

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE GAMING LOTTERY SECURITIES LITIGATION x

Master File No.
96 Civ. 5567 (RPP)

THIS DOCUMENT RELATES TO:
ALL ACTIONS

_____x

**NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION,
HEARING ON PROPOSED SETTLEMENT AND PETITION FOR REIMBURSEMENT
OF EXPENSES AND RIGHT TO SHARE IN SETTLEMENT FUND**

TO: ALL PERSONS WHO PURCHASED LASER FRIENDLY INC. OR GAMING LOTTERY CORPORATION ("GLC") COMMON STOCK IN THE AMERICAN AND CANADIAN SECURITIES MARKETS BETWEEN FEBRUARY 1, 1995 AND MAY 24, 1996 (THE "CLASS PERIOD").

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY PROCEEDINGS IN THIS ACTION. IF YOU ARE A CLASS MEMBER, YOU ULTIMATELY MAY BE ENTITLED TO RECEIVE BENEFITS PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED HEREIN.

CLAIMS DEADLINE: CLAIMANTS MUST SUBMIT PROOFS OF CLAIM, ON THE FORM ACCOMPANYING THIS NOTICE, POSTMARKED ON OR BEFORE MARCH 17, 2004.

SECURITIES BROKERS AND OTHER NOMINEES: PLEASE SEE INSTRUCTIONS ON PAGE 7 HEREIN.

SUMMARY OF SETTLEMENT AND RELATED MATTERS

I. Purpose of this Settlement Notice

1. This Settlement Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court dated December 2, 2003. A Notice of Pendency dated July 6, 1999 was distributed concerning the conditional certification of the Class and the pendency of this Action as a class action. If you submitted a request for exclusion in accordance with the requirements set forth in that Notice of Pendency, then you are excluded and may not submit a Proof of Claim herein. The purpose of this Settlement Notice is to inform you that the proposed Settlement will affect all Class Members' rights. This Settlement Notice describes rights you may have under the proposed Settlement and what steps you may take in relation to this Action. This Settlement Notice is not an expression of any opinion by the Court as to the merits of any claims or any defenses asserted by any party in this Action, or the fairness or adequacy of the proposed Settlement.

II. Statement of Plaintiff Recovery

2. Pursuant to the Settlement described herein, a Settlement Fund consisting of \$1,000,000 in cash, plus interest, will become available for the Class. Plaintiffs estimate that there were approximately 14.2 million shares of GLC common stock traded during the Class Period which may have been damaged as a result of the alleged wrongdoing. Plaintiffs estimate that the average recovery per damaged share of GLC common stock under the Settlement is approximately 7¢ per damaged share before deduction of Court-awarded expenses. Depending on the number of claims submitted, when during the Class Period a Class Member purchased his or her shares of GLC common stock, and whether those shares were held at the end of the Class Period or sold during the Class Period, and if sold, when they were sold, an individual Class Member may receive more or less than this average amount. For purposes of the Settlement herein, a Class Member's distribution from the Net Settlement Fund will be governed by the proposed Plan of Allocation described below at paragraphs 27 - 35, or such other Plan of Allocation as may be approved by the Court.

III. Statement of Potential Outcome of Case

3. The parties disagreed on both liability and damages and do not agree on the average amount of damages per share that would be recoverable if plaintiffs were to have prevailed on each claim alleged. The issues on which the parties disagree include (a) the appropriate economic model for determining the amount by which GLC common stock was allegedly artificially inflated (if at all) during the Class Period; (b) the amount by which GLC common stock was allegedly artificially inflated (if at all) during the Class Period; (c) the effect of various market forces influencing the trading price of GLC common stock at various times during the Class Period; (d) the extent to which external factors, such as general market and industry conditions, influenced the trading price of GLC common stock at various times during the Class Period; (e) the extent to which the various matters that plaintiffs alleged were materially false or misleading influenced (if at all) the trading price of GLC common stock at various times during the Class Period; (f) the extent to which the various allegedly adverse material facts that plaintiffs alleged were omitted influenced (if at all) the trading price

of GLC common stock at various times during the Class Period; and (g) whether the statements made or facts allegedly omitted were material or otherwise actionable under the federal securities laws.

IV. Statement of Attorneys' Fees and Costs Sought

4. Plaintiffs' Counsel are NOT applying for any attorneys' fees. Plaintiffs' Counsel do intend to request the Court to approve a payment to Plaintiffs' Counsel of \$90,000 for reimbursement of expenses incurred in connection with the prosecution of this Action, which is less than 23% of the over \$400,000 of expenses actually incurred. The requested expenses would amount to an average of 0.6¢ per damaged share.

V. Further Information

5. Further information regarding the Action and this Settlement Notice may be obtained by contacting Plaintiffs' Co-Lead Counsel: Deborah Clark-Weintraub, Esq., Milberg Weiss Bershad Hynes & Lerach LLP, One Pennsylvania Plaza, New York, New York 10119-0165, Telephone (212) 594-5300; or Robert C. Finkel, Esq., Wolf Popper LLP, 845 Third Avenue, New York, New York 10022, Telephone (212) 759-4600.

VI. Reasons for the Settlement

6. The principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the substantial risks that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future, and that any greater jury award or judgment would not be collectible.

[END OF COVER PAGE]

NOTICE OF SETTLEMENT FAIRNESS HEARING

7. NOTICE IS HEREBY GIVEN, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York (the "Court") dated December 2, 2003, that a hearing will be held before the Honorable Robert P. Patterson in the United States Courthouse, 500 Pearl Street, New York, New York 10007, at 10:00 a.m., on February 4, 2004 (the "Settlement Fairness Hearing") to determine whether a proposed settlement (the "Settlement") of the above-captioned action (the "Action") as set forth in the Stipulation and Agreement of Settlement dated November 17, 2003 (the "Stipulation"), is fair, reasonable and adequate and to consider the proposed Plan of Allocation for the Settlement proceeds and the application of Plaintiffs' Counsel for reimbursement of expenses.

8. The Court previously certified a plaintiff Class consisting of all persons who purchased Laser Friendly Inc. or Gaming Lottery Corporation ("GLC") common stock in the American and Canadian securities markets between February 1, 1995 and May 24, 1996, other than the defendants, members of their immediate families, any subsidiary, affiliate or control person of any such person or entity, officers, directors and employees of GLC, and the legal representatives, heirs, successors or assigns of any such excluded party. A Notice of Pendency dated July 6, 1999 was mailed to Class Members on or about August 26, 1999 and a summary notice was published in The New York Times and in The Financial Post on September 2, 1999. If you submitted a request for exclusion in accordance with the requirements set forth in the Notice of Pendency, then you are not a Class Member and may not submit a Proof of Claim herein.

BACKGROUND OF THE LITIGATION

9. In 1995 and 1996, GLC was an Ontario corporation that manufactured and supplied products for the lottery, pari-mutuel, bingo, and charitable gaming markets, operating through subsidiaries in Ontario and the United States and its stock was traded on the Toronto Stock Exchange and on the NASDAQ National Market. GLC was known as Laser Friendly until July 1995. Lottery supply companies are subject to rigorous regulation by various state gaming commissions. On February 1, 1995, GLC's predecessor, Laser Friendly, announced that it had completed the acquisition of Specialty Manufacturing Inc. ("Specialty Manufacturing"), subject to receipt of regulatory approval for the requisite gaming licenses.

10. Plaintiffs allege in the Action that during the Class Period, defendants issued a series of false and misleading statements that led investors to believe that GLC had received Washington State Gambling Commission ("WSGC") approval to acquire the Specialty Manufacturing gaming business in Bellevue, Washington. In fact, plaintiffs allege, GLC was unable to obtain regulatory approval to operate or acquire Specialty Manufacturing because it failed to identify the individual investors in the investment funds that had purchased stock in GLC private placements that were the source of funding for that acquisition and another acquisition. Plaintiffs further allege that GLC illegally acquired and secretly operated Specialty Manufacturing, notwithstanding the lack of WSGC approval, and improperly consolidated Specialty Manufacturing's operating results in GLC's publicly reported financial statements resulting in an overstatement of its financial condition. Plaintiffs also allege that defendants made materially false and misleading statements concerning a subsequent proposed acquisition of Trade Products, Inc., also a Washington State gaming company, in that defendants failed to disclose that the Specialty Manufacturing acquisition had not yet been approved by the WSGC, and that approval had been placed in jeopardy by defendants' alleged unlawful operation of Specialty Manufacturing and issues relating to the source of funds for the acquisitions. On April 2, 1996, GLC announced that it planned to divest itself of all of its subsidiaries engaged in the manufacturing of lottery tickets and related paper-based gaming businesses. Thereafter, in April 1996, the WSGC commenced proceedings that enjoined GLC's allegedly unlawful operation of Specialty Manufacturing. On May 23, 1996, GLC released a first quarter 1997 financial statement that excluded the revenue of its paper-based subsidiaries because of its previously announced intent to divest itself of those

businesses. The Complaint alleges that defendants' materially false and misleading statements caused GLC common stock to trade at artificially inflated prices.

BACKGROUND TO THE SETTLEMENT

11. The Consolidated Amended Class Action Complaint dated January 13, 1997 filed in the Action (the "Complaint") generally alleges, among other things, that Defendants issued materially false and misleading press releases and other statements regarding GLC's acquisitions of Specialty Manufacturing Inc. and Trade Products Inc., two Washington State gaming businesses, and GLC's financial condition during the period February 1, 1995 through and including May 24, 1996 in a scheme to artificially inflate the value of GLC's securities.

12. The Complaint further alleges that plaintiffs and the other Class Members purchased the common stock of GLC during the Class Period at prices artificially inflated as a result of the Defendants' dissemination of materially false and misleading statements regarding GLC in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated there under.

13. Defendants moved to dismiss the Complaint. The Court, by an Opinion and Order dated May 27, 1998, denied the Defendants' motion to dismiss the Complaint.

14. On February 16, 2000, after GalaxiWorld failed to appear as ordered for a hearing on January 25, 2000 following the withdrawal of its counsel, Proskauer Rose LLP, the district court entered a default judgment against GalaxiWorld in the amount of \$22,084,844. This judgment was later reversed on appeal in December 2000.

15. While GalaxiWorld's appeal from the default judgment was pending, proceedings against the Individual Defendants proceeded in the District Court. On April 14, 2000, plaintiffs moved for summary judgment on liability and damages against the Individual Defendants. While plaintiffs' summary judgment motion was pending, Defendant Banks and Defendant Weltman each pled guilty in Supreme Court, New York County to one count of violation of New York General Business Law Section 352-c(5) (the "Martin Act"). Finding that the guilty pleas constituted admissions by Banks and Weltman that they each intentionally engaged in a scheme to defraud in connection with the sale of Gaming Lottery securities, in a decision dated February 27, 2001, the district court granted plaintiffs' motion for summary judgment as to the liability of the Individual Defendants for the period May 3, 1995 through May 24, 1996, and entered judgment against Banks and Weltman in the amount of \$10 million subject to adjustment based upon the claims submitted by eligible Class Members. In the Court's February 27, 2001 decision on Plaintiffs' motion for Summary Judgment, the Court denied summary judgment for the early part of the Class Period on the basis that there were no actionable misstatements or omissions alleged prior to May 3, 1995. On March 13, 2001, the Individual Defendants filed a notice of appeal from the judgment, which is pending.

16. Individual Defendants Weltman and Banks reside in Ontario, Canada. GalaxiWorld, at relevant times, was incorporated and maintained its executive offices outside the United States. In the event Plaintiffs would be successful in obtaining a final judgment against the Defendants, after the exhaustion of all appeals, that judgment would be required to be enforced overseas. Plaintiffs anticipate that they would have extreme difficulty in locating any of the Defendants' assets and enforcing any such final judgment outside the United States. Moreover, Plaintiffs' Counsel would apply for reimbursement of expenses and for payment of attorneys' fees out of any recovery in excess of the Settlement Amount -- so that any further recovery would not necessarily redound to the benefit of the Class.

17. Prior to entering into the Stipulation, Plaintiffs' Counsel conducted full pretrial discovery on the merits, including, *inter alia*, analysis of tens of thousands of pages of documents produced by GLC and numerous non-parties, and deposed the Individual Defendants, regulators in the States of Washington and Nebraska, representatives of Specialty Manufacturing Inc. and Trade Products Inc. and GLC's attorneys and accountants. Plaintiffs also retained accounting and damage experts, who provided reports detailing their opinions with respect to Plaintiffs' claims. Plaintiffs' Counsel's decision to enter into this Settlement was made with knowledge of the facts and circumstances underlying plaintiffs' claims and the strengths and weaknesses of those claims. In determining to settle the Action, they have evaluated the extensive discovery taken in the Action and taken into account the substantial expense and length of time necessary to prosecute the Action through trial, post-trial motions, and likely appeals, taking into consideration the significant uncertainties in predicting the outcome of this complex litigation and in collecting any greater amount from Defendants. The Defendants are non-U.S. residents, and each of the Defendants has provided a sworn affidavit as to his or its financial condition and inability to pay a greater amount. Counsel for plaintiffs believe that the Settlement described herein confers very substantial benefits upon the Class. Based upon their consideration of all of these factors, plaintiffs and their counsel have concluded that it is in the best interest of plaintiffs and the Class to settle the Action on the terms described herein.

18. The defendants have denied the allegations of the Complaint and have alleged several defenses, including that the WSGC's failure to grant GLC a license was not warranted by existing law and was not reasonably foreseeable, that GLC's inability to gain a license from the WSGC was caused by acts and omissions of third parties over whom the defendants had no control, and that the defendants' actions were taken in good faith reliance on the advice of their accountants and attorneys. In particular, defendants assert that GLC did not illegally acquire and operate Specialty

Manufacturing, and GLC relied for its actions on the advice of counsel experienced in Washington State gaming law. Defendants also assert that GLC's reporting of the revenues of Specialty Manufacturing was proper, and that in consolidating those revenues GLC relied on a written opinion from its auditors.

19. Further, the amount of damages, if any, that plaintiffs could prove was also a matter of serious dispute, and the Settlement's use of a Recognized Claim formula for distributing the Settlement proceeds does not constitute a finding, admission or concession that provable damages could be measured by the Recognized Claim formula. The determination of damages, like the determination of liability, is a complicated and uncertain process, typically involving conflicting expert opinions. During the course of the Action, Defendants, in addition to denying any liability, disputed that plaintiffs and the Class were damaged by any wrongful conduct on the part of Defendants. The Settlement herein provides an immediate and substantial cash benefit and avoids the risks that liability or damages might not have been proven at trial.

20. The Court has not entered a final order determining the merits of the plaintiffs' claims or the defenses thereto. This Settlement Notice does not imply that there has been or would be any finding of violation of the law or that recovery could be had in any amount if the Action were not settled.

TERMS OF THE SETTLEMENT

21. In full and complete settlement of the Settled Claims (as defined below), and subject to the terms and conditions of the Stipulation the Defendants have caused \$200,000 (the "Further Payment") to be paid into escrow for the benefit of plaintiffs and the Class. The Further Payment is in addition to \$800,000 (plus any accrued interest) previously paid into the Court's escrow fund by the Individual Defendants, for the benefit of the Class, as a result of proceedings in the Supreme Court, New York County (the "Escrow Fund Amount"). Upon the Effective Date, the Escrow Fund Amount shall be transferred to Plaintiffs' Co-Lead Counsel for joint administration with the Further Payment. The Further Payment, the Escrow Fund Amount, and any interest earned thereon shall be the "Gross Settlement Fund."

22. Pursuant to the Settlement, and on the Effective Date, plaintiffs and other members of the Class who have not previously excluded themselves therefrom on behalf of themselves, their heirs, executors, administrators, successors and assigns shall release and forever discharge, and shall forever be enjoined from prosecuting, the Released Parties (defined below) with respect to each and every Settled Claim (defined below). Further, pursuant to the Settlement plaintiffs have agreed to request that the Court vacate any contempt sanctions imposed against Defendants arising solely out of this Action.

23. The "Defendants" include the following, each of whom will be released from all Settled Claims: (1) Gaming Lottery Corporation ("GLC") (GLC was known as Laser Friendly Inc. until July 1995, and is now known as GalaxiWorld.com Limited); (2) Jack Banks (a.k.a. Jacques Benquesus) (Chief Executive Officer, President, and Chairman of the Board of Directors of Laser Friendly/GLC throughout the Class Period); and (3) Larry Weltman (Executive Vice President, Chief Financial Officer, and a Director of Laser Friendly/GLC throughout the Class Period). In addition, the Settlement will release all Class Members' Settled Claims against any and all of the Defendants, their past or present subsidiaries, parents, successors and predecessors, officers, directors, shareholders, agents, employees, attorneys, internal GLC accountants, advisors, and investment advisors, and any person, firm, trust, corporation, officer, director or other individual or entity in which any defendant has a controlling interest or which is related to or affiliated with any of the defendants, and the legal representatives, heirs, successors in interest or assigns of the Released Parties (collectively, the "Released Parties").

24. "Settled Claims" means any and all claims, rights or causes of action, liabilities or judgments whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and unknown claims, that have been or could have been asserted in the Action or in any forum by any member of the Class against any of the Released Parties which arise out of or relate in any way to the acts, transactions, facts, matters, occurrences, representations or omissions alleged in the complaint, including but not limited to, GLC's accounting practices, filings with the SEC or any other governmental agency, or public disclosures, which relate to the purchase of shares of the common stock of GLC during the Class Period. "Settled Claims" also means any claims of any Class Member against any Released Party arising out of any order or judgment of the Court entered prior to the date of the Stipulation sanctioning any of the Defendants.

25. If the Settlement is approved by the Court, all Settled Claims will be dismissed on the merits and with prejudice as to all Class Members and all Class Members shall be forever barred from prosecuting a class action or any other action raising any Settled Claims against any Released Party.

26. The Settlement will become effective at such time as an Order entered by the Court approving the Settlement shall become final and not subject to appeal (the "Effective Date").

PLAN OF ALLOCATION OF SETTLEMENT PROCEEDS AMONG CLASS MEMBERS

27. The \$200,000 Further Payment, less approved litigation costs and expenses and the costs of notice and administration, and less any taxes on the interest income on such fund, and the \$800,000 escrow fund, less the costs of

notice and administration, and less any taxes on the interest income on such fund (together the "Net Settlement Fund") shall be distributed to members of the Class who submit acceptable Proofs of Claim ("Authorized Claimants").

28. The following proposed Plan of Allocation reflects the proposition that the prices of GLC common stock was inflated artificially by materially misleading statements and omissions during the entire Class Period, but discounts losses from purchases made prior to May 3, 1995.¹ The proposed Plan of Allocation further reflects the proposition that there was no further alleged artificial inflation after the end of the Class Period on May 24, 1996 at which point GLC's common stock traded for approximately \$2.69.

29. The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim" compared to the Total Recognized Claims of all accepted claimants. Recognized Claims will be calculated for purposes of the Settlement as follows:

(a) For shares of Laser Friendly or Gaming Lottery common stock purchased during the period from February 1, 1995 through the close of trading on May 2, 1995, and

(i) Sold at a loss on or before May 24, 1996 an Authorized Claimant's "Recognized Claim" shall mean 25%² of the difference between the purchase price paid (including commissions, etc.) and the sales proceeds received (net of commissions, etc.):

(ii) Still held as of the close of trading on May 24, 1996 an Authorized Claimant's "Recognized Claim" shall mean 25% of the difference, if a loss, between the purchase price paid (including commissions, etc.) and \$2.69 per share.

(b) For shares of GLC common stock purchased during the period from May 3, 1995 through May 24, 1996, inclusive, and

(i) Sold at a loss on or before May 24, 1996 an Authorized Claimant's "Recognized Claim" shall mean the difference between the purchase price paid (including commissions, etc.) and the sales proceeds received (net of commissions, etc.):

(ii) Still held as of the close of trading on May 24, 1996 an Authorized Claimant's "Recognized Claim" shall mean the difference, if a loss, between the purchase price paid (including commissions, etc.) and \$2.69 per share.

30. Sales during the Class Period will be matched first against any GLC shares held at the opening of trading on May 3, 1995 and then against purchases during the period May 3, 1995 through May 24, 1996 on a First-In, First-Out basis.

31. Class Members who do not submit acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not either file a request for exclusion or submit acceptable Proofs of Claim will nevertheless be bound by the judgment and the Settlement.

32. **PLEASE NOTE:** Transactions resulting in a gain will not be included in calculating a claimant's Recognized Claim, HOWEVER, to the extent a Claimant had a gain from his, her or its overall transactions in GLC common stock during the Class Period, the value of the Recognized Claim will be zero. To the extent that a Claimant suffered an overall loss on his, her or its overall transactions in GLC common stock during the Class Period, but that loss was less than the Recognized Claim calculated pursuant to the above provisions, then the Recognized Claim shall be limited to the amount of the actual loss.

33. For purposes of determining whether a Claimant had a gain from his, her or its overall transactions in GLC common stock during the Class Period or suffered a loss, the Claims Administrator shall: (i) total the amount paid for all GLC common stock purchased during the Class Period by the claimant (the "Total Purchase Amount"); (ii) match any sales of GLC common stock during the Class Period first against the Claimant's opening position in the stock (the proceeds of those sales will not be considered for purposes of calculating gains or losses); (iii) total the amount received for sales of the remaining shares of GLC common stock sold during the Class Period (the "Sales Proceeds"); (iv) ascribe a \$2.69 per share holding value equal to the closing price of GLC common stock on May 24, 1996 times the number of shares of GLC common stock purchased during the Class Period and still held at the close of trading on May 24, 1996 -- the end of the Class Period -- (the "Holding Value"). A Claimant's gain or loss on his, her or its overall transactions in GLC common stock during the Class Period will be the difference between (i) the Total Purchase Amount and the (ii) sum of the Sales Proceeds plus the Holding Value.

34. Class Members who do not submit acceptable Proofs of Claim will not share in the settlement proceeds. Class Members who do not either file a request for exclusion or submit acceptable Proofs of Claim will nevertheless be bound by the judgment and the Settlement.

¹ In the Court's February 27, 2001 decision on Plaintiffs' motion for Summary Judgment, the Court held that there were no actionable misstatements or omissions alleged prior to May 3, 1995.

² Claimants who purchased prior to May 3, 1995 faced a greater difficulty in showing an actionable claim in view of the Court's non-final order holding that summary judgment would not be granted based on the alleged misstatements or omissions for the period prior to May 3, 1995.

35. Funds will be distributed to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distribution checks, any balance remaining in the Net Settlement Funds one (1) year after the initial distribution of such funds shall, if practicable, be re-distributed to Class Members who have cashed their checks and who would receive at least \$10.00 from such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c) (3) organization(s) designated by Plaintiffs' Co-Lead Counsel.

THE RIGHTS OF CLASS MEMBERS

36. The Court has previously certified this Action to proceed as a class action. If you purchased Laser Friendly Inc. or Gaming Lottery Corporation ("GLC") common stock in the American and Canadian securities markets between February 1, 1995 and May 24, 1996 (the "Class Period"), and you are not excluded from the definition of the Class, and you did not previously submit a request for exclusion in accordance with the terms of the Notice of Pendency, then you are a Class Member. Class Members may object to the Settlement or any of its terms, including the proposed Plan of Allocation or to Plaintiffs' Counsel's application for reimbursement of expenses by following the instructions in paragraph 41 below.

SUBMISSION AND PROCESSING OF PROOFS OF CLAIM

37. In order to be eligible to receive any distribution from the Settlement Fund, you must complete and sign the accompanying Proof of Claim and Release form and send it by first class mail postmarked on or before March 17, 2004, addressed as follows:

In re Gaming Lottery Securities Litigation
c/o Gilardi & Co. LLC
Claims Administrator
Post Office Box 5100
Larkspur, CA 94977-5100

38. If you do not submit a proper Proof of Claim form, you will not be entitled to any share of the Settlement Fund. All Proofs of Claim must be postmarked by March 17, 2004 unless such period is extended by Order of the Court.

39. Each Claimant shall be deemed to have submitted to the jurisdiction of the United States District Court for the Southern District of New York with respect to his, her or its Proof of Claim. The Court has reserved jurisdiction to allow, disallow, or adjust any claim on equitable grounds.

SETTLEMENT FAIRNESS HEARING

40. At the Settlement Fairness Hearing, the Court will determine whether to finally approve this Settlement and dismiss the Action and the Settled Claims of the Class Members. The Court will also determine whether the Plan of Allocation for the Settlement proceeds is fair and reasonable. The Settlement Fairness Hearing may be adjourned from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Fairness Hearing, you should confirm the date and time with Plaintiffs' Co-Lead Counsel. If the Settlement is approved, the Court will also consider the application of Plaintiffs' Counsel for reimbursement of expenses.

41. At the Settlement Fairness Hearing, any Class Member who has not previously submitted a request for exclusion from the Class may appear in person or by counsel and be heard to the extent allowed by the Court in opposition to the fairness, reasonableness and adequacy of the Settlement, the Plan of Allocation, or the application for reimbursement of expenses, provided, however, that in no event shall any person be heard in opposition to the Settlement, the Plan of Allocation, or Plaintiffs' Counsel's application for reimbursement of expenses and in no event shall any paper or brief submitted by any such person be accepted or considered by the Court, unless, on or before January 21, 2004, such person (a) files with the Clerk of the Court notice of such person's intention to appear, showing proof of such person's membership in the Class, and providing a statement that indicates the basis for such opposition, along with any documentation in support of such objection, and (b) simultaneously serves copies of such notice, proof, statement and documentation, together with copies of any other papers or briefs such person files with the Court, in person or by mail upon Plaintiffs' Co-Lead Counsel:

Deborah Clark-Weintraub, Esq.
MILBERG WEISS BERSHAD
HYNES & LERACH LLP
One Pennsylvania Plaza
New York, NY 10119-0165
(212) 594-5300

Robert C. Finkel, Esq.
WOLF POPPER LLP
845 Third Avenue
New York, NY 10022
(212) 759-4600

and upon Defendants' Counsel:

Sheldon Eisenberger, Esq.
LAW OFFICES OF SHELDON EISENBERGER
30 Broad Street, 15th Floor
New York, New York 10004
(212) 422-3843

Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the request for reimbursement of expenses are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for reimbursement of expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

ATTORNEYS' FEES AND EXPENSES

42. Plaintiffs' Counsel are NOT requesting an award of attorneys' fees with respect to the settlement of this Action. Although Plaintiffs Counsel expended over \$2 million worth of attorneys' time pursuing this Action on a contingent fee basis and have expended over \$400,000 in litigation expenses, Plaintiffs' Counsel are applying for reimbursement of just \$90,000 of the expenses incurred in the prosecution of the Action. This amounts to 45% of the Further Payment obtained in this Settlement.

43. Plaintiffs' Counsel, without further notice to the Class, may subsequently apply to the Court for fees and expenses of the Claims Administrator incurred in connection with giving notice of this Settlement and administering and distributing the Settlement proceeds to the members of the Class and any proceedings subsequent to the Settlement Fairness Hearing.

FURTHER INFORMATION

44. For a more detailed statement of the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court for the Southern District of New York, United States Courthouse, 500 Pearl Street, New York, New York 10007, during regular business hours.

45. ALL INQUIRIES CONCERNING THIS SETTLEMENT NOTICE OR THE PROOF OF CLAIM FORM BY CLASS MEMBERS SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR IN WRITING AT THE ADDRESS INDICATED BELOW.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

46. If you purchased Laser Friendly Inc. or Gaming Lottery Corporation ("GLC") common stock in the American and Canadian securities markets between February 1, 1995 and May 24, 1996 (the "Class Period") for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS SETTLEMENT NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such stock during such time period or (b) request additional copies of this Settlement Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Settlement Notice and Proof of Claim form directly to the beneficial owners of the securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re Gaming Lottery Securities Litigation
c/o Gilardi & Co. LLC
Claims Administrator
P.O. Box 5100
Larkspur, CA 94977-5100
(415) 461-0410

Dated: New York, New York
December 15, 2003

By Order of the Court
CLERK OF THE COURT