

"Cheese Torte"

Contributed by Barbara Beck, Drawing Manager
Kentucky Lottery Corp.

10 oz. sharp cheddar cheese, very finely shredded

1 cup chopped pecans

1 cup diced onion

2 - 8 oz. Cream cheese blocks, softened

1/2 cup chutney (Major Gray's)

1/3 cup frozen, chopped spinach

1/4 teaspoon garlic powder

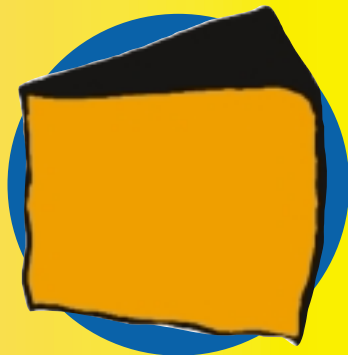
1/8 teaspoon oregano

dash cumin

dash celery Seed

dash nutmeg

1/8 tsp. basil



Mix cheddar cheese, pecans and onion.

Press half of mixture into spring form pan.

*Mix one 8 oz. cream cheese with chutney;
spread on top of cheddar mixture.*

*Thaw and drain spinach well
(pressing between paper towels).*

*Mix spinach with remaining 8 oz.
cream cheese and seasonings.*

Spread into pan.

Top with remaining cheddar cheese mixture.

Chill overnight or several days.

Remove from pan to serve.

CONTRACT ANNOUNCEMENTS, SUMMER 2001

Lotería Nacional de Beneficiencia
de Guyaquil, El Salvador

MultiDigit Gem 5

National Lottery, Ireland

Custom Vortex Machine

National Olympic Committee of Lithuania

Custom Prize Wheel

Loterie Nationale, Luxembourg

Custom Prize Wheel

National Lotteries Control Board
of Trinidad & Tabago

Standard Daily

Venezuela, Lotería del Zulia

Messengers, Saturn

USA

New York Lottery

Interactive Game Center, NY State Fair

Custom Ball Curtain

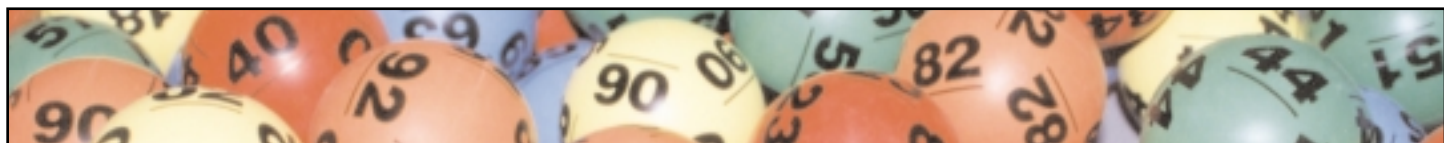
Ohio Lottery

Emerald

Smartplay International

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Southampton, NJ 08088 USA





SMARTPLAY

INTERNATIONAL, INC.

QUARTERLY UPDATE

SUMMER 2001

DrawMagic™

Modernizing the Televised Draw



Various screen options are possible with DrawMagic.

Today's world is driven by technology. To attract the younger, modern player, lotteries must ride the cutting edge. Integrating computer technology into the televised drawing is a dynamic way to inject high tech appeal into lottery products.

Last year, it was in this spirit that Sweden's Svenska Spel introduced a creative, colorful graphic presentation of the winning Keno numbers. The mechanical Keno Criterion (still used to pick the winning numbers) was unceremoniously dropped from the presentation.

Players cried foul, so the machine was quickly re-introduced, to comprise a modest portion of the newly designed screen, with the graphics dominating.

The result is enhanced, contemporary visuals, with no sacrifice to player confidence.

Encouraged by Svenska Spel's experience and input from other top lotteries, Smartplay, the leading supplier of mechanical drawing machines, will bring computerized graphics into its line as a companion product. At World Meet (October 2001), the firm will debut DrawMagic, a user-friendly graphics package.

The new DrawMagic graphics package is the first product specifically designed to make televised lottery draws more attractive, reliable and flexible. DrawMagic automatically generates all the graphics and voice aspects of the drawing and can broadcast in real time.

DrawMagic offers:

- Customized TV-draw animation and graphics, using real drawing machine automatic input
- **Generation of automatic narration**
- **Eliminating all TV studio production affecting the draw**
- **Adaptation to any lottery game**
- **Requiring only one operator, having full control of all draw broadcasting production, live!**
- **Fully automatic function, ensuring successful live draw presentations, every time. Operator intervention normally not required!**
- **Parameter driven flexibility, allowing modification to the “look and feel” of the televised draw. Creates your unique draw design.**
- **Ability to broadcast several different game draws in immediate succession**

How does it work?

Once the parameters are set to your specification, DrawMagic will reliably perform one draw animation after the other, day in and day out. DrawMagic performs everything required to produce an attractive and reliable TV draw:

- **Show draw intro**
- **Show draw information**
- **Display drawing machine**
- **Display animation of the numbers drawn**
- **Graphically display the entire play area with the drawn numbers clearly shown**
- **Narrate the entire draw, including introduction and closing**
- **Display credit texts**

DrawMagic affords the operator the option of selecting what is to be shown and how. For each function, you define what portion of the screen is to be used. For example, if you want your drawing machine to be displayed at all times, you simply decide where and how big the video display of the drawing machine shall be. You decide if and how the play area is to be shown, what colours to use, shadows, etc. You decide what animation of the drawn numbers shall be used. Flying, rolling or exploding numbers - it's up to you.

What is included?

The DrawMagic standard package includes the complete software required to automatically generate a complete lottery drawing TV production. DrawMagic is delivered with a host of parameters, allowing you to tailor the graphics, voice and animations used. It's easy to set the colors, screen sizes, graphics of number presentation, timing, narration, etc.

DrawMagic operates on a standard PC platform. This platform is defined by the parameters of equipment within your television production facility.

Smartplay will work with your TV producer to provide a detailed hardware specification, tailored to your needs. Finally, Smartplay will implement the software on the specified PC platform and test it in your production environment.

What are the options?

Graphics: The standard DrawMagic package comes with a pre-defined set of graphics and animation. The package offers broad flexibility to design your specific show. However, should your marketing plan include unique elements, Smartplay can accommodate virtually any theme or function.

Hardware: Smartplay will provide hardware specifications for your specific production environment. If desired, Smartplay can deliver the actual hardware, offering the comfort and reliability that comes with procuring a complete system from one source.

Lotería del Zulia to Relaunch with New Look, New Games

With the total support of State Governor, Mr. Manuel Rosales, Lotería del Zulia has undergone intensive evaluation. Throughout the summer, International Games Consultants of Miami, FL, has been working with the lottery to develop a new business plan and marketing strategy. As part of the plan, IGC's Wilmer Montes consulted on the development of new games and their implementation. IGC also advised on daily operations.

In November 2001, Lotería del Zulia plans a dramatic re-launch, introducing two new games to the entire Venezuelan market. The first drawing will take place on November 17,



*Messengers
to launch
Lotería del
Zulia's
new single
digit game.*

during the State Fair and celebration of Virgen of La Chinita Day. Thereafter, the new games will be conducted weekly, on Wednesday and Saturday.

The President of the lottery, Mr. Angel Sanchez is eager to have his new games for sale by early November. In preparation, the lottery has purchased colorful, new drawing equipment, with attractive lighting effects. In addition to unveiling the new game image, Mr. Sanchez looks forward to funding an increased number of Social Assistance programs within his state and throughout the country. Smartplay is pleased to play a supporting role, by providing a set of five Messengers and a Saturn to conduct the games.



Loterie Nationale, Luxembourg Enhances TV Game Show

The National Lottery of Luxembourg has one of the highest per-capita sales of instant tickets in the world. As they prepare for the introduction of Euro currency throughout Europe (January 2002), they have decided to revamp their entire product portfolio.

The leading product, Picco Bello, is a match 3 game, supported by a very popular monthly television show. QLot Consulting of Sweden has worked closely with Lottery management to re-design the Picco Bello product and show as well as 5 new instant ticket games.

Developing the Game Structure and Design

The basic prize model used to re-design the games involved the relationship of the higher the price, the higher the prize and odds of winning. The detailed payout structures and designs were a result of intensive analysis where the Lottery provided in-depth knowledge of games/structures employed by neighboring France, Germany and Belgium; QLot presented a broad portfolio of games and game design techniques applied world-wide.

The resultant program includes six instant tickets, distributed over three different price points. Beginning January 1, 2002, the Lottery will offer two games at 1 Euro, two at 1.5 Euro and two at 2 Euro.

Revitalizing the TV Show

Picco Bello is supported by a monthly television show, broadcast by RTL Luxembourg. The show currently presents four contestants who spin a 100-segment wheel, to determine the winning prize amount.

Numerous game concepts were developed and evaluated to arrive at a new platform which will:

- Offer a top prize of 150,000 Euro
- Extend the player game-show interaction
- Extend player participation time

- Enhance the game and TV-show suspense factor
- Allow a significant win

The new Picco Bello is a three-phase game show. In the first round, the player is presented with a large electronic screen, which has sixteen "boxes". Behind the boxes five different prize amounts (2 000, 4 000, 6 000, 8 000 and 10 000 Euro) are randomly distributed. Each amount is repeated three times. A single box, (also randomly distributed) contains a merchandise prize.

The player opens boxes until he matches three prize amounts. He carries this prize with him to the second and third rounds of the game. If, prior to matching three amounts, the player finds the merchandise prize, he adds that to his winnings.

Round two invites the player to make a choice, as he is presented with the 50/50 option. The host presents two envelopes; one represents a 50% increase of his prize, the other a 50% decrease. The player may also elect not to take a chance.

In the third round, the player is delivered to the Prize Wheel. He must spin the wheel, in order to determine the multiplier of his prize. Twenty segments comprise the wheel, four segments each of the numbers 2, 4, 6, 8 and 10.

In considering the potential drama of Picco Bello, let's assume the player found 3 x 6 000 Euro on the electronic board, took the 50/50 option and got the 50% increase. He now has 9 000 Euro at the wheel. If he spins and gets 8, his prize will be 8 x 9 000 for a total of 72 000 Euro!

The maximum prize with the new Picco Bello is 150,000 Euro, a dramatic increase compared with the original game platform, and a very attractive instant ticket game prize by any standard. The Lottery and its TV station partner RTL Luxembourg, indicate that the game will from February 2002 be broadcast weekly with one player per show, to increase the Lottery's media exposure.

To introduce the new Picco Bello, the Lottery desired a modern, glamorous look. It was vital that the image of the Prize Wheel reflect the sophistication of the new show concept. Lottery management worked closely with Smartplay at their New Jersey facility, to develop the design and mechanics of the wheel, currently under construction.

