CHARITABLE BINGO AND GAMING REVITALIZATION INITIATIVE

May 2011 Joint Industry Communication

In Focus

- **Site Implementation Schedule Announced**
- **Ready, Set, Go – Kick-Off Information Sessions – Group One Sites**
- **Municipality Update**
- **Transformation Timeline**

We have achieved another milestone in the transformation of the charitable gaming industry in this province. Today, we announce the Site Implementation Schedule for the Charitable Bingo and Gaming Revitalization Initiative.

As communicated previously, the transformation of the industry is a staged process that will begin with gradual, incremental change. This is a multi-year program that will have significant impact in sustaining and growing charitable revenue to support the local funding model. Through the transformation, we must remain focused on the key business driver – the customers, with the key beneficiaries being the charities.

Site Implementation Schedule

The Site Implementation Schedule was developed using a general market-based approach and gives priority to the eGaming Centre pilot sites that are in need of upgrades. This approach attempts to manage competitive advantages by market for participating gaming centres and optimize resources for implementation.

We received joint commitment of interest initially from more than thirty-five commercial operators and charity associations to participate in the Initiative. Additional commercial operators have expressed their interest and we are awaiting the confirmation from charities on their position. There is tremendous interest from all parts of the province and an enthusiasm for change not seen before in this industry. Based on this commitment of interest, we have determined a list of sites to be considered for Group One implementation.

It is important to note that there must be alignment and agreement among the commercial operator, charity association, and municipality in order to begin the process of transferring into this Initiative. As a result, we have begun the engagement with the host municipalities that appear on the Group One implementation list.

Group One implementation will consist of the four original pilot sites, interested sites in the general area of those markets and interested parties in the Greater Toronto Area. The total number of sites that has been identified for this first stage of implementation is fifteen. It is

acknowledged that all parties that have indicated a high degree of interest are anxious to move forward but the reality of managing resources and marketplaces means that a phased approach must be taken. The initial pilot sites will be first to receive new product. These sites participated in the pilot program for the last five years and were fundamental to building our business model for the future. They already have the infrastructure to receive new products and have worked collaboratively with us. We will all benefit from their experiences and the important key lessons.

The Site Implementation Schedule is as follows:

GAMING CENTRE	LOCATION
Boardwalk Gaming (Initial Site)	Sudbury
Valley Bingo	Sudbury
Treasure Chest (Initial Site)	Kingston
Community Spirit	Kingston
Boardwalk Gaming (Initial Site)	Barrie
Angel Gate Bingo	Penetanguishene
Kawartha Club Bingo (Initial Site)	Peterborough
Delta Bingo Oakville	Oakville
Meadowvale Bingo	Mississauga
Rutherford Bingo	Brampton
Delta Bingo St. Clair	Toronto
Dolphin Bingo	Toronto
Bingo World Newmarket	Newmarket
Bingo World Richmond Hill	Richmond Hill
Delta Bingo Pickering	Pickering

This will be a staged process with more than twenty additional sites coming on line during the next phases. We are working as quickly as possible and in a responsible way. We will take the learnings from the first phase of expansion to *expedite implementation* in subsequent phases. A timeline will follow at a later date for the additional sites to move forward after planning for Group One is underway and after we have some experience with the implementation requirements.

The schedule for Group One will start with the existing eGaming Centres and markets. However, the exact order for implementation will depend upon *construction timetables and readiness* of the facilities.

Kick-Off Information Session for HCA Executive Members in Group One Sites June 2nd – 7:00 PM to 9:00 PM

OCGA will host a Kick-Off Information Session for charity representatives from each of the new locations in the first group for implementation. This session will focus on *the changing role for charities* and address questions and concerns moving forward. Invitations with location and details will be sent out directly to those HCA Executives in Group One.

Kick-Off Information Session for Operators in Group One Sites
June 22nd – 1:00 PM to 3:00 PM

OLG, in conjunction with the CGAO, will be hosting an Information Kick-Off Session for Group One commercial operators. The objective of the meeting is to provide detailed information about specific site implementation schedules, facility standards requirements, and overview of roles and responsibilities for operators. Invitations with details and location will be sent directly to all commercial operators in Group One.

Municipality Update

OCGA, CGAO, and OLG are actively meeting with municipalities to determine their interest in participating in the Initiative. Again, there must be an alignment among the commercial operator, charity association, and municipality in order to begin site preparation for implementation in Group One sites. You may be called upon by your local municipality to discuss your support for the Initiative.

Transformation Approach and Timeline

Implementation is a two-step process. First, we will implement a paper sales and inventory management system to track existing paper-based games. Second, we begin the rollout of new products. Preparations for the rollout of this system and new products in Group One sites will start **this summer** with go-live dates beginning in **late 2011**.

New products that will be the first to market include BOT Dispensers and the eSuite of games (including Play on Demand games, eInstants, and eBOTs), followed by eShutterboard and Rapid Draw Bingo.

This is a high level timeline with site-specific timelines to be developed with each Group One site based on readiness to proceed.

Next Steps

This is the most exciting and ambitious initiative we have collectively undertaken, but as we have said before, make no doubt that there is much work to be done in the months ahead.

Success begins with vision. Embracing a united vision and stepping-up to the challenge of embracing change will make us stronger, more viable, and innovative. Vision begins with the courage and insight to recognize that change is a constant and that our industry has to evolve with change to remain relevant.

- *Municipality Support*
  There is a priority focus on securing municipality participation and support for the Group One markets. We are facilitating these discussions now and will have more to share in the weeks ahead.

- *Final Standard Contracts*
  As previously communicated, the new model means a transition in the legal framework from 207(1)(b) to 207(1)(a) of the Criminal Code. This change will allow OLG to uphold its conduct and manage responsibilities in order to offer both paper-based and electronic charitable games at participating gaming centres. In order to facilitate this regulatory change, final standard contracts will need to be signed by OLG and the respective commercial operators, charity associations, and municipalities. The scope of the

contract will include the standard financial commission model that was developed and approved with the participation of OCGA and CGAO earlier this year, as well as a clear definition of roles.

- *Commercial Operator Readiness*
Commercial operators are required, as indicated through the information sessions, to make a measured investment to support the back-end computer system and to ensure that all required infrastructure is in place to accept the technology and equipment.

- *Preparation for Charities*
OCGA will work with charities to prepare for their changing role and new responsibilities. In addition to general information sessions, there will be more detailed sessions and training provided once charities have agreed to sign contracts with Ontario Lottery and Gaming.

We trust that today's announcement demonstrates our continued commitment to working in partnership on this exciting transformation of the industry.

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