

Smartplay International

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www.smartplay.com Quarterly Update/ Winter 2009



SMARTPLAY WINS POWERBALL® CONTRACT WITH MUSL

Smartplay is proud to be a part of the latest evolution of Powerball as it launches in Florida in 2009. The Multi-State Lottery Association (MUSL) has enhanced the game matrix and now holds drawings in Florida, the newest MUSL member-state. Smartplay teamed up with MUSL this fall to produce dazzling new Halogens™ for the Florida debut.

MUSL awarded Smartplay this coveted contract shortly after the conclusion of the North American Association of State and Provincial Lotteries (NASPL) conference in late September. Four customized Halogen™ machines arrived at the new studio on December 12th. They are equipped with Smartplay's Solution System, a radio frequency identification system, which is an option MUSL can draw on if desired. These Halogens™ use secure, solid rubber balls and a rotating turntable in the base of the mixing chamber, and employ spectacular

lighting effects which energize the overall drawing presentation.

Powerball has used Halogen™ and Criterion™ draw machines, products of Smartplay International, for the previous 12 years. Florida will become the 32nd lottery to join the Powerball family, as MUSL and the Florida Lottery announced in early July. Powerball is currently headquartered in West Des Moines, Iowa. MUSL officials anticipate a great deal of excitement and opportunity with the move to Florida and the updated look of the game.

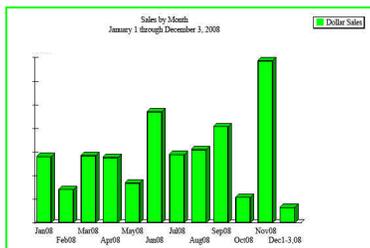


Manufacturer
of Custom
Lottery
Equipment
Worldwide

GROWTH AND STRONG SALES SUMMARIZE THE SEASON

62% increase in sales since 2007!

Smartplay International is looking through the global economic gloom and finding sunshine. By keeping customer satisfaction at the top of the agenda, we have produced cutting-edge equipment, consistently reliable products and anticipate concluding this year with expanded staff and steady production. Our customers are increasingly informed and sophisticated in their requirements and we are enjoying the challenge presented in meeting their needs.



By the end of 2008, Smartplay will have placed 51 domestic machines and 98 international machines, all of which strongly represent our latest technological developments. These placements include three Origin™ Digital Draw Systems; 55 Solution-ready ball machines, in which the numbers are identified by radio frequency identification; and six Solution Authentication/Ball Validation Scale Systems. Smartplay's President David Michaud has produced drawing machines for more than 30 years. He has remarked at the changes in attitudes of lotteries regarding IT-driven products, much of which reflects average players' increased comfort with evolving modern technology.

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Congratulations to Bruce LaFleur!



\$10,350 raised for Alzheimer's



Congratulations to Bruce LaFleur of TLF Publications, Inc. for running in the October 26, 2008 Marine Corps Marathon to benefit Alzheimer's research. His diligent training for this 26.2-mile marathon began in February. He dedicated his run to his grandmother who suffered from the disease. We were proud to support Bruce's efforts on behalf of this worthwhile cause.

Smartplay wishes Bruce continued good luck toward raising funds and consciousness for an Alzheimer's cure.

Luxembourg Likes Our Looks

This fall, Loterie Nationale of Luxembourg met with Smartplay International to update the appearance of their most popular TV game show, *Picco Bello*. The Smartplay and Loterie Nationale teams collaborated to craft a new centerpiece, a customized 100-light-segment wheel, using mesmerizing lighting effects and technical enhancements. This fantastic new *Picco Bello* wheel should thoroughly captivate the show's audience.

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Growth and Strong Sales...

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Said Michaud, "I have never seen a time when lotteries have been so willing to embrace new technology. Our dramatic increase in sales proves the industry is calling for progress in the presentation of winning numbers. We listened to our customers and are working tirelessly to meet those ever-changing needs."

We have expanded our staff, adding increased industrial design resources and customized computer-programming abilities in order to meet those demands. We have a new facility we have occupied for barely over a year, just in time for the increased staff and production load. We are excited to be working with MUSL again, continuing our 12-year commitment to the Multi-State Lottery Association's equipment needs. We continue to enjoy a strong alliance with lotteries all across the globe and look forward to entering 2009 with a renewed effort to expand our customer relationships and provide superior customer service. Additionally, four lotteries have recently experimented by leasing our equipment as an economical way to try out a system and promote a raffle or other special event drawing.

This trend demonstrates the commitment that domestic and international lotteries have to technology-driven equipment.

Luxembourg...

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Game show players will have a chance to spin this stunning prize wheel three times, lighting different "jackpot segments" with each spin. They'll be able to win multiple times with an accumulating jackpot. The contestant will choose between two different colored balls for their winner, and will win the amount shown on the segment where his selected ball lands. Adding to the excitement, if that segment is also lit, the player wins the big jackpot!

Picco Bello has been Luxembourg's most popular TV game show since 1998, according to RTL Group's annual report. Loterie Nationale has chosen Smartplay to supply their custom prize wheels for *Picco Bello* since 2002 and we are pleased to once again work on this collaborative effort.



Smartplay International supplies MultiDigit Gems to Pennsylvania



Representatives from Pennsylvania State Lottery visited Smartplay International Inc. in May 2008. After touring the facility and being introduced to a variety of different drawing machines, Walt Rubel, Jim Morgan and Brad Huntingdon went back to their headquarters with enough information to make a decision. The same month, they confirmed that the PA Lottery is gearing up to introduce an exciting new game using Smartplay's 5-chamber MultiDigit Gems.

Pennsylvania Lottery introduced the new number game—Quinto—on August 26th. Quinto drawings are held twice daily, seven days a week. The new game offers players multiple ways to play and win a top prize of \$50,000. According to Bradley Huntingdon, the Lottery Draw Manager "in addition to the live draw, the machines are used 15 times each night for pre and post-drawing procurement...and thus far, the Multidigit Gems have functioned absolutely perfectly."

New Saturn for LIEDSA

A new Saturn joins a Multi Digit Gem and Magnum machines at LEIDSA's studio in Dominican Republic.

The new Saturn is used to play the Super Keno TV and Super Bingo TV games five times a week.



Phoenix and Neptune in Suriname

A new Phoenix draw machine and Neptune "2" arrive in Suriname.

The Phoenix is used for a 6/50 game and Neptune for Pick 2.

GOAL for Smartplay

Smartplay International is honored to help The National Football Association of Netherlands -KONINKLIJKE NEDERLANDSE VOETBALBOND (KNVB) - with their yearly National Football Cup draw. Smartplay's Standard Daily and drawing balls are used to select the football clubs that will be playing against each other in the upcoming season. In the pictures below the drawing is broadcasted live on Dutch television and takes place in the Stadium of Ajax, one of the most famous football clubs in Holland.



Pictured here is the drawing, broadcast live on Dutch television from the Stadium of Ajax, one of the most famous clubs in Holland.

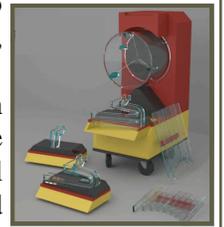
Talented artist joins Smartplay design team



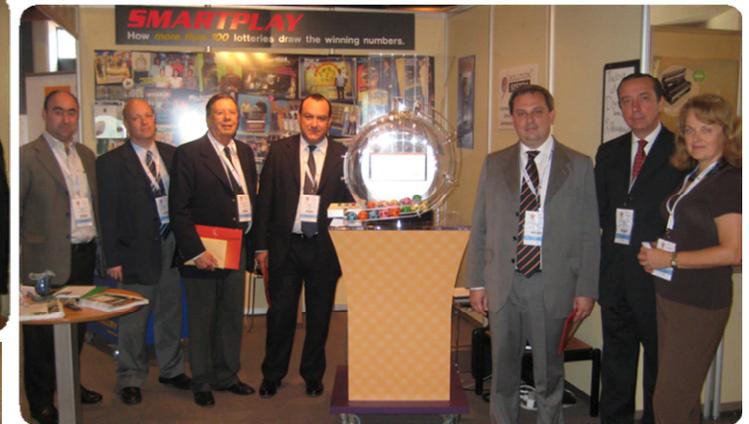
The latest addition to the Smartplay team is Daniel Toor. He is a graduate of the Philadelphia Art Institute holding a Bachelors of Science degree in Industrial Design. We were fortunate to bring in a person with such a wide range of talents, including language skills in German, Hindi and French, as well as, computer programming skills in several languages.

Toor is a gifted industrial designer who has completed outstanding hand drawn and computerized renderings for Smartplay clients. He has transformed drafts of machine blueprints into photo-like, detailed, artistic drawings for Camelot, Texas, Ireland and El Salvador in recent months. He's also crafted renderings of impressive drawing drums and concepts for new draw machines.

Toor has skills in 3-D molding and woodworking. He has previously exhibited his talents at Design Philadelphia, the Philadelphia Furniture Show and shown his stage and prop designs at the Philadelphia Phashion Phest. This quiet young man has shown a remarkable dedication to all his projects and a flair for teamwork. His wide range of skills enables him to take part in many aspects of machine building at Smartplay.



We had a great time at WLA in Rhodes, Greece



Contract

USA

- ◆ Multi-State Lottery: **Custom Halogens**
- Rentals
- ◆ Knights of Columbus: **Mixing Drum**
- ◆ New Jersey: **Origin Digital Draw System**
- ◆ Rhode Island: **Origin Digital Draw System**
 - ◆ WNBA: **Standard Daily**

Announcements

International

- ◆ Nigeria, National Sports Lottery: **Halogen and Saturn**
- ◆ Philippines, PGMC: **Orbits**
- ◆ Surname, Canada Bank Note: **Phoenix and Neptune**



- ◆ Samoa, Samoa Sports Lotto Agencies: **Saturn**
- ◆ Malaysia, Sports Toto: **MegaGem**
- ◆ Israel, Mifal Hapayis: **Neptunes**
- ◆ Guatemala, H2P Games: **Mercury and Bingo Phoenix**
- ◆ England, Camelot: **Custom Machines**
- ◆ Rwanda, Tilia Games: **Saturn**
- ◆ Latvia, Latvijas Loto: **Mercury**
- ◆ Ireland, National Lottery of Ireland: **Mixing Drum**

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