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Western  
Canada  
Lottery Alberta  
Division



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# Board of Directors

**Chairman**

*R.C.P. Westbury*  
Edmonton  
Northlands

**Vice-Chairman**

*Howard  
MacDonald*  
Calgary Exhibition  
and Stampede  
Limited

**Secretary-  
Treasurer**

*Jack Berthelsen*  
Calgary Exhibition  
and Stampede  
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**Directors**

*Frank Finn*  
*Graham O'Connor*  
Calgary Exhibition  
and Stampede  
Limited

*George Hughes*  
*Don Jackson*  
*Don Sprague*  
Edmonton  
Northlands

**General Manager  
Western Canada  
Lottery Alberta  
Division**

*Jack Rutherford*



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# Chairman's Message

We are pleased to report that fiscal 1987 was a year of record achievement. Overall sales exceeded \$270 million - per capita sales were \$114.2.

Despite a depressed economy and changing consumer demands, the Alberta Division and our licenced retailers bolstered sales by more than 60 percent over fiscal 1986.

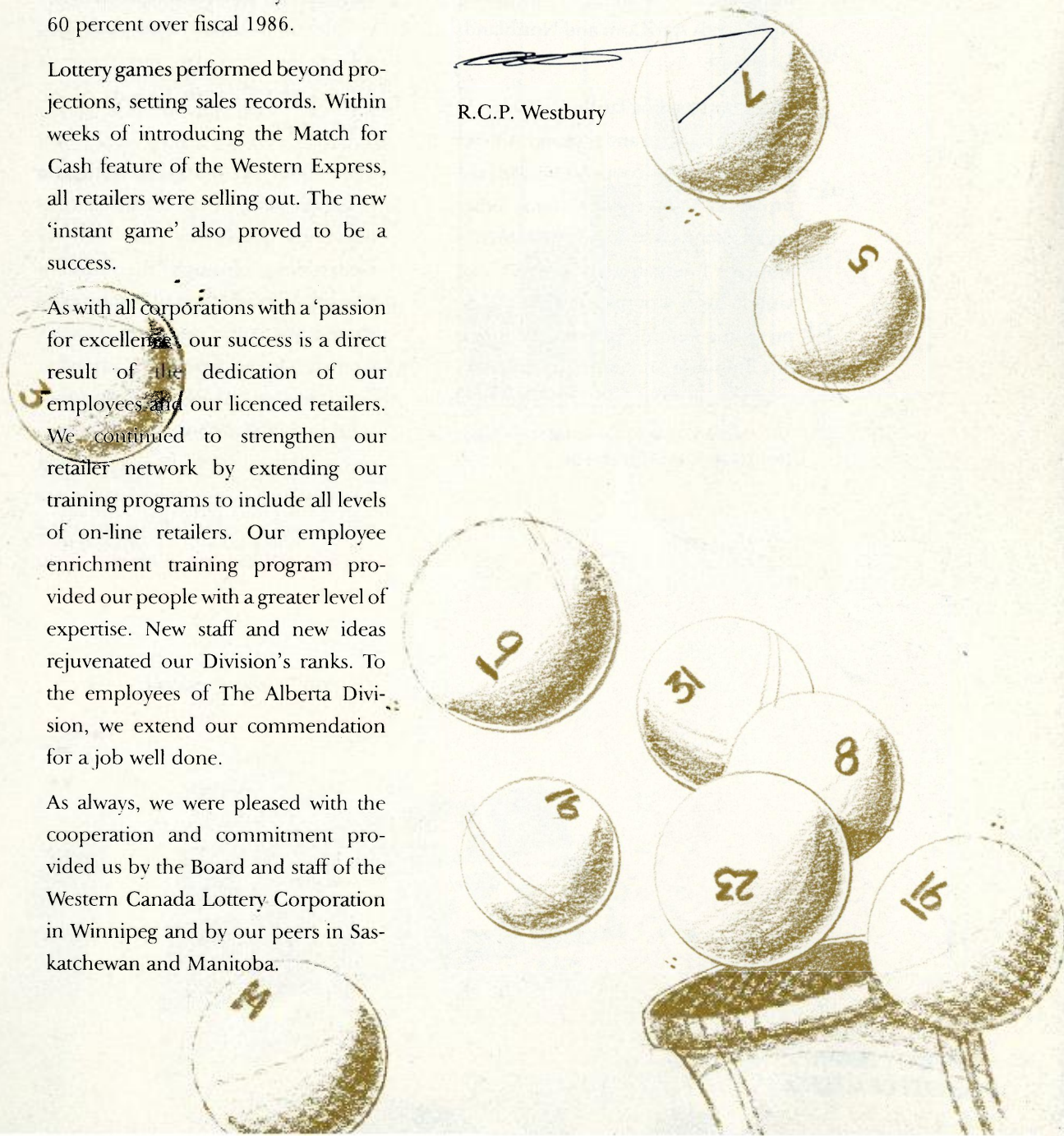
Lottery games performed beyond projections, setting sales records. Within weeks of introducing the Match for Cash feature of the Western Express, all retailers were selling out. The new 'instant game' also proved to be a success.

As with all corporations with a 'passion for excellence', our success is a direct result of the dedication of our employees and our licenced retailers. We continued to strengthen our retailer network by extending our training programs to include all levels of on-line retailers. Our employee enrichment training program provided our people with a greater level of expertise. New staff and new ideas rejuvenated our Division's ranks. To the employees of The Alberta Division, we extend our commendation for a job well done.

As always, we were pleased with the cooperation and commitment provided us by the Board and staff of the Western Canada Lottery Corporation in Winnipeg and by our peers in Saskatchewan and Manitoba.

Sales levels of fiscal 1987 will be difficult to duplicate. However, we are convinced that, with the continued support of our dedicated staff and licenced retailers, Alberta Lotteries can anticipate further achievement and growth.

R.C.P. Westbury



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# The Partnership

## Edmonton Northlands

“Growing from agricultural roots, Edmonton Northlands and its hundreds of volunteers provide entertainment and community services for rural and urban Albertans alike. Our non-profit organization is proud of its world-class facilities, including Northlands AgriCom and Northlands Coliseum.

These outstanding facilities allow us to promote tourism and trade for Alberta and Canada. In cooperation with the provincial government and other organizations, Edmonton Northlands attracts international events and visitors from around the world, while providing a home base for the events of Edmonton and northern Alberta.”

*Don Hamilton, President*

## Calgary Exhibition and Stampede

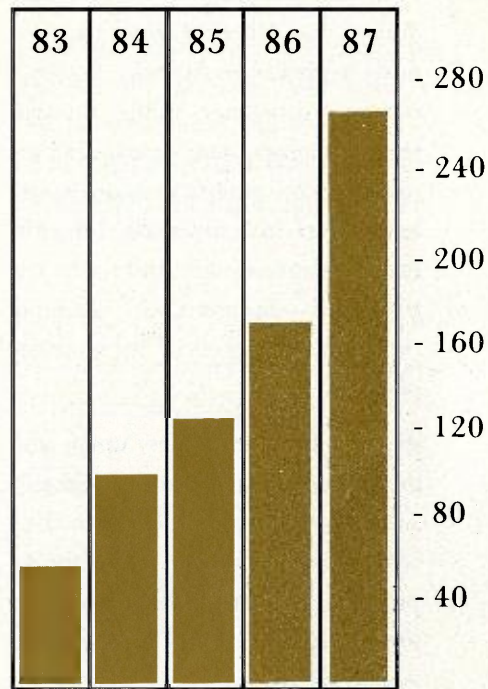
“The basic purpose of the Calgary Exhibition and Stampede is to preserve and enhance the agricultural and historical legacy of Alberta and to provide services for agriculture, entertainment and sports to fulfill the recreational and educational needs for people in Calgary and southern Alberta in particular and those of Alberta and Western Canada where appropriate.

The Calgary Exhibition and Stampede is appreciative of the financial contributions made by the Alberta Government through the Western Canada Lottery Alberta Division. The Roundup Centre, southern Alberta’s largest trade and agricultural complex, was made possible through the contributions of the Western Canada Lottery Alberta Division. The existence of a facility such as the Roundup Centre has played a major role in attracting revenue-producing events to Alberta.”

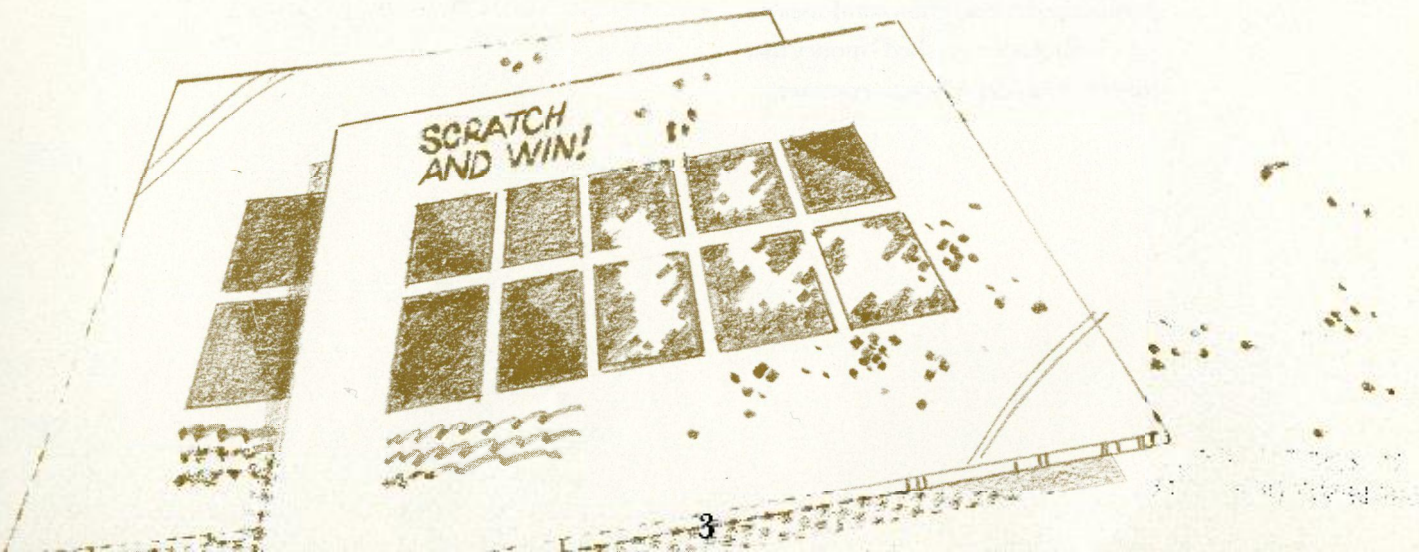
*Gordon Pearce, President*

# The Year's Highlights

- Overall sales reached a new record total of \$272,382,246.00 - a 60 percent increase over fiscal 1986.
- Per capita sales equalled \$114.2.
- Lotto 6/49 continued to yield excellent sales. Alberta winners claimed six top prizes, including one of \$10.4 million, the fifth largest prize in the lottery's brief history.
- The Provincial ended its successful year with record sales. The newly introduced instant scratch prizes were also an "instant success".
- Super Loto introduced bi-weekly draws.
- Launched in January 1986, the Match for Cash feature of the Western Express was successful above all expectations. Within two weeks, all retailers were selling out.
- In 1986, the marketplace was introduced to the Alberta Division's new name - "Alberta Lotteries".
- Nov. 1986, the Alberta Lotteries head office and sales office moved into a new facility in south Edmonton.



Fiscal 1983-87 Sales figures in millions of dollars



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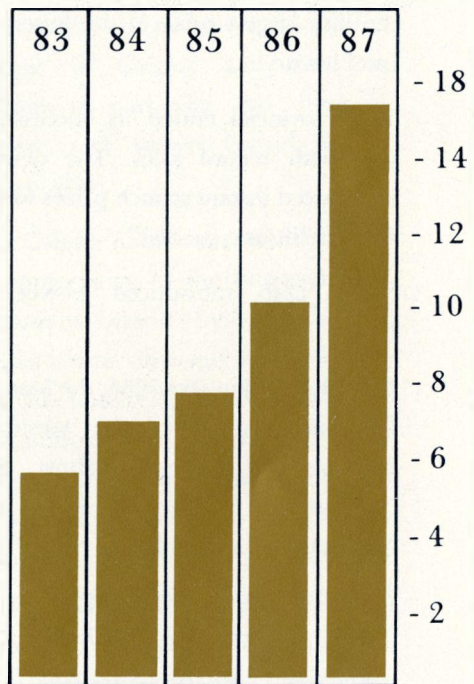
# Retailers

Alberta Lotteries has won an important place in Alberta's commerce.

More and more, licenced retailers are finding that Alberta Lotteries is their ticket to greater profitability. Lotteries increase consumer traffic through stores. Consequent purchases are made by consumers. In many stores, lottery sales have necessitated the hiring of additional staff. And so the lottery cycle continues, an on-going success story, beneficial for so many people.

Alberta Lotteries relies upon and greatly appreciates the enthusiastic support and commitment shown by retailers who continue to sell lottery products year after year. Our distinguished retailers now number more than 1744, and are strategically placed throughout the province. They demonstrate a quality of leadership in the market and are selected according to certain criteria and high standards necessary for maximum profits and success. In fiscal 1987, retailers for Alberta Lotteries received \$17 million in retailer commissions for lottery ticket sales and redemption commissions for winning tickets cashed - money that further enhances Alberta's commerce.

With so many game changes and technological innovations, Alberta Lotteries will continue to strive to improve retailer relations and together, we will share the pride and prosperity of Alberta Lotteries, both today and in the future.



Fiscal 1983 - 87 Commissions in millions of dollars.

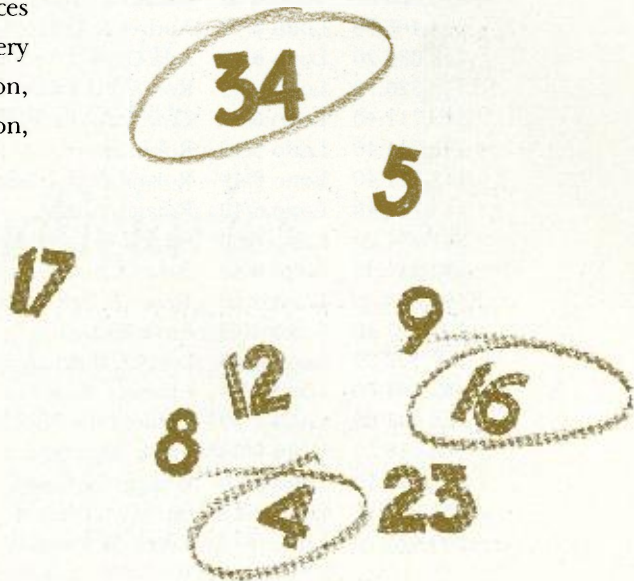
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# Winners

Winners often say that, despite their good fortune, their lives change very little. Retirement may be closer than they thought. That fully-paid mortgage is within reach. They can help a friend or relative in need. But, the real windfall is 'security', the comfort in just knowing that finances needn't be a concern again.

Over the years, Albertans have won what seems almost an incomprehensible money value worth of prizes - everything from Scratch and Win dollars to luxury cars to multi-million dollar prizes. Alberta Lottery winners are province wide. They live in places large and small, everywhere lottery games are played -- Taber, Devon, Calmar, Brooks, Boyle, Hinton, Calgary or Edmonton.

When Ron and Val Taylor of Killam, Alberta won over \$10 million, Western Canada's largest prize ever, on July 2, 1986, they proved that Albertans can win big. The larger the prize, the greater the publicity and sense of excitement stirred, but a new car or a \$10,000 instant prize goes a long way. It's even thrilling knowing a winner.



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# The Ticket to Make Alberta Winners

## Major Winners Over \$100,000 - Fiscal '87

\$	190,079.30	Lotto 6/49	Cy LaFlamme
	222,001.90	Lotto 6/49	Ken Adams
	270,004.40	Lotto 6/49	Raymond L. Hilts
	110,400.00	Lotto 6/49	Peter Deguzman (In Trust)
	158,236.50	Lotto 6/49	Al Granberg (In Trust)
	158,236.50	Lotto 6/49	Sherifa Hussain
	158,236.50	Lotto 6/49	David Slipchuk
	112,163.20	Lotto 6/49	Richard Wilson (In Trust)
	309,910.70	Lotto 6/49	Bill Simko
	119,962.90	Lotto 6/49	Leah Schultz
	150,000.00	Lotto West	Doug Allard
	158,855.60	Lotto 6/49	Chiu Pann Chan
	252,766.50	Lotto 6/49	Martha Ball
	1,000,000.00	Super Loto	Kathleen & Otto Sigethy
	1,000,000.00	Super Loto	Jeanette & Maurice Gariepy
	175,642.50	Lotto 6/49	Fred Runte
	331,958.30	Lotto 6/49	Jay Govender
	500,000.00	Provincial	Kathleen Jaksitz
	293,406.70	Lotto 6/49	Audrey & Lorence Kesler (In Trust)
	148,086.20	Lotto 6/49	Ada Oborn
10,	372,326.70	Lotto 6/49	Ron & Val Taylor
	143,711.40	Lotto 6/49	Elsie Yarmola & Alma Dallman
	143,711.40	Lotto 6/49	Robin Sherren
	143,711.40	Lotto 6/49	Roland & Jacqueline Ostrensky
	143,711.40	Lotto 6/49	Roland Woelfe
	321,654.20	Lotto West	Rudolf & Vilma Vernees
	138,521.90	Lotto 6/49	Suzan Chizen
1,	808,886.40	Lotto 6/49	Nancy & Parl Stafford & Helen Haffie
	197,107.80	Lotto 6/49	Ernie Parnell
	197,107.80	Lotto 6/49	Leroy Callaghan & Elizabeth Thompson
	942,364.70	Lotto 6/49	Clarence Swanson
	163,631.80	Lotto 6/49	Anne-Marie Toplak & Annette Madsen
	160,618.70	Lotto 6/49	Victor Blanch
	101,811.10	Lotto 6/49	William McCaskill
	101,811.10	Lotto 6/49	Linda McDonald
	293,074.10	Lotto 6/49	Eileen V. Morgan





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\$	227,091.70	Lotto West	Bernie & Christa Ebbinghoff
	221,316.10	Lotto 6/49	Mark Martinello
	249,119.20	Lotto 6/49	Hazel Hushagen
	220,017.20	Lotto 6/49	Joe & Beth Trembecki
	1,000,000.00	Super Loto	Nancy L. Taylor
	401,553.30	Lotto 6/49	Gordon D. & Agnes M. Burrows
	142,366.70	Lotto 6/49	George Gavrilidis
	231,931.50	Lotto West	Mitch & Glenn Morgan
	1,034,353.60	Lotto 6/49	Marie Churnny
	155,326.20	Lotto 6/49	Elaine Anischenko-Rowe
	500,000.00	Provincial	Lorraine Laramée
	151,199.70	Lotto West	Peter Orlack
	118,616.80	Lotto 6/49	Thakar Singh Saini
	118,616.80	Lotto 6/49	Dale A. Pratt
	851,987.70	Lotto 6/49	Oris J. Pawlyk
	117,840.90	Lotto 6/49	Jeff King & Frazer Pike
	157,482.70	Lotto 6/49	Karl Facinek-Mueck
	500,000.00	Provincial	Floyd & Maria Goodhope
	102,854.80	Lotto 6/49	George Span
	940,256.60	Lotto 6/49	Douglas Gordon MacMillan
	141,995.70	Lotto 6/49	John L. Nepoose
	138,002.50	Lotto 6/49	John Spino
	138,002.50	Lotto 6/49	Alfred Schumacher
	1,000,000.00	Super Loto	Kenneth Wood
	237,943.20	Lotto 6/49	Larry & Daryl Luck

## Beneficiaries

Proceeds from lotteries create many benefits for Albertans. Designated Alberta beneficiaries, volunteers, individuals, groups and associations, are granted lottery monies to develop, maintain and preserve sport, culture and recreation in their various forms throughout the province. From books read to teams cheered, to fairs, parks and museums enjoyed, lottery funds have somehow worked behind the scenes.

# Our Background

## The Western Canada Lottery Corporation

The Western Canada Lottery Foundation was incorporated under the Canada Corporations Act in 1974 by the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba. On March 31, 1985, British Columbia withdrew its membership from Western Canada Lottery Foundation. The provincial governments of Alberta, Saskatchewan and Manitoba and associate members, the Yukon and Northwest Territories, continued to operate together in the sale of lottery tickets.

During the 1986 fiscal year, the organization changed its name to "Corporation" to reflect more accurately the nature of its operations.

The Corporation's head office is in Winnipeg, Manitoba and serves as a central organization for the creation of lottery games, the production of lottery tickets, and other centralized functions such as advertising and publishing winning numbers.

## The Alberta Division

The Alberta Division has operated since June 1974 under the licence granted by the provincial minister responsible for the Interprovincial Lottery Act. The licensee is a partnership of Edmonton Northlands and Calgary Exhibition and Stampede Limited. An eight-person Board of Directors administers all lottery functions related to the sale and distribution of

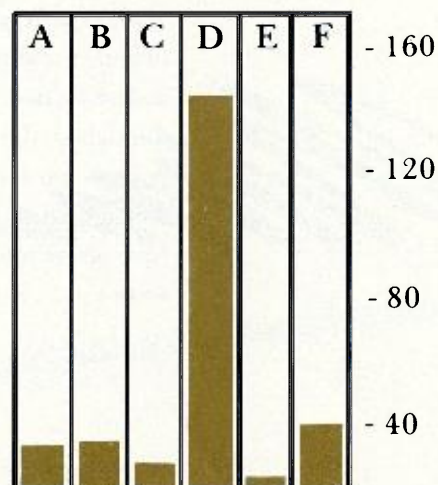
tickets. The Division has headquarters in Edmonton and sales offices in Edmonton and Calgary.

## Lotteries In Alberta

During fiscal 1987 six separate ongoing lotteries were operated in Alberta.

- A. **Western Express** generated \$37,089,609 (13.6% of total sales) with major prizes of \$4,230,000 awarded.
- B. **The Provincial** generated \$14,374,308 (5.3% of total sales) with major prizes of \$3,025,000 awarded.
- C. **Super Loto** generated \$17,872,233 (6.6% of total sales) with major prizes of \$5,855,000 awarded.
- D. **Lotto 6/49** generated \$149,331,520 (54.8% of total sales) with major prizes of \$31,020,082 awarded.
- E. **Lotto West** generated \$9,811,576 (3.6% of total sales) with major prizes of \$3,845,269.90 awarded.
- F. **Instant** generated \$43,903,000 (16.1% of total sales) with major prizes of \$1,690,000 awarded.

\* Percentages are rounded off to nearest decimal point. Major prizes include cash prizes of \$5,000 plus.



1987 Fiscal sales by products in millions of dollars

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# Auditor's Report

To the Partners of the Western Canada Lottery Alberta Division:

We have examined the balance sheet of the Western Canada Lottery Alberta Division as at March 31, 1987 and the statement of changes in financial position for the year then ended. We have also examined the statement of lottery operations in Alberta as derived from the financial statements of the Western Canada Lottery Corporation for the year ended March 31, 1987. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Western Canada Lottery Alberta Division as at March 31, 1987, the changes in its financial position and the results of lottery operations in Alberta for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson Gordon  
Chartered Accountants  
Edmonton, Canada  
May 20, 1987



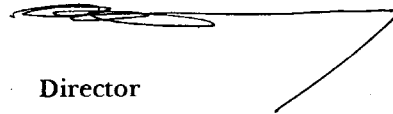
*We've got the ticket!*

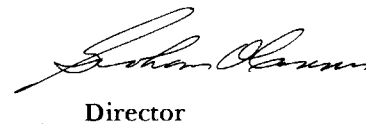
# Financial Statements

**Balance Sheet**  
**March 31, 1987**  
*(with comparative figures at the year ended March 31, 1986)*

	1987	1986
<b>Assets</b>		
Current assets:		
Cash	\$ 900,760	\$ 175,976
Term deposits	93,133	
Accounts receivable - Western Canada Lottery Corporation	62,535	53,278
Accounts receivable - other	444,555	318,819
Prepaid expenses and deposits	23,864	3,758
Inventory of tickets at distributors	613,123	668,682
	<u>2,137,970</u>	<u>1,220,513</u>
Non-current assets:		
Fixed assets at cost less accumulated depreciation (Note 4)	190,817	144,750
	<u>\$ 2,328,787</u>	<u>\$ 1,365,263</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 251,055	\$ 108,738
Due to Western Canada Lottery Corporation for tickets	613,123	668,682
	<u>864,178</u>	<u>777,420</u>
Obligation under capital lease	34,628	
Excess of advances from Western Canada Lottery Corporation over net operating expenses (Note 5)	1,429,981	587,843
	<u>\$ 2,328,787</u>	<u>\$ 1,365,263</u>

*(See accompanying notes)*  
 Approved by the Board:

  
**Director**

  
**Director**

**Statement of Changes in Financial Position for the year ended March 31, 1987**  
*(with comparative figures for the year ended March 31, 1986)*

	1987	1986
Cash provided by (used in) operating activities:		
Advances from Western Canada Lottery Corporation	\$ 3,436,000	\$ 3,535,000
Net operating expenses (Schedule A)	(2,593,862)	(3,315,965)
Charges (credits) to operations not involving cash:		
Depreciation	65,169	62,474
Gain on sale of fixed assets	(2,508)	
Change in non-cash working capital balances:		
Accounts receivable - Western Canada Lottery Corporation	(9,257)	(51,330)
Accounts receivable - other	(125,736)	(223,120)
Prepaid expenses and deposits	(20,106)	599
Accounts payable	142,317	(19,338)
	<u>892,017</u>	<u>(11,680)</u>
Cash provided by (used in) investment activities:		
Fixed asset additions	(124,728)	(21,778)
Proceeds of sale of fixed assets	16,000	
	<u>(108,728)</u>	<u>(21,778)</u>
Cash provided by (used in) financing activities:		
Capital lease financing	34,628	
Payments to beneficiaries		(8,461)
Payments to partners		(12,692)
	<u>34,628</u>	<u>(21,153)</u>
Net increase (decrease) in cash during the year	817,917	(54,611)
Cash, beginning of year	175,976	230,587
Cash and term deposits, end of year	<u>\$ 993,893</u>	<u>\$ 175,976</u>

*(See accompanying notes)*

**Statement of  
Lottery Operations  
in Alberta (Note 2)  
for the year ended  
March 31, 1987  
(with comparative  
figures for the year  
ended March 31,  
1986)**

	1987	1986
Revenue:		
Lotto 649 ticket sales	\$ 149,331,520	\$ 108,236,221
Western Express ticket sales	37,089,609	13,795,453
Provincial ticket sales	14,374,308	11,619,492
Super Loto ticket sales	17,872,233	18,865,480
Lotto West ticket sales	9,811,576	13,865,177
Instant ticket sales	43,903,000	
Other income	1,798,235	1,848,403
	<u>274,180,481</u>	<u>168,230,226</u>
Direct expenses:		
Share of the cost of prizes, tickets and administration	146,559,983	91,186,671
Distribution expenses	17,096,784	10,206,630
Payment to Federal government	7,563,188	6,780,832
	<u>171,219,955</u>	<u>108,174,133</u>
Income before net operating expenses of Western Canada Lottery Alberta Division	102,960,526	60,056,093
Net operating expenses (Schedule A)	<u>2,593,862</u>	<u>3,315,965</u>
Net income from lottery operations in Alberta available for distribution pursuant to the Interprovincial Lottery Licence	100,366,664	56,740,128
Net income paid to the partners (Note 1)	<u>9,750,000</u>	<u>5,500,000</u>
Remaining income available for distribution	<u>\$ 90,616,664</u>	<u>\$ 51,240,128</u>

(See accompanying notes)

**Schedule A  
Net Operating  
Expenses  
for the year ended  
March 31, 1987  
(with comparative  
figures for the year  
ended March 31,  
1986)**

	1987	1986
Salaries and benefits	\$ 1,364,092	\$ 1,620,117
Advertising and promotion	496,860	829,706
Travel	382,126	439,532
Special retailers (Note 6)	144,904	190,195
Maintenance utilities and rent	119,195	76,863
Management report		115,515
Depreciation	65,169	62,474
Telephone and telex	58,947	64,578
Postage and office supplies	41,968	36,180
Miscellaneous	40,912	34,858
Directors' meeting and expenses	36,159	18,710
Ticket losses	33,304	
Professional fees	21,994	23,132
Repairs and maintenance	19,860	16,342
Retailer relations	17,608	
Redemption expenses	16,337	12,999
Relocation	15,337	
Sales seminars and meetings	14,181	24,130
Insurance and bonding	13,307	21,073
Finance charges	3,359	
Security systems	2,509	
Bad debt expense	483	3,891
	<u>2,908,611</u>	<u>3,590,295</u>
Less:		
Interest income	(34,999)	(39,151)
Gain on sale of fixed assets	(2,508)	
Retailer licencing fees net of related expenses of \$ 41,986 (1986 - \$ 7,608)	<u>(277,242)</u>	<u>(235,179)</u>
Net operating expenses	<u>\$ 2,593,862</u>	<u>\$ 3,315,965</u>

(See accompanying notes)

# Notes to the Financial Statements

## 1. Nature of the Partnership

Effective May 15, 1974, Edmonton Northlands and the Calgary Exhibition and Stampede Ltd. formed a partnership for the purpose of conducting and operating a continuing lottery to be marketed throughout the Province of Alberta. The Alberta Division operates under the authority of the Interprovincial Lottery Licence issued by the Minister of the Province of Alberta responsible for the Interprovincial Lottery Act.

The Alberta Division acts as agent of the Government of Alberta which is a member of the Western Canada Lottery Corporation. The Corporation provides, without financial gain, in Manitoba, Saskatchewan and Alberta, services concerning the conduct and management of lotteries.

The Interprovincial Lottery Licences require the Corporation to manage and operate in Alberta as the agent of the Government of Alberta such lottery schemes as authorized by the Minister. The Alberta Division is licenced as agent of the Government to act as the Provincial Marketing Organization and to assist the Corporation in the conduct and management of the authorized lottery schemes. The lottery schemes designated by the Minister pursuant to the licence are "Express", "Provincial", "Super Loto", "Lotto 649", "Lotto West" and "Instant". The Corporation distributes the net profits arising from the sales of authorized lottery schemes in Alberta in the manner prescribed in the licence.

Under the terms of the licence in effect to March 31, 1987, the partners, Edmonton Northlands and Calgary Exhibition and Stampede Ltd., received \$5,000,000 and \$4,750,000, respectively. In the prior year, each partner received an amount of \$2,750,000. The increased entitlement replaces the capital grants calculated from parimutuel remittances which had previously been paid to the partners by the Province of Alberta and also provides each of them additional capital and other funding of approximately \$1,000,000.

## 2. Statement of Lottery Operations in Alberta

The statement of Lottery Operations in Alberta is derived from the financial statements of the Western Canada Lottery Corporation. It reflects total lottery ticket sales in Alberta and the direct expenses related thereto such as the cost of prizes, tickets, administration and distribution. Net operating expenses represent the costs incurred by the Alberta Division in its capacity as Provincial Marketing Organization together with other costs relating to the conduct of its business reduced by interest income, retailer licensing fees and other income. The Corporation reimburses the Alberta Division for these costs which are deducted in arriving at the net income from lottery operations in Alberta available for distribution pursuant to the Interprovincial Lottery Licence.

## 3. Significant accounting policies

### a) Fixed assets

Fixed assets are recorded at cost and are depreciated at rates designed to write off the cost of the asset over its estimated useful life. The principal rates and methods used are:

Furniture, office equipment and leasehold improvements	20% Declining balance
Hot airship	25% Straight line

In the year of acquisition, depreciation is prorated from the month of purchase.

### b) Leases

Leases are classified as either capital or operating. Those leases which transfer substantially all of the benefits and risks of ownership of property to the organization are accounted for as capital leases. The capitalized lease obligation reflects the present value of the future rental payments, discounted at the appropriate interest rate. The amount capitalized as the cost of the asset is depreciated on a straight-line basis. Rental payments under operating leases are expensed as incurred.

c) These financial statements do not include any assets, liabilities, revenues and expenses of the partners.

## 4. Fixed assets

Fixed assets are comprised as follows:

	Accumulated depreciation		Net book value	
	Cost March 31, 1987	March 31, 1987	March 31, 1987	March 31, 1986
Hot airship	\$ 120,000	\$ 120,000		\$ 30,000
Community service vehicles				15,873
Furniture and office equipment	200,675	47,616	\$ 153,059	51,028
Leasehold improvements	72,204	34,446	37,758	47,819
	<u>\$ 392,879</u>	<u>\$ 202,062</u>	<u>\$ 190,817</u>	<u>\$ 144,730</u>

## 5. Excess of advances from Western Canada Lottery Corporation over net operating expenses

This includes advances from Western Canada Lottery Corporation in excess of operating expenses, together with interest income, retailer licensing fees and other income as follows:

	1987	1986
Balance beginning of year	\$ 587,843	\$368,808
Advances from Western Canada Lottery Corporation	3,436,000	3,555,000
Operating expenses	(2,908,611)	(3,590,295)
Interest income	34,999	39,151
Retailer licensing fees net of expenses	277,242	235,179
Gain on sale of fixed assets	2,508	
Balance, end of year	<u>\$ 1,429,981</u>	<u>\$ 587,843</u>

## 6. Special retailers

Special retailers are charitable organizations that buy and sell tickets in the same manner as regularly licenced retailers. Special retailers are paid an additional amount equal to the commission earned by regularly licenced retailers less any administrative expenses incurred in selling lottery tickets.

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WESTERN CANADA LOTTERY ALBERTA  
DIVISION

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