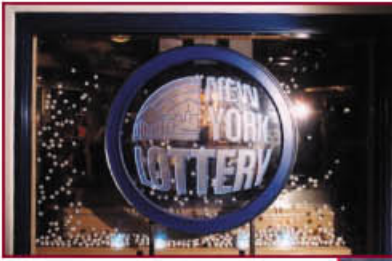
"The new design strikes a balance between modern traditional," said Mr. Michaud. Linda Turner, Smartplay's Vice President of Sales elaborated, "Even Mercedes makes changes, and after sixteen years, it was time. We have many clients who swear by the Criterion, yet desire a more contemporary look. Somehow, it's appropriate that New York lottery, having inspired the model, should now spur its renaissance."

Be assured however, that New York Lottery's innovation doesn't end with good looks. With an initiative to increase public awareness of how lottery proceeds benefit education, the lottery has recently invested in an Interactive Game Center. Located on the state fair grounds in Syracuse, the impressive facility includes graphic panels about scholarship



*Original Criterion. (left) Artist's rendering, new Smartplay Criteria in studio. (right)*





photos: Kimberly McKinzie



*New York Lottery's Interactive Game Center includes the world's largest mixing chamber.*

recipients, interactive computer games and the world's largest mixing chamber, supplied by Smartplay.

*In addition to displays and interactive centers, the Player's Pavilion at the New York State Fair offers lottery merchandise.*



*The Precision Prize Wheel, developed for La Française Des Jeux, is perhaps best known as the Millionaire Wheel.*

## REINVENTING THE WHEEL

Nineteen state lotteries in North America, Europe, Africa, the Caribbean and South America rely upon Smartplay's glittering prize wheels. The legacy began with the 100 segment Precision Prize Wheel (AKA Millionaire Wheel), developed for La Française Des Jeux, by Beitel Lottery Products, in the early 90's. Smartplay continues to supply the model, customizing it with more or less segments, to suit client needs.

Smartplay's flexibility doesn't end with customized prize segments, however. The firm is perpetually reinventing the wheel, itself!

In 1995, Smartplay was selected by California Lottery to engineer the Big Spin wheel. Upon its debut, the fantastic wheel was described by Public Gaming magazine, as "the tallest, most grandiose wheel in the lottery world today." Seven years have passed, and still, The Big Spin, over nine feet tall, reigns supreme.



*Linda Turner of Smartplay and Léon Losch, Director of Luxembourg's National Lottery celebrate the arrival of the new Picco Bello wheel.*

Smartplay recently delivered a custom wheel to Loterie Nationale, Luxembourg. Unique in design, the centerpiece of the new Picco Bello game show boasts

a wheel spinning in one direction, and a counter-rotating pointer. Lighting follows the spin of the wheel, as the prize segments illuminate in a chase pattern. The effect is simply mesmerizing. The aesthetics of the wheel are married with the high tech sophistication of the Picco Bello set.

Smartplay expects the unmatched charm of the Luxembourg Wheel to capture industry attention. In time, the design may join the Smartplay standard product line, which includes the classic Precision Prize Wheel, the flashy Big Win, and the engaging Pachinko Prize Wheel. All of these models can be seen on the

corporate web site, [www.smartplay.com](http://www.smartplay.com).



*Loto Quebec's Big Win wheel was customized with eighty prize segments.*





*The new Picco Bello set repeats the design element of the abstract, frosted panels, which distinguish the Picco Bello wheel.*

## LTSC TO OPERATE TAIWAN'S NATIONAL LOTTERY

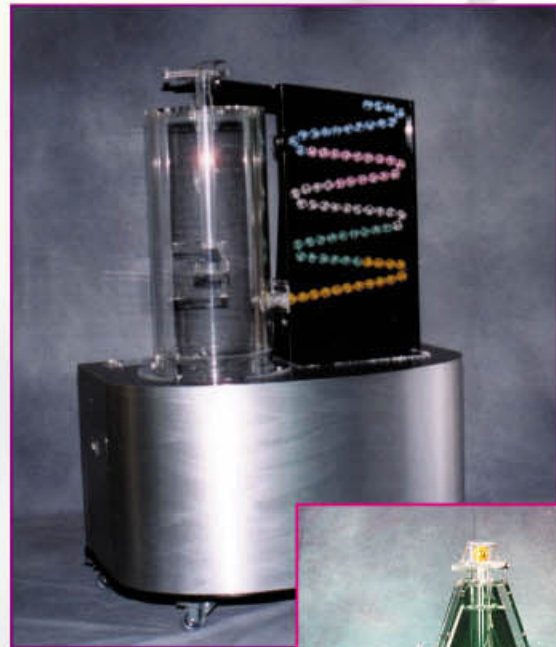
Smartplay has provided fully automatic equipment to Lottery Technology Services Corporation (LTSC), for the mid-January launch of the National Lottery, Taiwan. The diamond shaped Gem will serve a 6D game, and the SuperBingo model will serve lotto with a 6+1/50 matrix.

Last July, Rhode Island based GTECH announced that LTSC (a joint venture in which GTECH is a 44 % equity partner), had signed a contract with Taipei Bank, to operate Taiwan's National Lottery under a five-year license. ACER, Inc., a leading Taiwanese computer manufacturer and IT company holds a 56 % equity stake in LTSC. The firm prevailed in a competitive procurement process, in which five consortia submitted proposals.

Announcing GTECH's win, Howard S. Cohen, CEO and President said, "This contract award in Taiwan validates GTECH's commitment to provide the evolving lottery marketplace with innovative and revenue-enhancing systems that ensure the highest level of integrity and performance. Our industry-leading technology, coupled with ACER's premier IT service, will enable our newest customer to maximize sales and revenue for good causes."

Taipei Bank has estimated that lottery ticket sales will generate approximately \$3.6 billion annually. The proceeds are allocated to Taiwan's National Pension Fund, National Health Insurance, and Local Government initiatives.

LTSC has replaced the previous instant-ticket lottery system with a fully integrated and secure online and instant-ticket lottery system, including central system hardware and software. In addition, the firm has installed and will maintain a secure, nationwide communications network, providing real-time, two-way liaison between the central system and the terminals. Operations will be controlled from a data center in Taipei.



*Smartplay SuperBingo (above)*



*Smartplay Gem and SuperBingo selected to launch National Lottery, Taiwan*





*From left to right, Robert Przespolewski and Andrzej Truszczynski of Panstwowe Przedsiębiorstwo Totalizator Sportowy pose with Linda Turner, Smartplay and Mariusz Derwiszynski, WAT, Poland. The delegation visited Smartplay to perform randomness testing on the Saturn model, pictured above.*

## **CONTRACT ANNOUNCEMENTS, FALL 2001 & WINTER 2002**

Loto Quebec, Canada  
**Big Win, Messenger,  
Halogen**

Shanghai Welfare Lottery,  
China  
**Saturn**

Loterías Electronicas de  
Honduras S.A.  
**MegaGem**

Mifal Hapayis, Israel  
**Saturn**

Pronósticos para la Asist.  
Pública, Mexico  
**Emerald**

Totalizator Sportowy, Poland  
**Emerald, Saturn**

National Lottery, Taiwan  
**SuperBingo, Gem**

National Lottery, UK  
**Magnum**

Virgin Islands Lottery  
**Customization, Futura**

**USA**

Lotto South (GA, KY, VA)  
**Saturn**

New York Lottery  
**Criterion**

Tri State Lottery  
**Emerald PowerBall**

Washington State  
**Saturn**

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