

# 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.

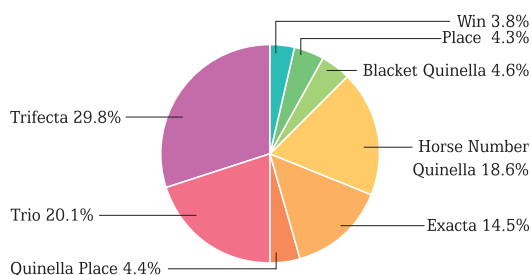
However, in accordance with the amended horse racing law (in force from January 1, 2005), which permits subcontracting of business matters related to the running of horse races, JRA is permitted to contract out the offering of bets and the issuance of payouts or refunds to prefectural or municipal governments 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 2008), 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 29.8% of total turnover. Of these, bracket quinellas are unique to Japan. In the case of bracket quinellas, 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.

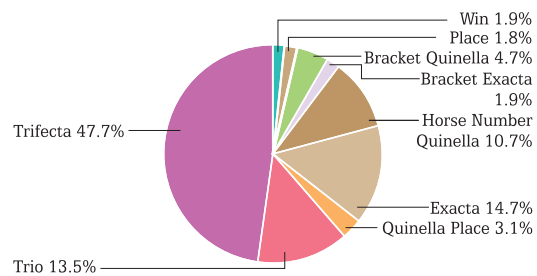
**2008 JRA Betting Turnover**  
(total turnover ¥2,759,138,078,900)



### NAR

Types of bets offered differ according to local racing venue. As of 2008, five tracks—Ohi, Funabashi, Kawasaki, Urawa and Kanazawa—offer nine varieties, the eight types mentioned above and bracket exactas.

**Betting Turnover in Racing by Local Governments in 2008**  
(total turnover ¥379,395,605,600)

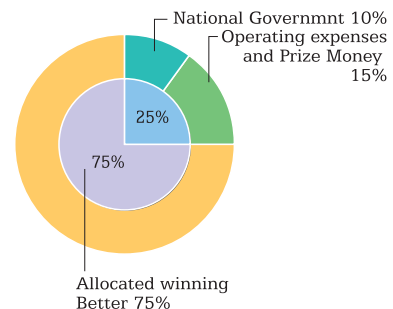


## DEDUCTION RATE

### 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 25.8% of the total betting turnover, and the remaining 74.2% is allocated proportionally among winning bettors, depending on the amounts of their bets.

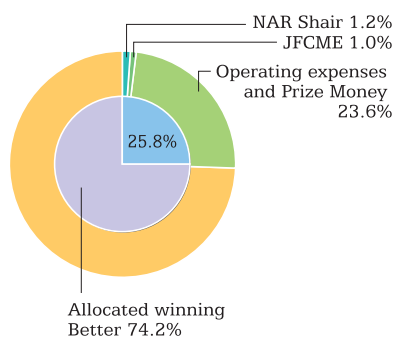
Of this 25.8%, 1.2% is disbursed to NAR and around one percent to the Japan Finance Corporation for Municipal Enterprises (JFCME), a Japanese government agency. The remaining 23.6% is allocated to local governments for the administrative budget (0.9%), operating expenses and prize money.

## OFF-COURSE AND TELEPHONE BETTING

### JRA

JRA has 52 "WINS" off-course betting facilities nationwide (which includes 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.

### NAR House Take Percentages



WINS KINSHI-CHO



WINS KORAKUEN, an off-course betting facility, and Excel, a membership betting establishment.

## 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), Soku-PAT (including I-PAT, a system connected to Internet banking) and ARS. As of December 31, 2008, A-PAT had 2,285,389 members, Soku-PAT 747,881 and ARS 42,794.

## 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 or personal computers.

Telephone wagers and WINS (including tracks not hosting races) turnover make up 51.5% and 43.7% of the total turnover respectively, accounting for a vast majority of the handle.



IPAT (Mobile)



IPAT (PC)



State-of-the-art sales machines

## FY2008 JRA Turnover and Attendance (January to December)

	Racecourse	Off-course	Telephone	Total
	WINS and tracks not hosting races			
Turnover	¥132,326,424,200 (4.8%)	¥1,201,330,813,600 (43.7%)	¥1,416,543,752,600 (51.5%)	¥2,750,200,990,400
Attendance	7,389,749	75,121,337	95,169,843*	

\*Number of telephone bettors

### 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 2008, wagers can be placed at 88 off-course betting facilities (including 19 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.

## FY2008 NAR Racing Turnover and Attendance (January to December)

	Racecourse	Off-course	Telephone	Total
	WINS and tracks not hosting races			
Turnover	¥94,289,461,100 (24.8%)	¥195,003,470,400 (51.4%)	¥90,102,674,100 (23.8%)	¥379,395,605,600
Attendance	4,806,293	-	-	