

Betting

Pari-mutuel betting is the sole form of wagering at horse races in Japan under the Horse Racing Law. JRA and local racing authorities are the only organizations authorized by law to legally conduct betting operations on horse racing. As such, there are no legal private bookmakers or betting companies.

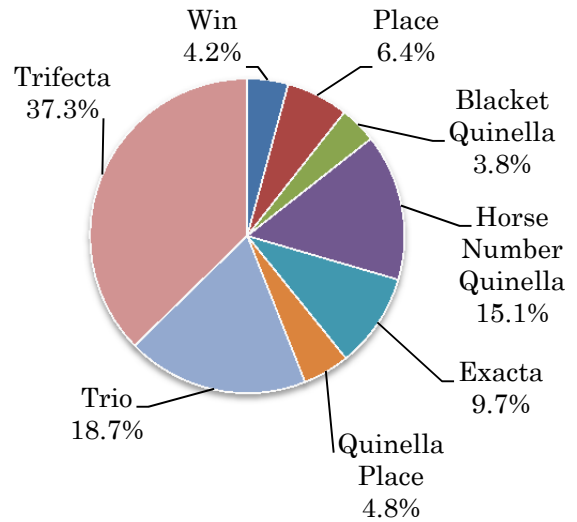
However, in accordance with the amended horse racing law (in force from January 1, 2005), which permits subcontracting of business matters related to the running of horse races, JRA is permitted to contract out the offering of bets and the issuance of payouts or refunds to prefectural or municipal governments or private citizens and prefectural or municipal governments can consign them to other prefectural or municipal governments, JRA, or private citizens.

TYPES OF BETS

JRA

Currently (as of 2010), JRA offers eight types of bets: win, place, bracket quinella, quinella, quinella place (“wide”), exacta, trio and trifecta. As shown in the pie graph, trifecta makes up around 37.3% of total turnover. Of these, bracket quinella is unique to Japan. In the case of bracket quinella, horses entered in a race are first coupled into a total of eight brackets (of one horse or more in each bracket). Fans select two brackets in a quinella styled bet and if one horse from each of those brackets comes in first or second (regardless of order of finish), the bet is a winner. And on April 24, 2011, JRA began offering new Pick5 “WIN5” wagers, which involve predicting the winners of five designated races on each Sundays. The maximum payout is ¥200 million, and the payout finally reached ¥200 million on June 26.

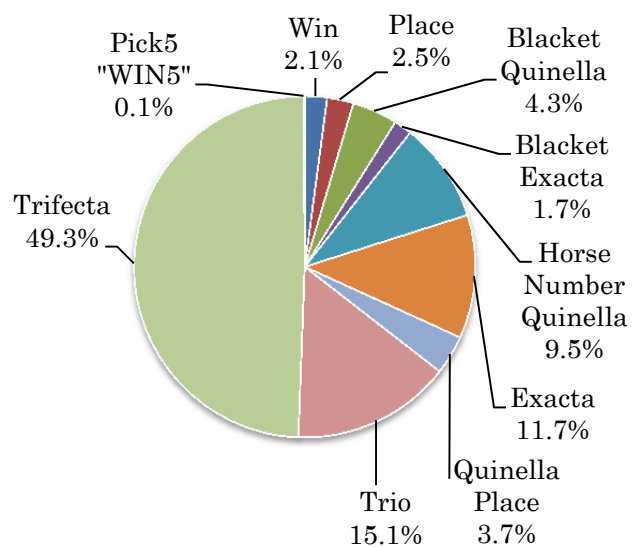
2010 JRA Betting Turnover
(total turnover ¥2,427,565,594,700)



NAR

Types of bets offered differ according to local racing venue. As of 2010, each organizer offer from nine to five varieties.

Betting Turnover in Racing by Local Governments in 2010
(total turnover ¥347,796,923,000)

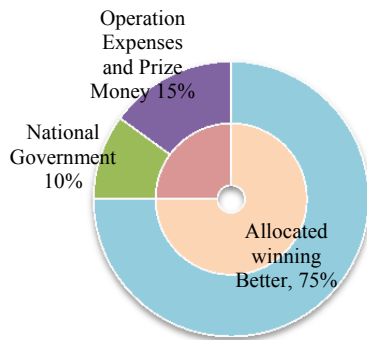


DEDUCTION RATE

JRA

JRA deducts 25% of the total betting turnover, and the remaining 75% is allocated proportionally among winning bettors, depending on the amounts of their bets. Of this 25%, 10% is disbursed to the national government in a payment to the national treasury, and the remaining 15% is allocated to, among other things, operating expenses and prize money.

JRA House Take Percentages

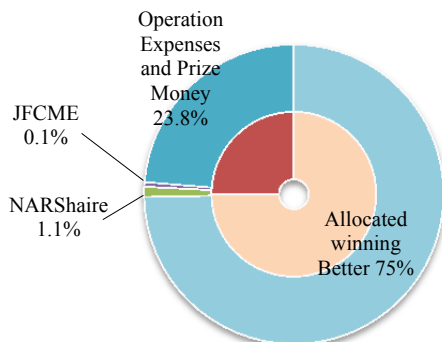


NAR

Racing by local governments also deducts 25.0% of the total betting turnover, and the remaining 75.0% is allocated proportionally among winning bettors, depending on the amounts of their bets.

Of this 25.0%, 1.1% is disbursed to NAR and around 0.1% to the Japan Finance Corporation for Municipal Enterprises (JFCME), a Japanese government agency. The remaining 23.8% is allocated to local governments for the administrative budget (0.9%), operating expenses and prize money.

NAR House Take Percentages



OFF-COURSE AND TELEPHONE BETTING

JRA

JRA has 55 “WINS” off-course betting facilities nationwide (which include sales conducted at any racecourse not holding live races). Several of these have membership regulations, with restrictions on the number of people permitted in, offering a luxurious, salon-style environment in which to enjoy horse racing.



*Excel floor
(fixed capacity system with entry in order of arrival that day and admission charged)*



WINS Korakuen

Telephone Betting

JRA began offering telephone wagers in 1974. Individual members who have signed a contract have payments of wager amounts and transfers of payouts handled automatically via designated bank accounts. There are three forms of membership A-PAT (including ARS, PAT and IPAT, a system connected to Internet banking), Soku-PAT (including I-PAT) and ARS. As of December 31, 2010, A-PAT had 2,090,161 members, Soku-PAT 1,000,374 and ARS 34,655.

ARS (Audio Response System)

Bettors must use touch-tone styled telephones to place their bet.

PAT (Personal Access Terminal)

This home-use system is designed for use with personal computers, TV game devices, or other related devices that can be directly connected to JRA's PAT system. As well as a method for betting, this system offers information of interest to bettors, such as race entrants, odds and payouts.

IPAT (Internet Betting)

This system began operations in March 2002 and enables PAT subscribers to place bets easily over the Internet via cell phones, smart phone or personal computers.

Telephone wagers and WINS (including tracks not hosting races) turnover make up 55.0% and 40.5% of the total turnover respectively, accounting for a vast majority of the handle.



IPAT(PC)



IPAT(PC)



IPAT(Smart Phone)

FY2010 JRA Turnover and Attendance (January to December)

	Racecourse	Off-course	Telephone	Total
		WINS and tracks not hosting races		
Turnover	¥109,174,247,100 (4.5%)	¥983,413,737,500 (40.5%)	¥1,334,977,610,100 (55.0%)	¥2,427,565,594,700
Attendance	6,739,580	66,271,765	95,346,815	

TOTALIZATOR ON-LINE NETWORK

JRA's online network, consisting of a mainframe computer center in Tokyo (east Totalizator Center) and a backup computer center in Osaka (West Totalizator Center), controls off-course and telephone (including Internet) betting throughout Japan.

On race days, bets are placed at the track, off the track, and by phone. Off-course and phone wager data are transmitted to the two centers and calculated. The tabulated data are then sent to the venues and aggregated with bet data from the tracks. Odds and payouts are calculated by track venues and transmitted to off-course and phone betting sites.

NAR Racing Off-course Betting Facilities

As of 2010, wagers can be placed at 91 off-course betting facilities (including 18 tracks not hosting races).

Telephone Betting

Racing by local governments began offering telephone wagering in 1984: Telephone betting systems offered to fans vary according to local racing authority but are divided into three types: PAT, ARS and Internet.

Computer Network

The Nippon Racing Services Co., Ltd was established through funding from NAR and the National Council of Local Government Racing Organizers and links race venues on line and provides a computer system that enables local race authorities to offer bets on a nationwide scale without regard to prefectural borders.

FY2010 NAR Racing Turnover and Attendance (January to December)

	Racecourse	Off-course	Telephone	Total
		WINS and tracks not hosting races		
Turnover	¥72,141,304,900 (20.8%)	¥168,424,820,300 (48.4%)	¥107,230,797,800 (30.8%)	¥347,796,923,000
Attendance	4,116,606	-	-	