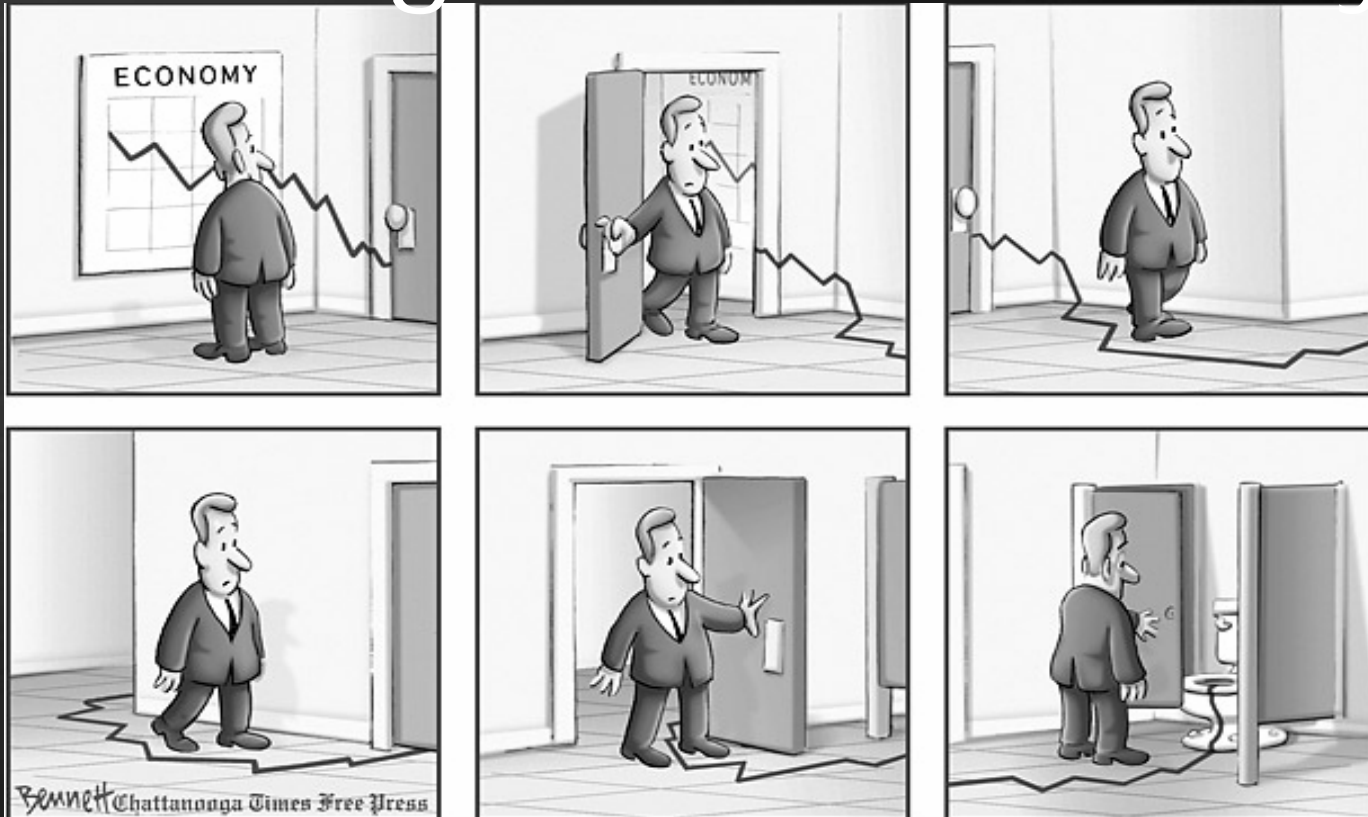


WINNING HANDS IN A DOWNTURN ECONOMY – PROCUREMENT'S RAKE

Presented by: Brenda Gibbons & Lori Quaggiotto



In a Downturn Economy – Changes are necessary!



OLG Key Partners

Government

- Provincial
 - Energy & Infrastructure
 - Finance
 - Health & Long-Term Care
 - Health Promotion
 - Attorney General
 - Tourism, etc.
- Municipal (25 host municipalities)
- Federal (Criminal Code of Canada)

Regulators/Law Enforcement

- Alcohol & Gaming Commission of Ontario
- Municipal law enforcement
- O.P.P.

Lotteries

- Interprovincial Lottery Corporation
- Ont. Convenience Stores Assoc.
- Ont. Korean Businessmen's Assoc.

Charities

- Commercial Gaming Association of Ontario
- Ontario Charitable Gaming Assoc.
- Ontario Trillium Foundation
- Assoc. of Municipal Managers Clerks and Treasurers of Ontario

Horseracing Industry

- Racetrack Owners, eg:
 - Great Canadian Gaming
 - Woodbine Entertainment Group
- Horsepeople
 - Ont. Horsemen's Benevolent and Protective Association
 - Ont. Harness Horse Association
 - Ont. Horse Racing Industry Association

Responsible Gaming

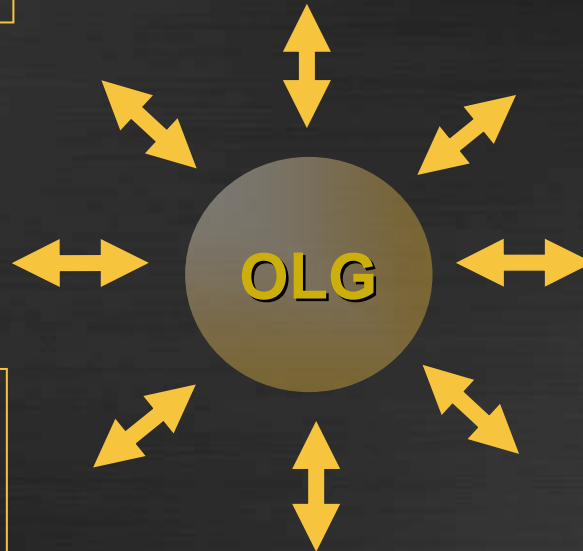
- Responsible Gambling Council
- Ont. Problem Gambling Research Centre
- Centre for Addiction and Mental Health
- Ont. Problem Gambling Helpline
- YMCA

Ontario First Nations

- Mississaugas of Scugog (host for GBH*)
- Rama First Nation (host for Casino Rama)
- 132 First Nations (beneficiaries of Casino Rama to 2011)

Industry Partners

- Caesars (Windsor)
- Casinos Austria (GBH*)
- Falls Management (Niagara Casinos)
- Penn National Gaming (Rama)



* Great Blue Heron Casino



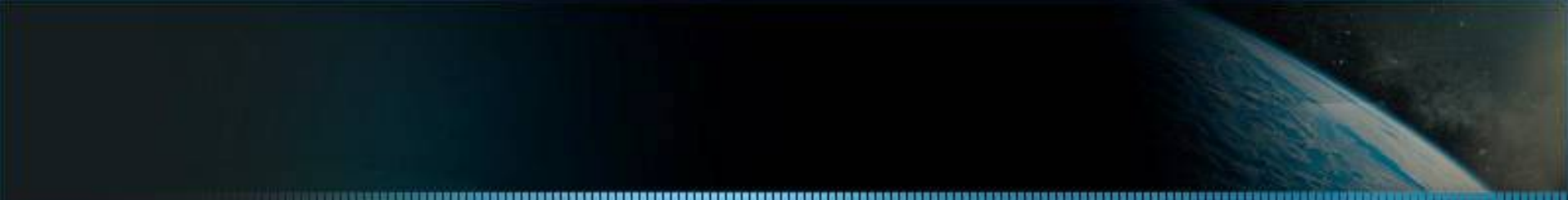
Statistics

- 4 large, resort-style casinos in Windsor, Niagara Falls, and Orillia
- 17 Slot Facilities at Racetracks and 6 OLG Casinos
- 2nd Most Regulated Industry in Canada (1st is Nuclear Energy), more regulated than any other province
- More than 229 Table Games at Windsor & OLG
- More than 15,706 Slot Machines at Windsor & OLG



OLG and Caesars Windsor





8,148

OLG EMPLOYEES AS OF JULY 1, 2006

10,802

LOTTERY RETAIL LOCATIONS ACROSS ONTARIO

12,838

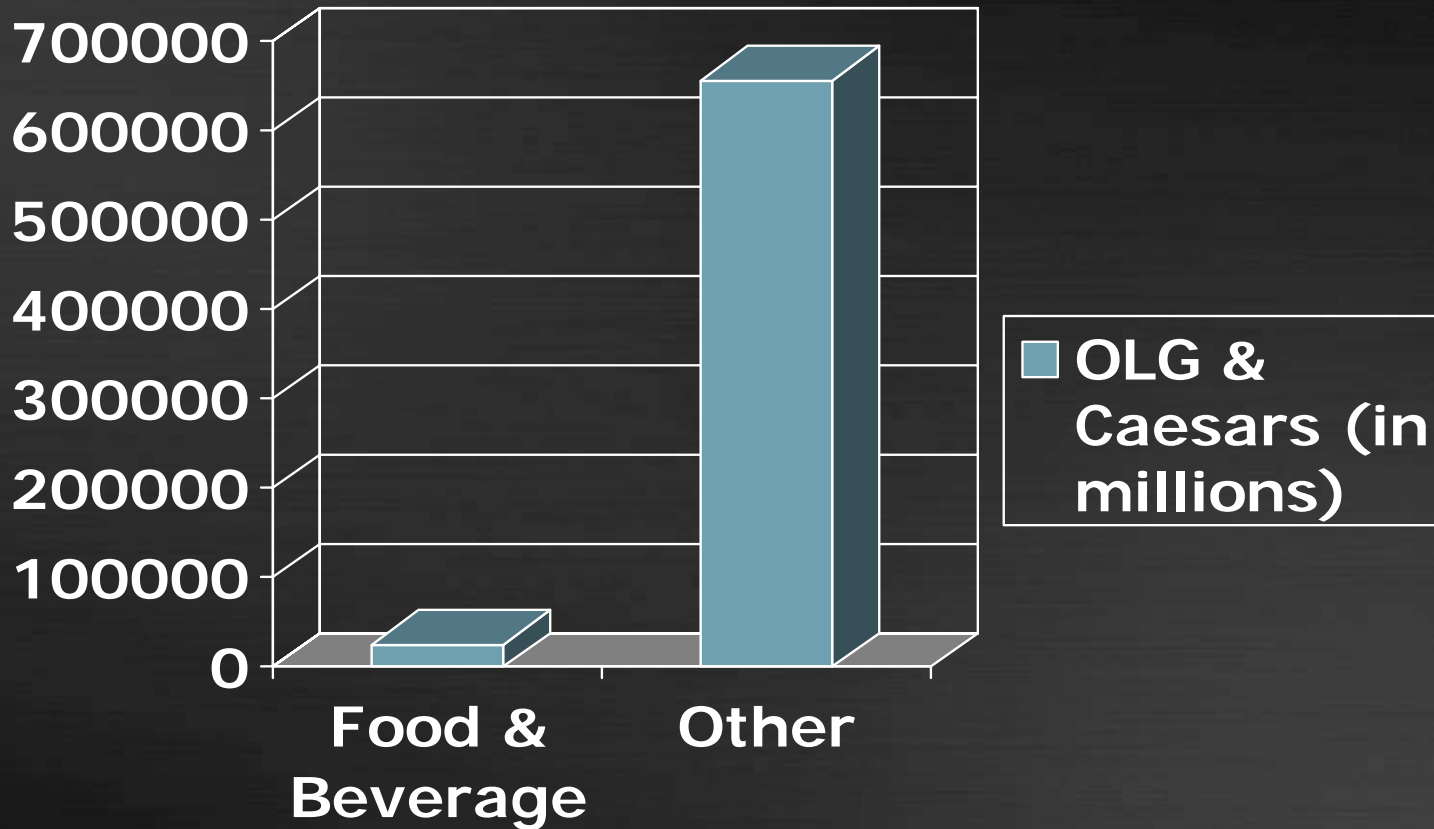
TOTAL COMMERCIAL AND ABORIGINAL CASINO EMPLOYEES AS OF JULY 1, 2006



OLG

NEW YORK

Spend for Fiscal 2009



Food & Beverage Statistics

- 33 Restaurants, Lounges and Bars
- 10 + million patrons per year
- 24 + million food and beverage purchases per year
- Average Turns 2.5
- Food & Beverage Suppliers require to be registered with the AGCO



OLG and Caesars Windsor



Alcohol & Gaming Commission of Ontario (AGCO)

- Agency reports to the provincial government and oversees the regulation of all gaming in Ontario
- Companies that supply goods/services to a gaming establishment may be required to be registered with the AGCO prior to being awarded any contracts
- Procurement works closely with AGCO to determine which categories of supplies or services require registration
- Procurement reports supplier payments to AGCO on a quarterly basis



Impact to Operations

- AGCO Registration expires
- Supplier does not renew or submit 4 year renewal
- Supplier does not submit payment on time
- Procurement works closely with F&B, Suppliers & AGCO to minimize risk
- Limited vendor pool



Strategic Sourcing Committee (SSC)

- Comprised of Procurement Representatives from OLG and Resort Casinos (Windsor, Niagara & Rama) and Operational SMEs
- Mandate: to optimize spend, pursue opportunities provincially and share best practices



SSC F&B Joint Ventures

F&B Savings in F09 = \$2,500,000+

- Soft Drinks
- Distributors
- Rebates with Manufacturers
- Coffee
- Beer (Marketing Opportunities)



Controlling Escalating Costs

- ◉ Leveraging Volumes
- ◉ Formal Competitive Processes
- ◉ Negotiations (with caution)
- ◉ F&B Rebates with Manufacturers
- ◉ Freight & Logistics
- ◉ Inventory Control
- ◉ Meat & Seafood Purchases Analysis
- ◉ Systems Technologies



Inventory Control

- Item Specifications - Consistent Ordering
- Automated ordering process based on min/max levels
- Allows for historical usage trend analysis
- Allows Costing per Outlet
- Allows for tracking inventory by Location
- Spoilage, Waste and Obsolete Items tracked



Meat Purchases Analysis

- Finance tracks meat purchases and reports variances
- Oversized portions COST
- Data allows procurement to control delivered product from supplier versus F&B specifications



Meat Purchase Analysis

Meat Purchase - Average Size Per Piece

Description	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Average
Beef Tenderloin Fillet 16oz	17.49	16.10	16.20	16.27	16.02	16.23	16.31
Beef T Bone 24oz, USDA Prime	25.19	24.39	23.99	24.27	24.01	24.15	24.40
Beef Bone in Striploin 20oz	22.03	19.95	20.42	19.93	19.99	19.73	20.18
Beef Ribeye Steak 18oz	17.36	18.00	17.30	19.06	18.01	18.03	18.03
Beef Ribey Steak 32oz 4"Tail	31.98	31.54	31.98	27.04	31.98	26.85	30.94
Beef Tenderloin 12oz True Ctr	13.23	12.21	12.14	12.34	12.00	12.31	12.30
Striploin 8oz New York Steak	8.02	7.97	8.04	8.14	8.13	8.14	8.03
Beef Tenderloin 8oz Ctr Cut	8.17	8.19	8.12	8.21	8.05	8.16	4.08
Beef Striploin 12oz USDA Prime	12.07	12.13	12.04	12.08	11.98	12.15	12.10
Beef Sriploin 7OZ	7.18	7.10	7.07	7.19	7.18	7.17	4.17
Beef Tenderloin 6OZ AAA	5.51	5.53	5.71	6.01	5.82	6.00	3.36



Best Practices

- Blanket Purchase Orders
- Empowering operations to create purchase order releases directly with suppliers
- Systems Technologies (e-Procurement= Quotation Module, Vendor Compliance, Materials Management/Purchasing System, Electronic Purchase Orders to Suppliers)



Questions & Answers

