

IMPORTANT INDUSTRY ANNOUNCEMENT

CHARITABLE GAMING REVITALIZATION READY TO MOVE FORWARD

February 16, 2011

We are very pleased to announce that the industry, through participation by Ontario Charitable Gaming Association (OCGA) and Commercial Gaming Association Ontario (CGAO), has reached an agreement with the Ontario Lottery and Gaming (OLG) on the elements of a new *eBingo Gaming* initiative.

A standardized financial model and the product portfolio for the first phase of the initiative have now been developed with active participation from the industry. This initiative will provide opportunities for thousands of charities and non-profits across the province to use new products and new technologies in their charitable gaming fundraising efforts. In addition, the Commercial Operators will play an important role with a further opportunity to invest in their businesses, to enhance the facilities and the experience to the customer while benefiting local communities.

OLG is committed to assisting the industry by strengthening its existing partnership through developing significant, immediate, and long-term initiatives. The direction is based on the fulfillment of key conditions to support the shared goal of a successful revitalization. OLG is seeking the commitment from 30 Bingo Centres to participate in the new *eBingo Gaming* initiative in order to capitalize on economies of scale. This number includes the six eBingo sites that are currently operational. We are confident that given the interest, we will achieve the number of sites required to make this initiative a success.

The Approach

The *eBingo Gaming* initiative calls for an expansion in the number of Bingo Centres offering eBingo, along with an additional suite of new electronic games (eSuite of products). The eSuite will make Bingo Centres more competitive and appealing to a broader demographic while providing a different gaming experience from traditional casinos or slots at racetracks.

The approach to participate in the new model is one of choice for operators, charities, and municipalities. There will also be some product *choices* for the smaller, more traditional paper Bingo Centres that may not be interested in a full eBingo gaming site. Charities and operators choosing one or two of these products would be under individual contracts with OLG (a process similar to existing Big Link Bingo contracts).

The standardized financial commission model developed for the full eBingo sites will provide standardized shares for charities, operators, and municipalities. This equitable approach avoids prolonged negotiations and facilitates moving the initiative forward in a timely fashion. Additionally, the product package has been clearly defined for the first phase of the initiative so that those who commit are aware of the scope. OLG has made a very strong commitment to continually revitalize product offerings and adding new products after we complete the first phase. OLG has put in place the internal infrastructure to make this happen.

As indicated in the December 1st update communication from OCGA, CGAO, and OLG, a *New Product Committee* has been working to identify products for the industry and to develop the specifications for those products. The product concepts fall into three categories: Phase 1 – products that are readily available (i.e., “off the shelf”) or could be developed quickly; Phase 2 – products that will take a little more time to develop and/or source; and, Phase 3 – products that require further exploration and development as they do not currently exist in the format required.

For Phase 1, we have agreed on the product list that will be included in the full eBingo gaming sites for year one and some optional products that will be made available to smaller sites. Please note that some products will roll out sooner than others. This is dependent upon development time, the government procurement process, and the current availability of the product. Every effort will be made to deliver products as quickly as possible.

Products for Phase One

Full eBingo Gaming Sites will include all of the following:

- ✓ Electronic Bingo on a robust system
- ✓ Break Open Ticket Dispensing *Machines* with entertainment component
- ✓ Paper Bingo
- ✓ Personal played “*Play on Demand*” games – electronic bingo-themed games that players play against the computer on the bingo platform, refreshed throughout the year
- ✓ Personal played Electronic Break Open Tickets on the eBingo system
- ✓ Paper Break Open Tickets
- ✓ Personal played Electronic Instant Tickets
- ✓ Traditional Instant Tickets
- ✓ Electronic Shutterboard
- ✓ Networked U Pick'em/Rapid Draw Bingo

Standalone Product Choices for Paper Sites

- ✓ Electronic Shutterboard
- ✓ Networked U Pick'em/Rapid Draw Bingo

Next Steps

The OCGA, CGAO, along with OLG, are organizing industry information sessions across the province. These sessions are open to all interested charities, operators, and municipalities. Information will also be posted on the OCGA and CGAO websites. The goal of these sessions is to obtain initial commitment from 30 locations across the province. Once interest has been determined, site selection for phase one will occur. Interested charities and operators will be asked to sign a “letter of intent” in order to demonstrate that we have the numbers required to build volume over time.

Commercial Operators offering full eBingo gaming sites will be required to make a minimum investment to support the back-end computer system and to ensure that all required infrastructure is in place to accept the technology and equipment. There will be no requirement for facilities to be upgraded or for cosmetic changes to occur. These upgrades will be at the discretion of the Commercial Operators, who have the knowledge of what is best for their facility, and what is best for customer appeal.

In the full scenario, OLG “conducts and manages” through a service contract with the operator, while charities continue to play an important “in-house” role in return for a percentage of the proceeds. *Participation in this model will be a joint decision between operator and the charities.* Municipalities must also be in agreement.

In the case of locations that are smaller, paper-only sites, the decision to add OLG products, again, will be made *jointly* by the operator and the charities, with all parties receiving payments accordingly.

The approach in this initiative is one of choice for both charities and operators.

We strongly encourage you to attend an information session in order to obtain further details on the initiative and to have an opportunity to have your questions addressed. This is a *tremendous opportunity* for revitalization of the charitable gaming industry over the coming years and one that, collectively, we have worked on for a significant period of time. We are very pleased with the progress and look forward to implementation over the next twelve months.

Scheduled Information Sessions

GTA – ETOBICOKE

Wednesday February 23rd

7:00 PM – 8:30 PM

Holiday Inn Toronto Airport East, Centennial A Room, 600 Dixon Road, Etobicoke

SOUTH WEST – LONDON

Thursday February 24th

7:00 PM – 8:30 PM

Four Points by Sheraton, Balmoral Room, 1150 Wellington Road South, London

EAST – OTTAWA

Monday February 28th

7:00 PM – 8:30 PM

Carleton University, Leeds 124, Leeds House Building, 1125 Colonel By Drive, Ottawa

<http://www2.carleton.ca/housing/residence-buildings/maps-and-location-information/>

NIAGARA REGION – NIAGARA FALLS

Wednesday March 2nd

7:00 PM – 8:30 PM

Hilton Hotel, Angel Falls Room, 6361 Fallsview Boulevard, Niagara Falls

NORTH – SUDBURY

Monday March 7th

7:00 PM – 8:30 PM

Church Hall – Paroisse St. Jean de Brebeuf, 26 Kathleen Street, Sudbury

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