



The Jockey Club Round Table Conference on Matters Pertaining to Racing

August 12, 2018



Stuart S. Janney III

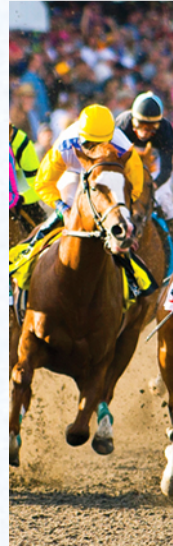
Chairman
The Jockey Club



States are free to authorize sports betting, Supreme Court rules



(Ricky Carioti/The Washington Post)



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**BUILDING A WORLD-CLASS
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A NATIONAL STRATEGIC PLAN

**Final Report
May 11, 1991**

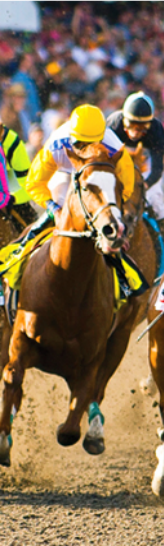


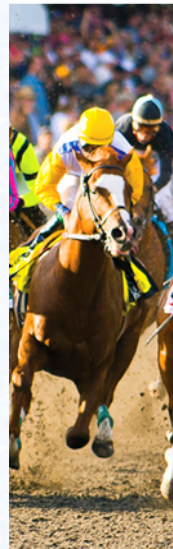
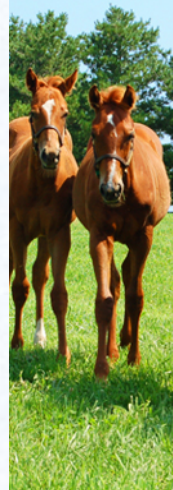
Driving sustainable growth for Thoroughbred racing and breeding



Round Table Conference Presentation
August 14, 2011

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The Jockey Club Round Table Conference on Matters Pertaining to Racing

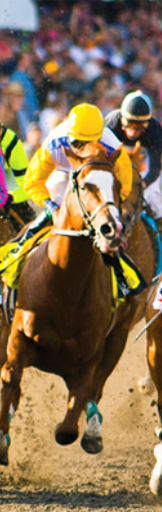
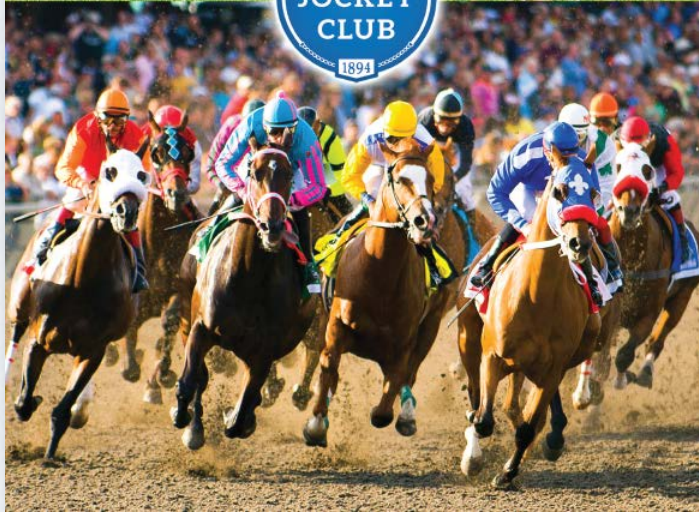
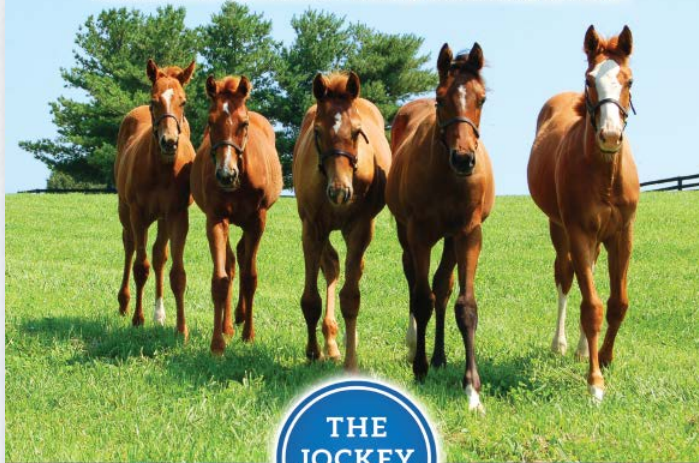
August 12, 2018



Laura Barillaro

Executive Vice President &
Chief Financial Officer
The Jockey Club

Dedicated to the Improvement of Thoroughbred Breeding and Racing





6.5 million unique visitors

Five Key Takeaways from Saratoga's Opening Weekend

Tom Pedulla presents five takeaways from opening weekend at Saratoga Race Course:

RACING
SHARE

check your BETS

Use the official ABR
Gambling Calculator!

most POPULAR



THIS WEEK

Dan's Double:

Opening Weekend
Picks for Saratoga

SHARE



Ten Places to Eat in
Saratoga This Meet

SHARE



Ten Things to Know
Before You Go:
Saratoga

SHARE

featured STORIES



A large, diverse crowd of people is shown from a low angle, looking upwards. Many individuals are holding up their smartphones to capture photos or videos. The scene is filled with energy, and the background is slightly blurred, emphasizing the foreground. The overall tone is bright and lively.

60% younger than 50



85% younger than 44

Top Stories:

- [Sadler Tabs Accelerate for Pac Classic](#)
- [Trainer Sid Attard Celebrates 2,000th Win](#)

[Trainers](#)

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**THOROUGHBRED
OWNER** Breeders' Cup Week
— 2018 —
CONFERENCE

Churchill Downs — Louisville, Kentucky — October 30 - November 1



 Data Flow
 Process Flow

1) Gmax Server retrieves racecard information, track survey data, and configures Base Station

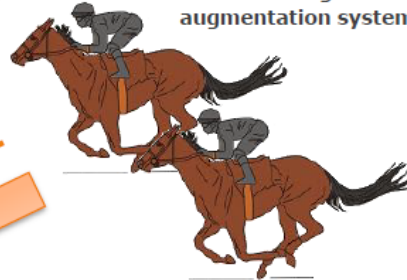
2) Weighing room official assigns trackers to horses, and places the trackers into pockets in the cloths



3) Trackers estimate their position using multiple satellite navigation and augmentation systems



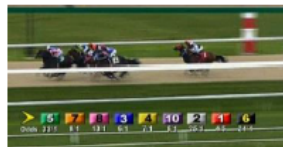
4) Trackers transmit details of their movement by UHF radio to Base Station



5) Base Station generates real-time data feeds to local or off-site subscribers



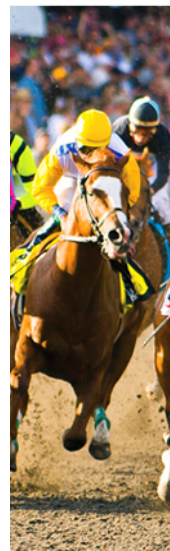
7) Gmax Race system packed for transport to next fixture



6) Gmax Server stores and presents race data for analysis



EQUIBASE

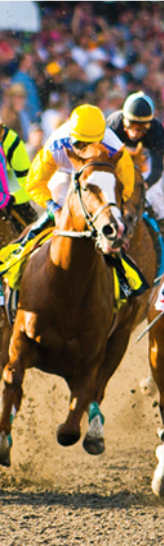


GPS Automated Tracking



GOLDEN GATE FIELDS

WHERE THE BAY COMES TO PLAY



WOODBINE™

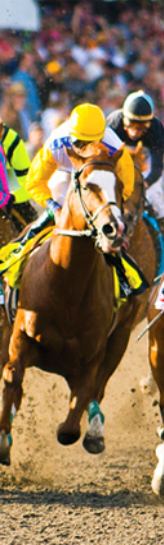
The Jockey Club Scholarships



Jacqueline Schumacher
TJC Jack Goodman Scholarship



Brianna Vitt
The Jockey Club Scholarship





The Power
OF HORSES



Some key industry statistics and economic indicators:

Estimated number of horses in the U.S.

7.2 million

Estimated number of horses by activity

Recreation- 3,141,449

Showing- 1,227,986

Racing- 1,224,482

Working- 537,261

Digital Certificate Management

Foal Registration Certificate

2018 Colt by PIONEEROF THE NILE out of MILDLY OFFENSIVE

Registration Number: 1806955

Assign Certificate Cancel

The Jockey Club,

Parentage
Qualified

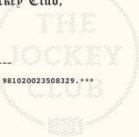
No. 1806955

CERTIFICATE OF FOAL REGISTRATION

THIS IS TO CERTIFY THAT *the* Bay Colt *named*
foaled 02/19/2018 *by* Pioneerof the Nile
out of Mildly Offensive *by* Sharp Humor
is duly registered by The Jockey Club.

Marks No white markings.---
Median cowlick at top of eye level.---
Cowlick at crest of neck on both sides.---
Reported to be microchipped with number 981020023508329.***

Issued to WinStar Farm, LLC
Bred by WinStar Farm, LLC
Foaled in Kentucky, USA



L.M.R.
Secretary
Rick L. Butler
President

THIS CERTIFICATE IS ISSUED ON THE BASIS OF INFORMATION SUBMITTED TO THE JOCKEY CLUB BY THE APPLICANT PURSUANT TO 05/03/2018 THE PRINCIPAL RULES AND REGULATIONS OF THE AMERICAN SADDLEBROM AND IS SUBJECT TO REVOCATION AND CANCELLATION IF FURTHER INFORMATION IS RECEIVED INDICATING IMPROPER OR ERRONEOUS ISSUANCE.

Certificate History:

| Date | Certificate Manager | Owner reported to be | Trainer reported to be |
|------------|---------------------|----------------------|------------------------|
| 05/03/2018 | WinStar Farm, LLC | | |

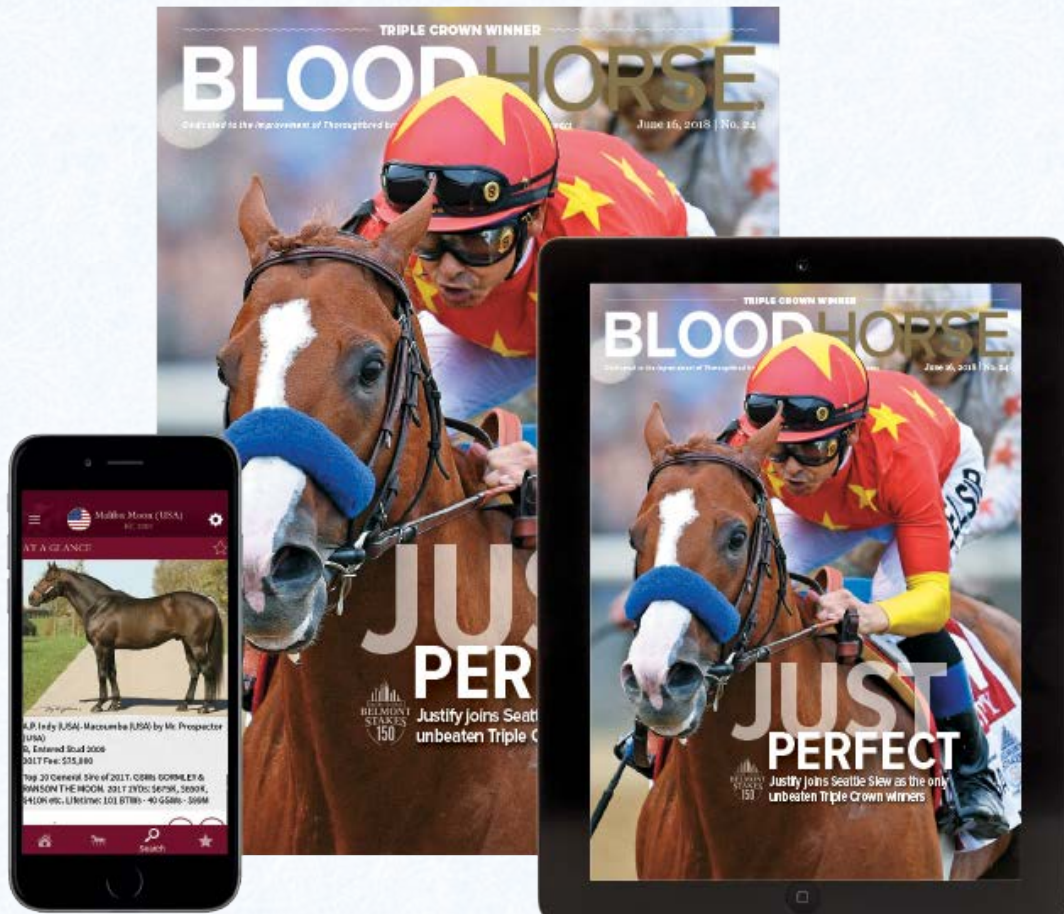
Assign Certificate Cancel



A group of five horses, likely foals, standing in a grassy field. They are facing forward, and their bodies are slightly faded to allow the text to be prominent. In the background, there is a wooden fence and some trees under a bright sky.

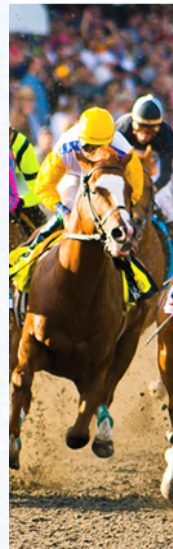
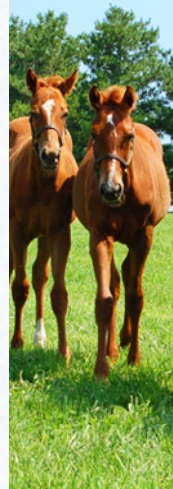
2019 Foal Crop Estimate

21,500



Global Stallions App

BloodHorse Magazine/Tablet



BLOODHORSE DAILY

TUESDAY, JUNE 5, 2018 BLOODHORSE.COM/DAILY

3-TIME GI WINNER
FORT LARNED
Classy
MR. PROSPECTOR
Sire

**BELMONT
COUNTDOWN**

**NEW
GRADE 1
WINNER**
LANCASTER BOMBER

READY TO
Justify Smooth
in Final Pre-Belmont
See page 2

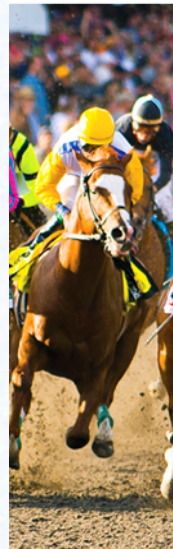
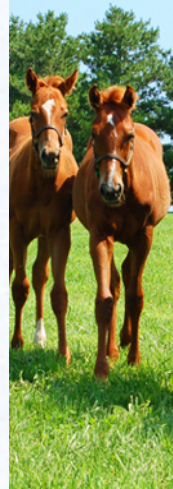
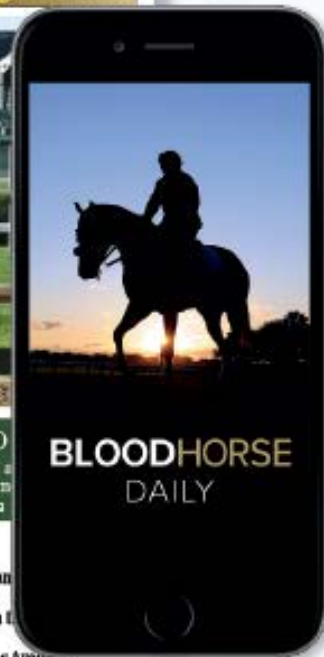
**BLOODHORSE
DAILY**

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COMPARE TO A FREE SMARTPHONE APP

FACEBOOK TWITTER PAGE 1 OF 28



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OR VISIT BLOODHORSE.COM

KENTUCKY OAKS PREVIEW

TRIPLE THREAT
Only Top 10's First KY Oaks With Talented Trainers (and Kentucky Oaks' comeback possible, inside!)

OXBOW
A horse care product
SUNSHINE TO SOOZE MOOD
IN THE US BY OXBS

CLAREN WINNER
CLAREN PRONKER
CLAREN PRONKER'S WIFE, SUE

TRIPLE THREAT

- **Buffet Reminisces in Churchill Returns With Abel Tasman**
- **Breeder McRebill Gets Metabolism at Churchill**
- **Mac: Never No is Flirt Winner for Sty, Dam**

BLOODHORSE DAILY

RAFFERTY REMINISCES IN CHURCHILL RETURNS WITH ABEL TASMAN
By Steve Chubb
@Steve_Chubb

I was the light of the girl's life. Right before she passed after a prolonged race.

There was real spiritual connection, but Abel Tasman made a striking long observation at the finish line, and she never even put her eye back on me to see the winner's stats at Churchill Downs.

A year after she died, I taught Kentucky Oaks (KO) with a lot to offer. Back then, I was John and Cheryl's favorite. Quality Road (QR) is back in Kentucky to watch her career's progress in the Equine La Tourette stable presented by Thompson's (T) after a three-day stay in Florida. Abel Tasman has collected two quality victories (one at Amana Station and July 22 Coaching Club American Oaks), has been named in grade 1 company (Big, 11 Coaching Club and five 3 Louisiana Breeders' Cup Classic), and changed his name at the end of his career (one of his last).

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Abel Tasman (left) runs under Bruce Berman May 4 at Churchill Downs.

second, to see the Kentucky Oaks after Florida's World War II era as a 1/2 length. Back then, I was John and Cheryl's favorite. Quality Road (QR) is back in Kentucky to watch her career's progress in the Equine La Tourette stable presented by Thompson's (T) after a three-day stay in Florida. Abel Tasman has collected two quality victories (one at Amana Station and July 22 Coaching Club American Oaks), has been named in grade 1 company (Big, 11 Coaching Club and five 3 Louisiana Breeders' Cup Classic), and changed his name at the end of his career (one of his last).

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Mac: Never No (center) first winner for the Steves' first year May 4 at Belmont Park.

MAC: NEVER NO IS FIRST WINNER FOR STEVE, SUE
By Eric Johnson
@Eric_Johnson

I took first crop out group 1 when My Day Never I looked up his first winner May 2 at Belmont Park, where for Steve and Sue's first year. The horse had captured a five-furlong maiden special weight in her debut by 1 1/4 lengths.

Trained by Wesley Ward and bred in Indiana, Mac: Never No is the first crop of grade 1 blood winner Steve and Sue's first year. The horse had captured a five-furlong maiden special weight in her debut by 1 1/4 lengths.

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DREAMING DIAMONDS FIRST WINNER FOR CROSS TRAFFIC
By Eric Johnson
@Eric_Johnson

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Cross Traffic at the Kentucky Oaks.

CROSS TRAFFIC

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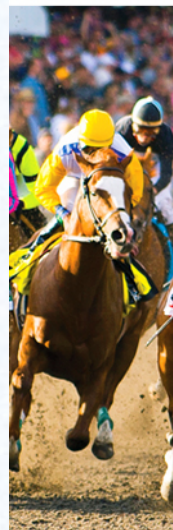
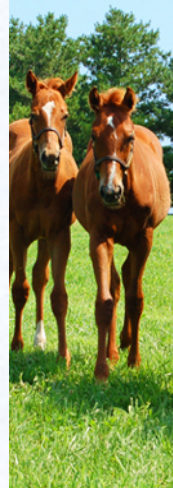
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“All licensed racing and training facilities to include monitoring and recording information in the Equine Industry Database concerning fatalities and horses observed lame by an official veterinarian during training hours in addition to recording relevant information related to soundness issues of the horse.”





Laura Barillaro

Executive Vice President &
Chief Financial Officer
The Jockey Club



The Jockey Club Round Table Conference on Matters Pertaining to Racing

August 12, 2018

THE JOCKEY CLUB

1750, today and tomorrow

Simon Bazalgette
Group Chief Executive



THE JOCKEY CLUB

Since 1750



RACE ON



THE JOCKEY CLUB

Since 1750

HOW IT
ALL BEGAN...



THE JOCKEY CLUB

Since 1750



1750 EARLY BEGINNINGS



THE JOCKEY CLUB

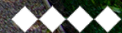
Since 1750



Founded in 1750 by a group of prominent figures in British society

- As a club for those passionate about the Thoroughbred and horseracing
- Established an early stated purpose for meeting to “promote the improvement of the Thoroughbred and the prosperity of the Turf”
- Soon The Jockey Club established rules to ensure races on Newmarket’s ‘Heath’ were run fairly – the basis of the Rules of Racing globally today

THE JOCKEY CLUB ROOMS



THE JOCKEY CLUB
Since 1750



EVOLUTION

The Jockey Club established a key role at the heart of horseracing

- Over time, The Jockey Club took on the responsibility of becoming the official governing body of horseracing in Britain
- Members have included many members of the British Royal Family – and overseas Royalty – and no fewer than six Prime Ministers
- When the sport needed The Jockey Club's help to save many of its leading assets, this set a course for it to play a very different future role





TODAY

The Jockey Club

Is the largest commercial group in British Racing and our operations include staging several of Britain's most iconic events



OUR MISSION

Governed by Royal Charter, The Jockey Club's mission is **to act for the long-term good of British Racing in all that we do**

In practice, this means:

- Investing all our profits back into racing
- Promoting excellence (e.g. quality racing)
- Driving and introducing innovation
- Working with others with a similar vision
- Always taking decisions for the long-term

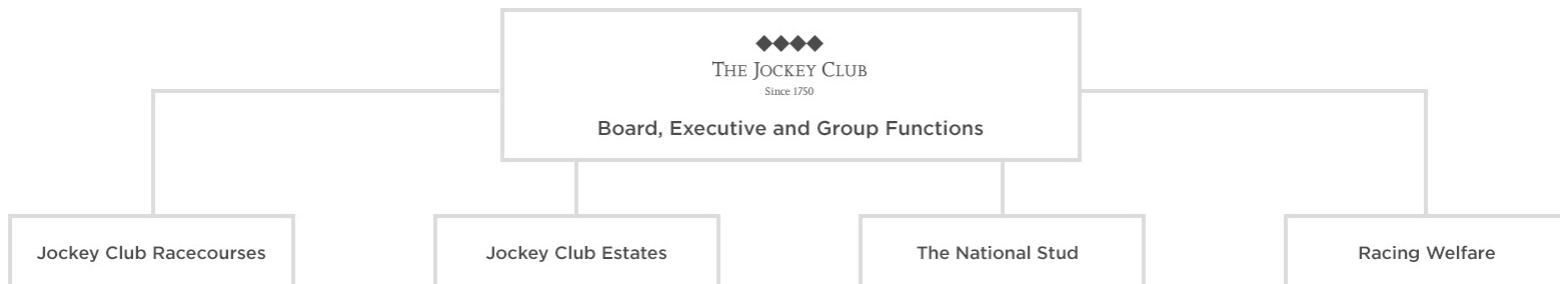




OUR VISION

For British horse racing to be the best in the world for many years to come and to inspire millions to enjoy it

OUR STRUCTURE



The Jockey Club owns 15 leading racecourses across the UK, which stage some of Britain's most iconic racing and are used as busy conference and events venues.

The Group's property and land management arm is responsible for more than 5,000 acres of land, including more than 3,000 acres of world-class racehorse training grounds at Newmarket, Lambourn and Epsom Downs, and the historic Jockey Club Rooms.

The Group's Thoroughbred breeding, boarding and educational arm in Newmarket provides stallion services, seasonal and permanent boarding, foaling, sales preparation, spelling facilities, worldclass education courses and public tours.

The Jockey Club's charity offers support and guidance to racing's people in need. Through a nationwide network of regional welfare officers the charity helps the unseen army of dedicated staff whose work is vital to British racing.

MAJOR SHAREHOLDINGS INCLUDE:



BRITISH
CHAMPIONS
SERIES





GREATEST FOCUS
OF PREVIOUS 10 YEARS?



THE JOCKEY CLUB

Since 1750



THE EXPERIENCE IS EVERYTHING

Putting the **CUSTOMER** at the centre of all we do:

- Investing to get the customer experience right
- Instead of starting with what we want or we think

Areas this has included:

- Major investment in facilities
- Data insights & analysis
- CRM & loyalty
- Fan engagement
- Brand development
- New products
- Innovations
- Partnerships & joint ventures
- Dynamic pricing model
- Enhancing experience vs profit



CUSTOMER GROWTH STRATEGY (TACKLING '1.2 TIMES' A YEAR)

Acquisition

To identify and convert
Crowd and Community
into ticket buying
customers

Result:

Book for the first time



On ticket purchase,
they become a
'customer'

Retention

To maintain a relationship
with the Customer in order
to get them to repeat any
event once the following
year or season

Result:

Repeat book for an event
the following year (and
engage with our content
and / or watch broadcast)



Frequency

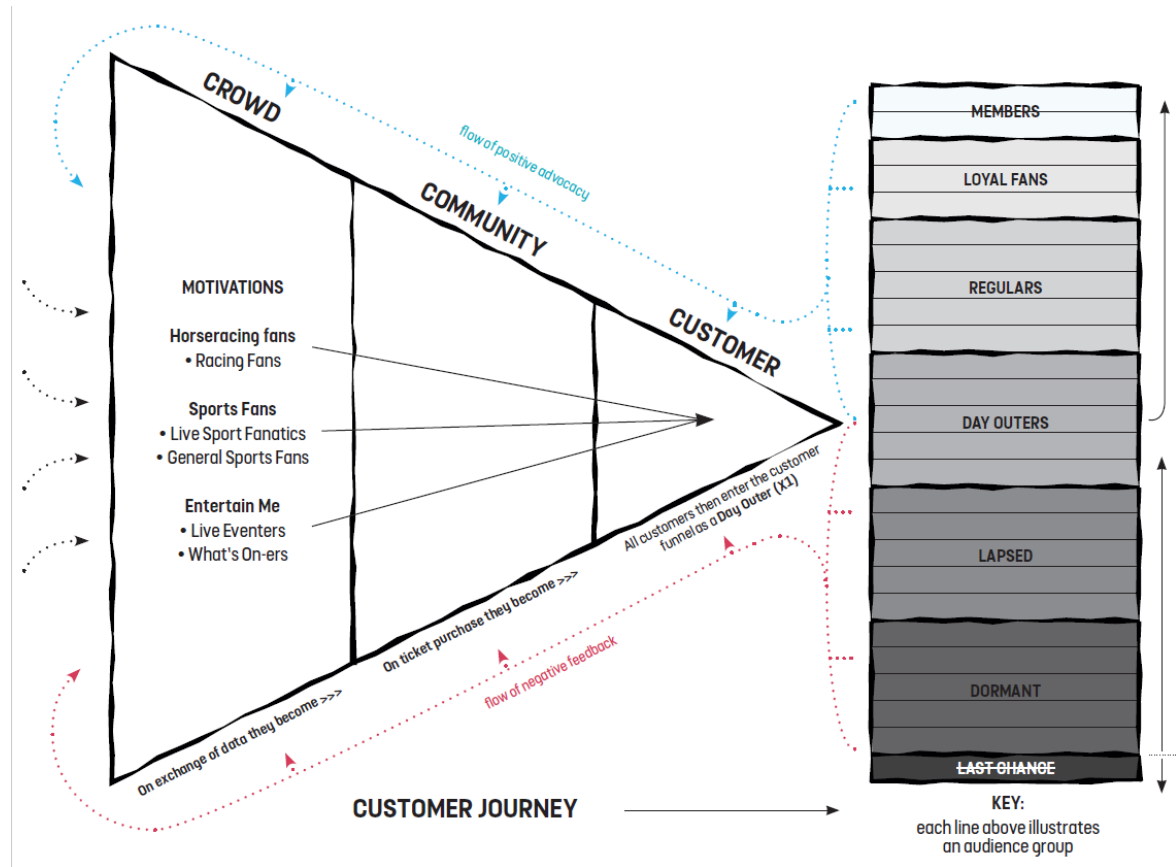
To inspire the Customer
to visit more than one event
in our portfolio in that year
or season

Result:

Book for multiple events
in a year (and engage with
our content and partners,
watch broadcast,
purchase merchandise,
consider racehorse
ownership)

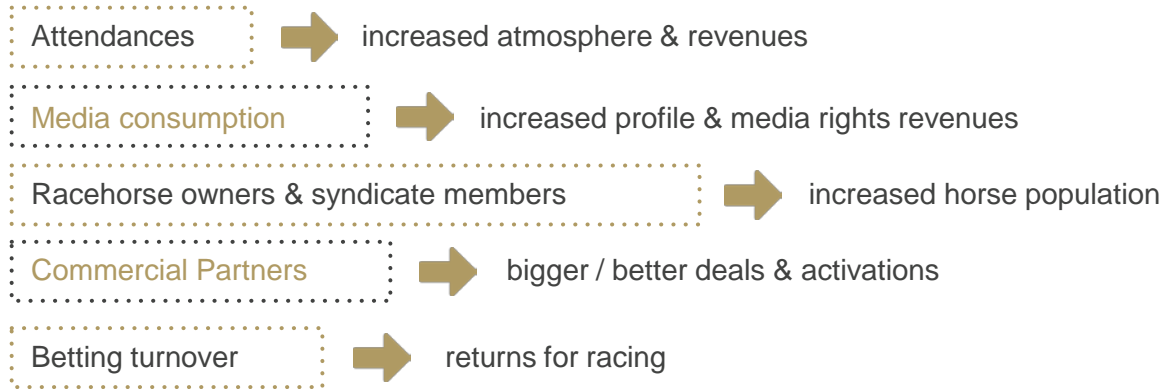
A) Engaging customers and b) providing them with a
fantastic experience are key to this journey

DATA & CUSTOMER INSIGHT AT THE HEART OF OUR STRATEGY

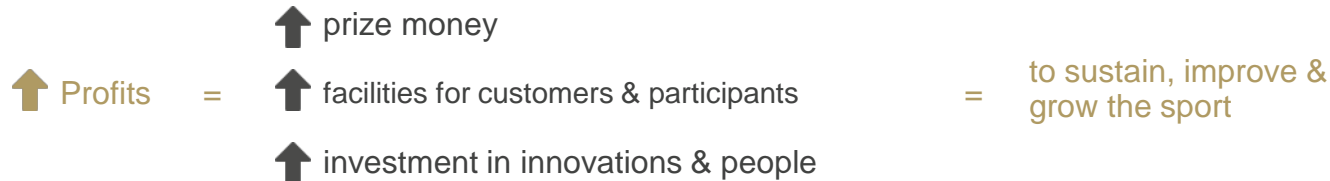


MORE FANS = MORE EVERYTHING

Casual link between the size of your engaged fan base and:



At The Jockey Club:



SUCCESSSES AND CHALLENGES



THE JOCKEY CLUB

Since 1750



MAGNERS
IRISH CIDER

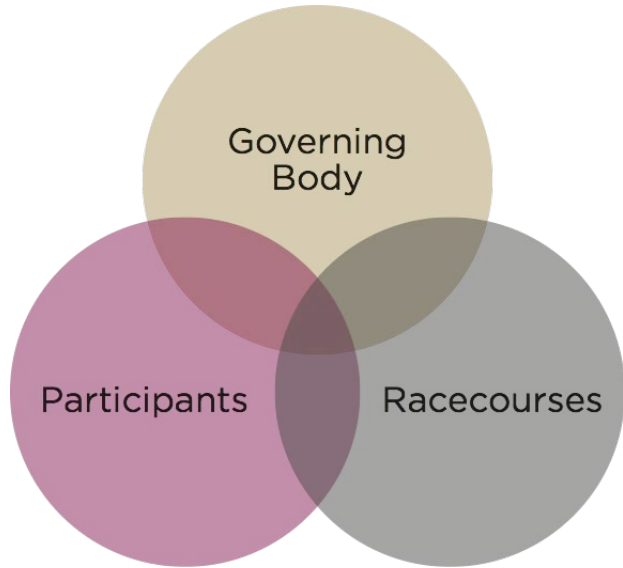
RECENT SUCCESSES: 1. FINANCES

Wins include:

- Revolutionising media landscape – unlocking significant value
- Resolving Horserace Betting Levy leakage – after offshore moves and with a highly competitive betting market, not a racing-controlled monopoly
- Attracting a wide range of new commercial partners to get involved
- These have powered our ability to provide record prize money to horsemen and major investment in facilities for customers and participants

THE  TIMES
RACING
**Record prize money to help
grassroots**

 GAMING INTELLIGENCE
The industry's leading source of independent news and analysis
**British racecourses benefit from
increased media rights payments**



RECENT SUCCESSES: 2. STRUCTURE

Wins include:

- Introducing an effective 'tri-partite' governance structure for British Racing
- Creating championships and series to follow and world's best fixture on ratings (British Champions Day)



RECENT SUCCESSES: 3. REACH

Wins include:

- Increasing awareness and interest levels
- Attracting major terrestrial broadcaster (100+ fixtures)
- Increasing media coverage and social media engagement
- Attracting new commercial partners for promotion and funding





CHALLENGES OF OUR TIME: 1. EQUINE WELFARE

The horse comes first

- We view the welfare of racehorses as our sport's number one priority
 - Without them we are nothing!
- But also our sport's greatest weakness – public perception is all
- Is there more we can do on a global basis to tackle the challenge?





CHALLENGES OF OUR TIME: 2. FUNDING

Bracing for a commercial hit

- Just when revenue lines we control are doing well and Levy leaks resolved
- The UK Government is cracking-down on Fixed Odds Betting Terminals in licensed betting offices – likely to result in widespread shop closures
- Independent estimates suggest a multi-million pound adverse impact on British Racing's funding from a) reduction in media rights and b) Levy





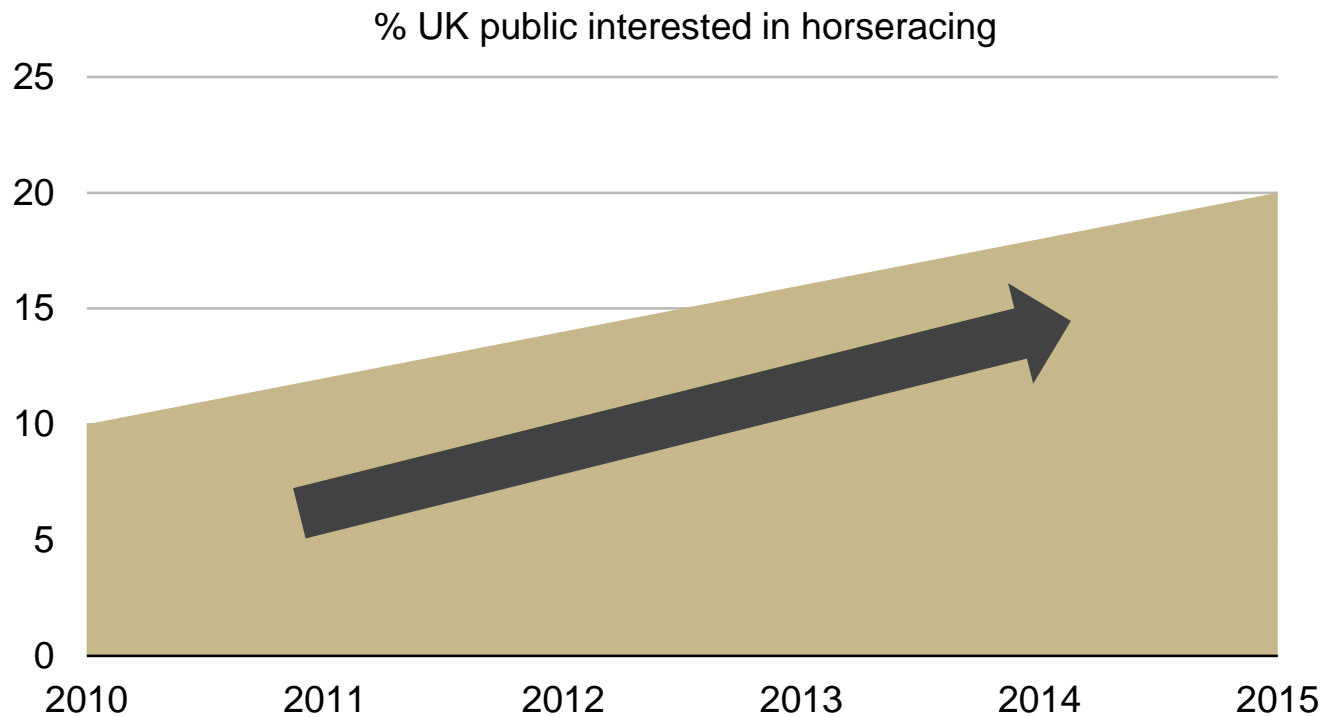
CHALLENGES OF OUR TIME: 3. RELEVANCE

Providing a 'reason to care' about racing / reaching the next generation

- The fight for relevance seems to be the same the world over
- We are up against global players such as football, Olympic sport and F1, along with locally popular sports, leisure and entertainment properties
- Can we do more together promoting racing in a globally-connected world?

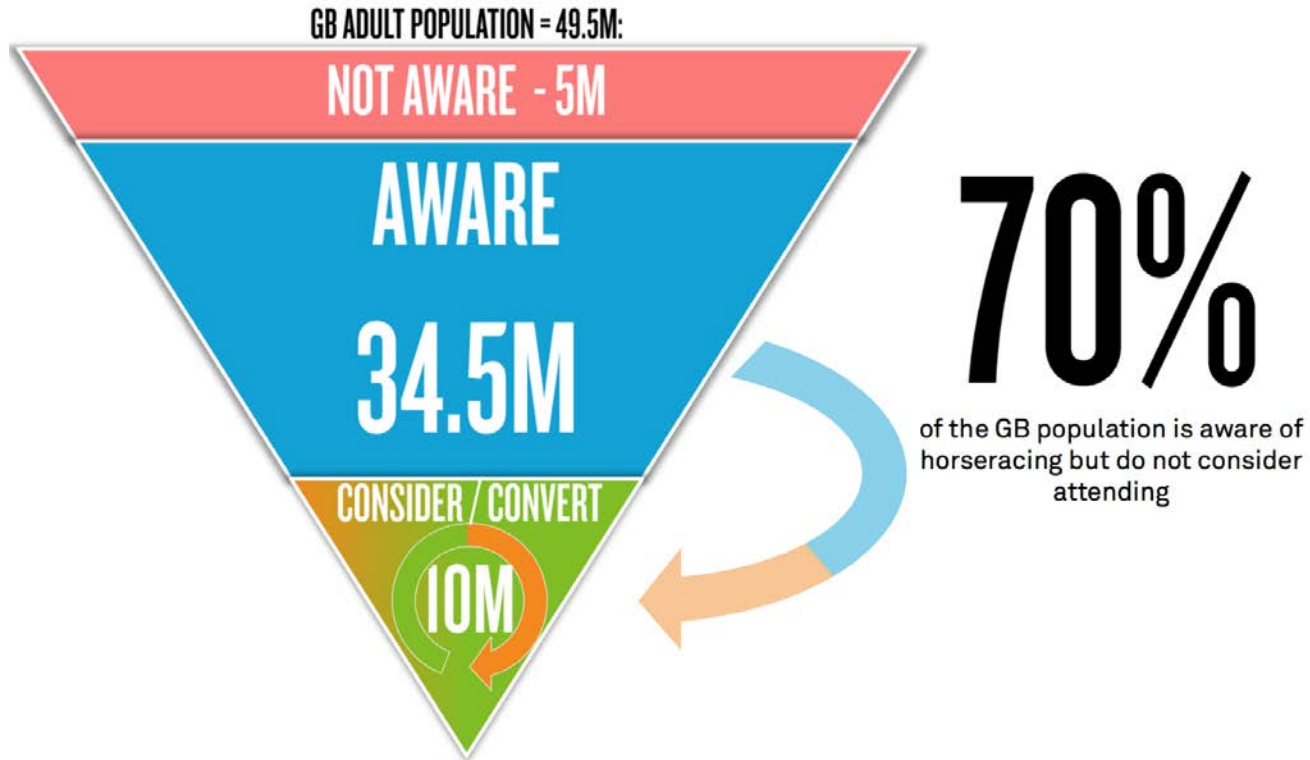


INCREASED AWARENESS - INTEREST DOUBLED IN FIVE YEARS



Source: ComRes omnibus surveys commissioned by The Jockey Club

CONSIDERATION AND COMMITMENT IS TO COME...





SOME OF WHAT WE ARE DOING

The Jockey Club has introduced a series of initiatives, including:

- Investing in targeted digital content
- Championship Horse Racing – Team Racing
- City Racing – street races in major cities
- Championing diversity – all fans & talent
- Rewards4Racing – loyalty scheme
- Working with influencers & celebrities
- 'Horseplay' family concept
- 'Racing Explained'
- Series including 'Chase Triple Crown'

BRAND-LED THINKING

Started to consider British Racing – and The Jockey Club – as a brand



TO CONCLUDE:
A RALLYING CALL





THE FUTURE

Do we have a shared ambition?

No matter where we are in the world or our particular piece of the puzzle...

To leave Thoroughbred horseracing in better shape than we found it?



THANK YOU

@SimonBazalgette

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THE JOCKEY CLUB

Since 1750



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August 12, 2018



Ian D. Highet

Secretary-Treasurer
The Jockey Club



2018 Strategy Refresh

August 2018



2011 Trends

Percent change, 2000 - 2010

Handle

↓ 37%

Attendance

↓ 30%

Starts per horse

↓ 14%

Race days

↓ 14%



2011 Growth strategy for Thoroughbred racing

1 Fewer, better race days

2 Innovative wagering platforms

3 Integrated rewards

4 New televised racing initiatives

5 Simplified betting via free-to-play game

6 Social game

7 Integrity and safety reforms

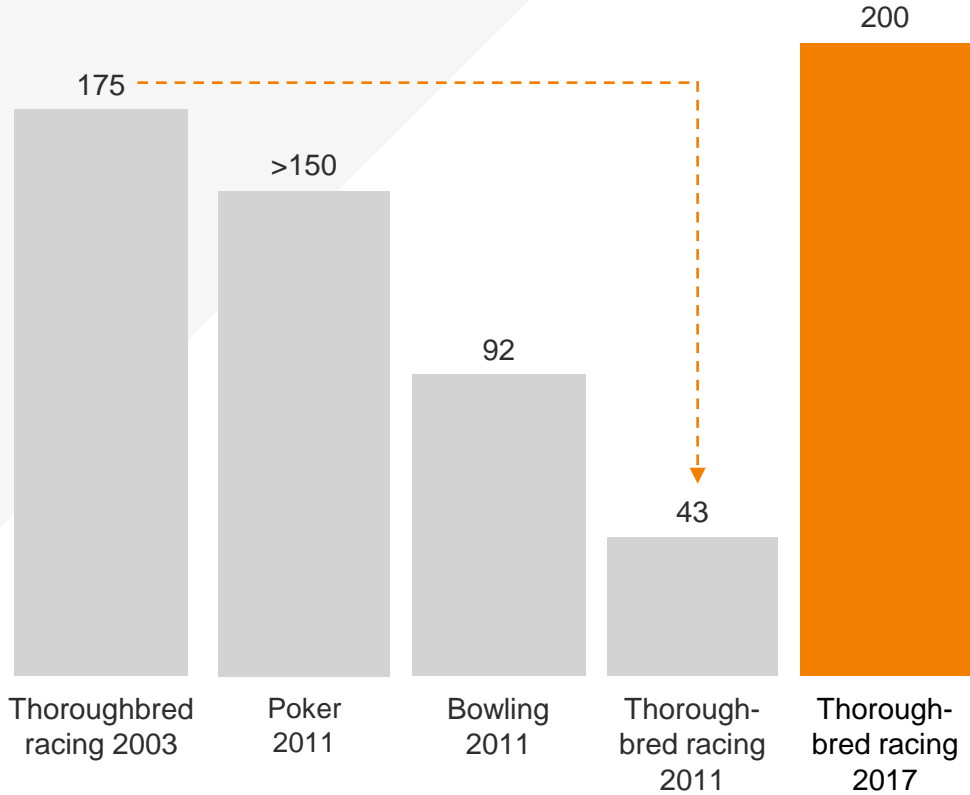
8 Ownership tools

9 Disseminating best practices among tracks

Racing on national broadcast/ basic cable TV



In 2011, coverage was at an all time low
National TV hours



SOURCE: Network schedules

Tech/media developments since 2011



Pay TV
Subscribers

2011

88%

Today

79%



Millennials
watching TV

↓ 37%



Stick-and-ball
sports ratings

↓ 6% p.a.



Netflix
subscribers

10 million

125 million

Growth Themes



Innovations in venues



Digital content, data, and marketing



Advanced analytics



Legalization of sports betting



James L. Gagliano

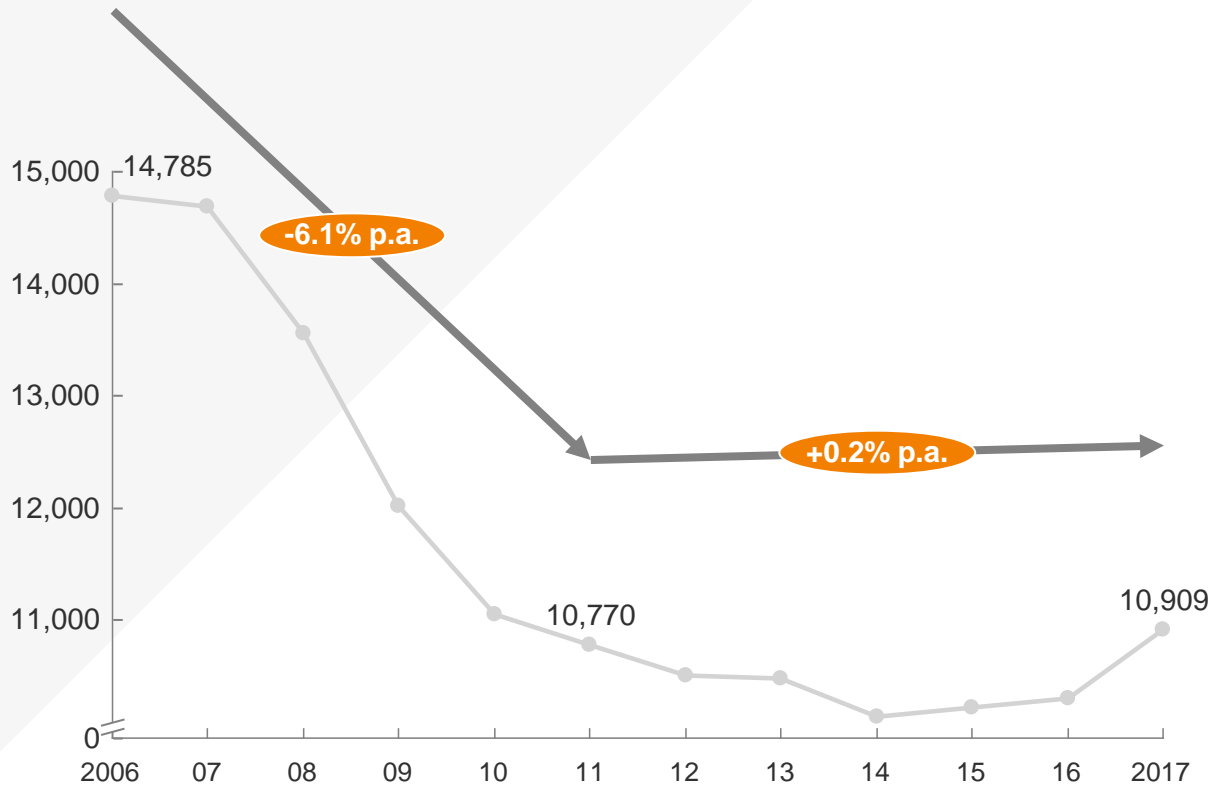
President and Chief Operating Officer
The Jockey Club



Situation Analysis: Horseracing today

After declining through 2011, handle has stabilized

United States Thoroughbred handle, 2006-2017
USD Millions



SOURCE: TJC Factbook

The Thoroughbred industry 2011-2018



Foal Crop

↓ 1%
per year

Total Starters

↓ 4%
per year

Field Size

↓ 8.04
to 7.7

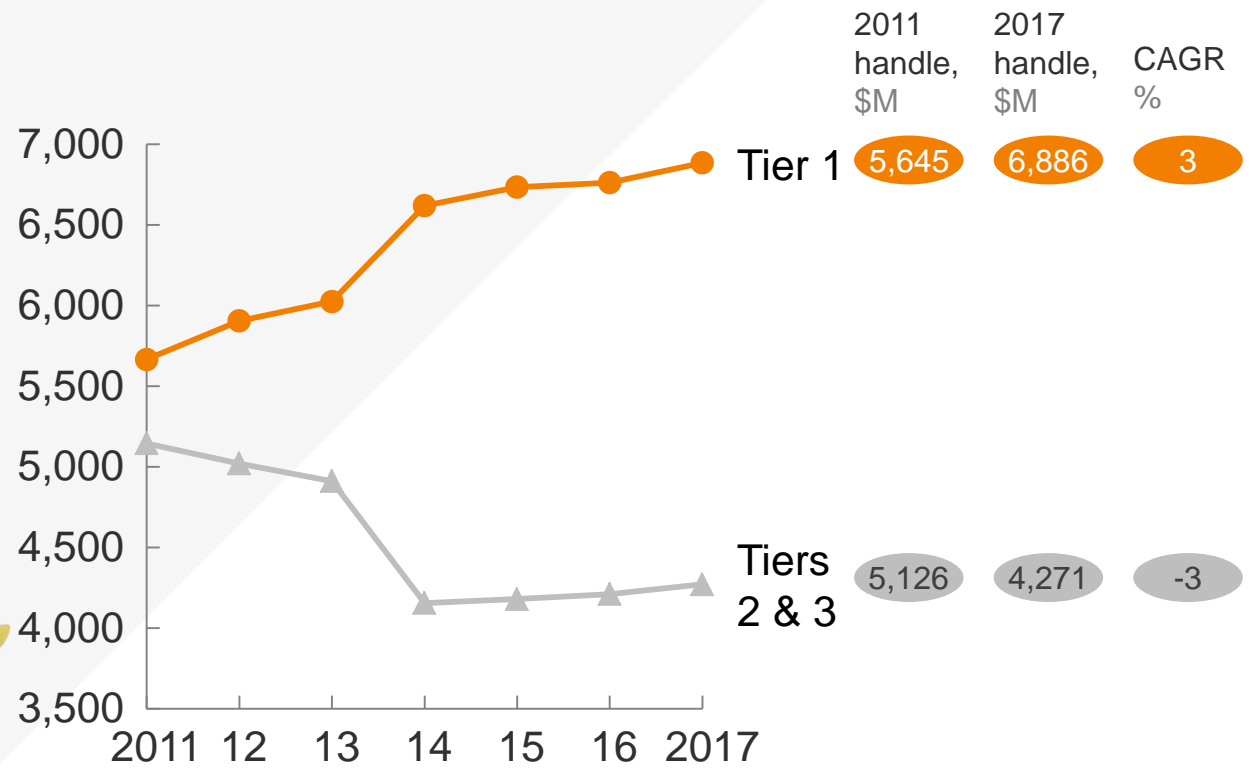
Number of US Races

↓ -3%
per year

Handle is becoming concentrated in Tier 1 tracks

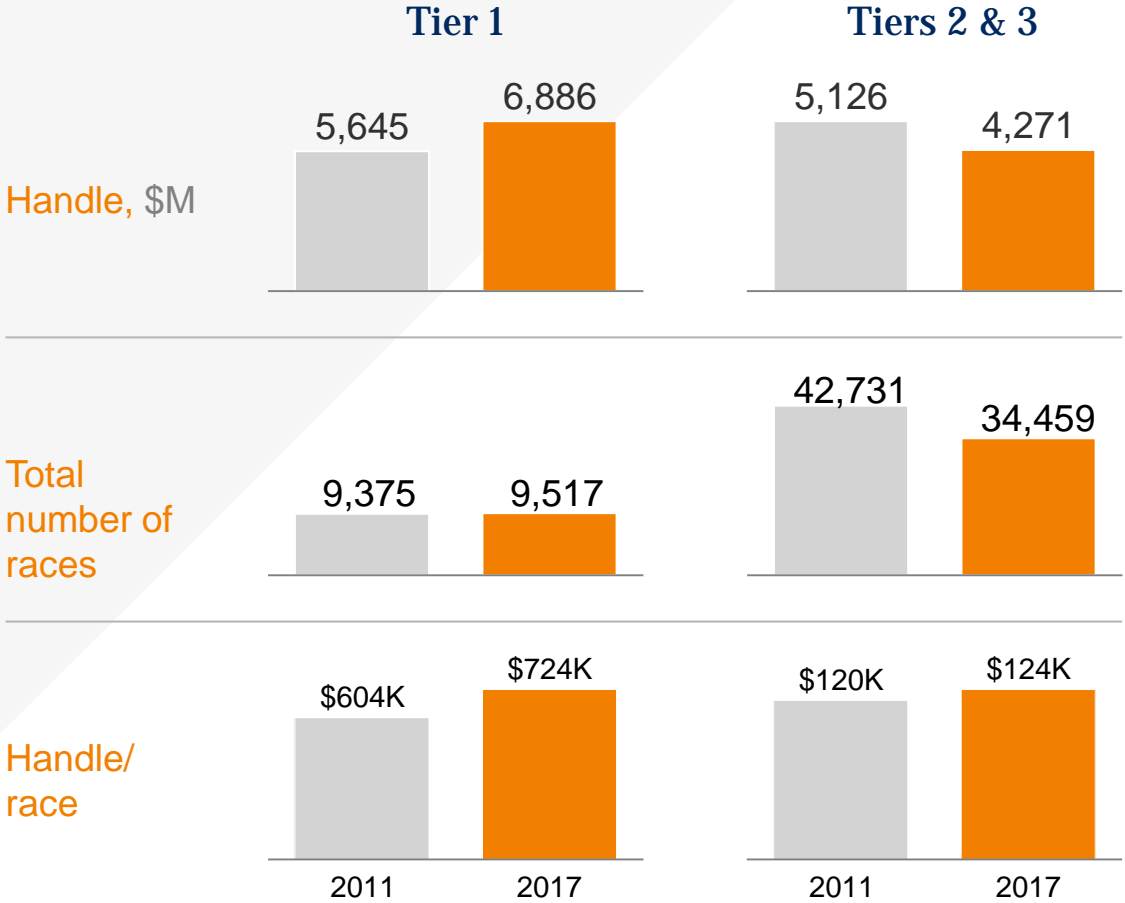


Handle by track tier, 2011-2017
\$M



Note: 12 tracks in Tier 1, 27 tracks in Tier 2, 57 Tracks in Tier 3
SOURCE: Equibase

Tier 1 vs. Tiers 2 & 3: races and handle per race



SOURCE: Equibase

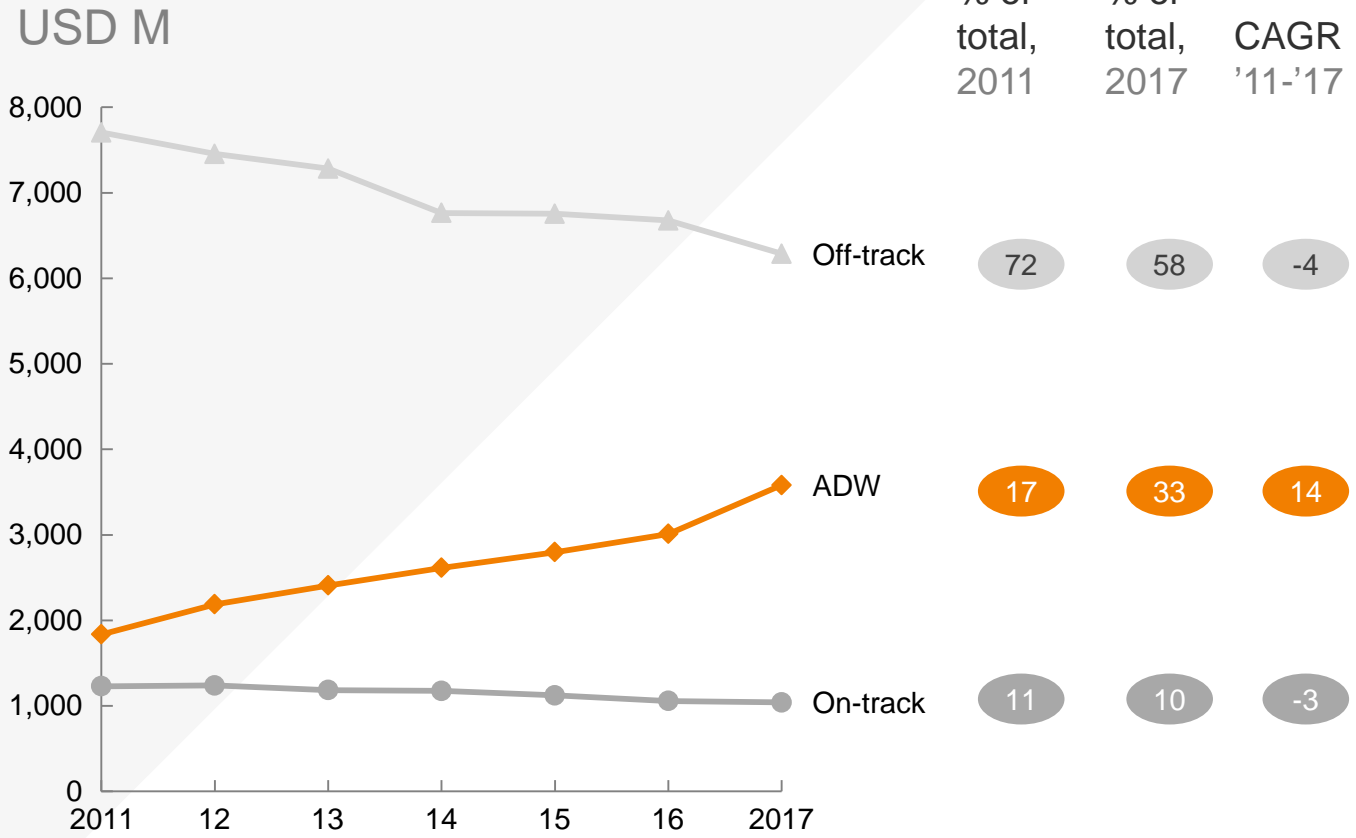
Handle has increased in the 'best racing'

| 2017 # of Races | Race Class | 2017 Total handle/race | % handle change over 7 years |
|-----------------|--------------------|------------------------|------------------------------|
| 240 | Grade I / Grade II | \$3,575K | 3% ↑ |
| 1,792 | Other Stakes | \$464K | 5% ↑ |
| 4,776 | Maidens | \$334K | 3% ↑ |
| 7,394 | Allowance | \$276K | 2% ↑ |
| 26,644 | Claiming and Other | \$209K | -1% ↓ |

SOURCE: Equibase

ADWs are now 33% of handle

Handle by betting channel, 2011-2017

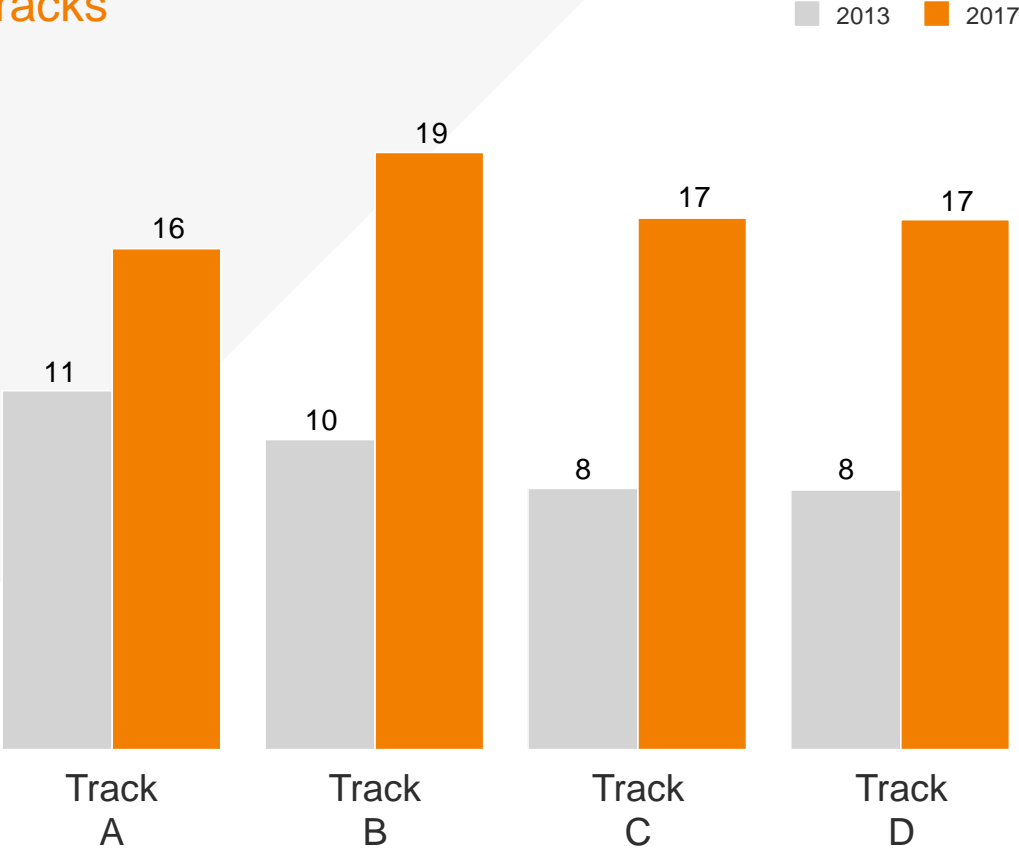


SOURCE: TJC Factbook, State Racing Commissions

Computer assisted wagering now represents 16% to 19% of total handle

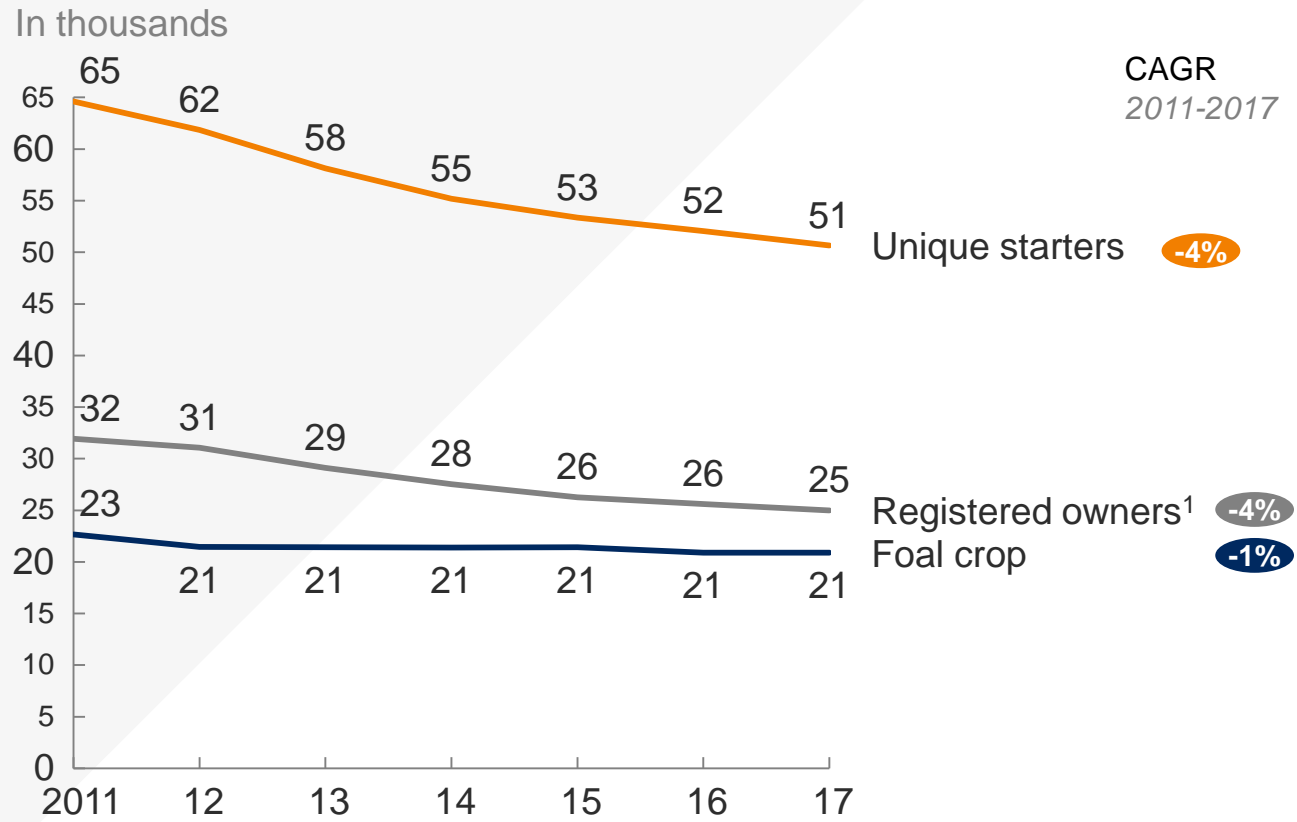


CAW as a percent of handle for sample Tier 1 tracks



SOURCE: Sample data from four racetracks

Starters, owners and foal crop



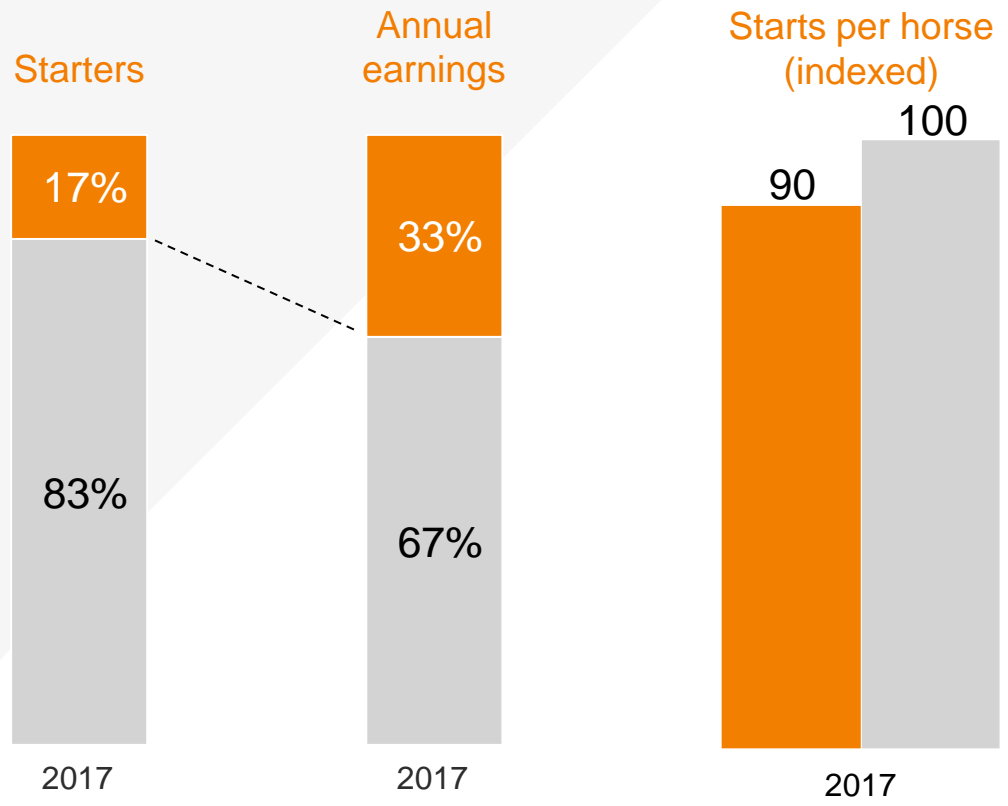
¹ Unique owners registered for a starter at each race

SOURCE: TJC Factbook, Equibase

Super trainers¹



- Super trainers
- Other



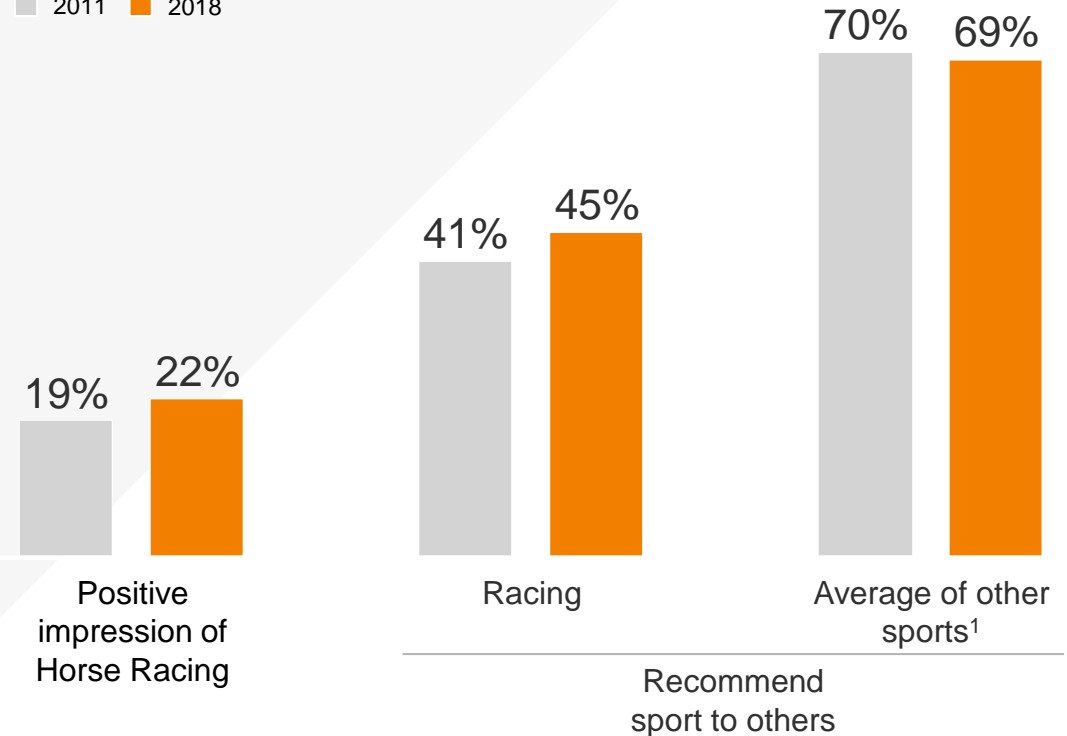
¹ Super trainers defined as those having at least 100 active horses or more in a year
Note: horses that switch trainers during the year are counted for both trainers, but only for their starts for each trainer, which lowers the overall starts/year. As a result, starts/year for super trainers is not directly comparable to starts/year for all horses or for graded stakes horses.

Horse racing has seen an improvement in public perception since 2011



% who agree/strongly agree

■ 2011 ■ 2018



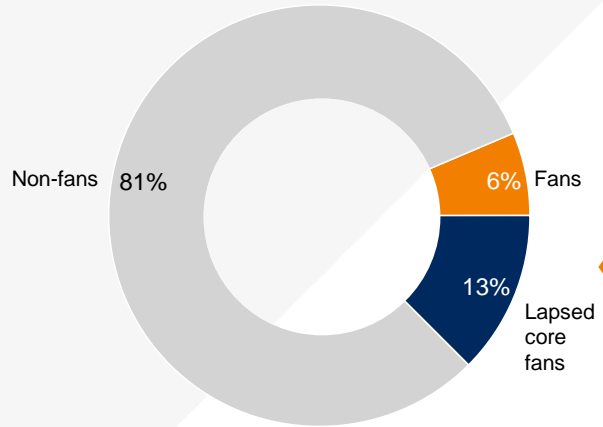
¹ Other sports include NFL Football, NBA Basketball, NASCAR 7 and MLB Baseball

SOURCE: McKinsey 2018 Thoroughbred Racing Consumer Survey (N=1,351), McKinsey "Digital Diaries"

~16M Americans (~6% of U.S. adults) follow Thoroughbred racing



Racing fans as a percent of US adult population



2017 US adult population =
~251.5M people

Racing fans

Total: 16M

320

Whales
Bet at least
\$600K/ year

0.5M¹

Fans using ADW
Fans with an
ADW account

2.6M

Avid fans
Bet or attend 12+
times a year

5.0M

Casual fans
Bet or attend 3-11
times a year

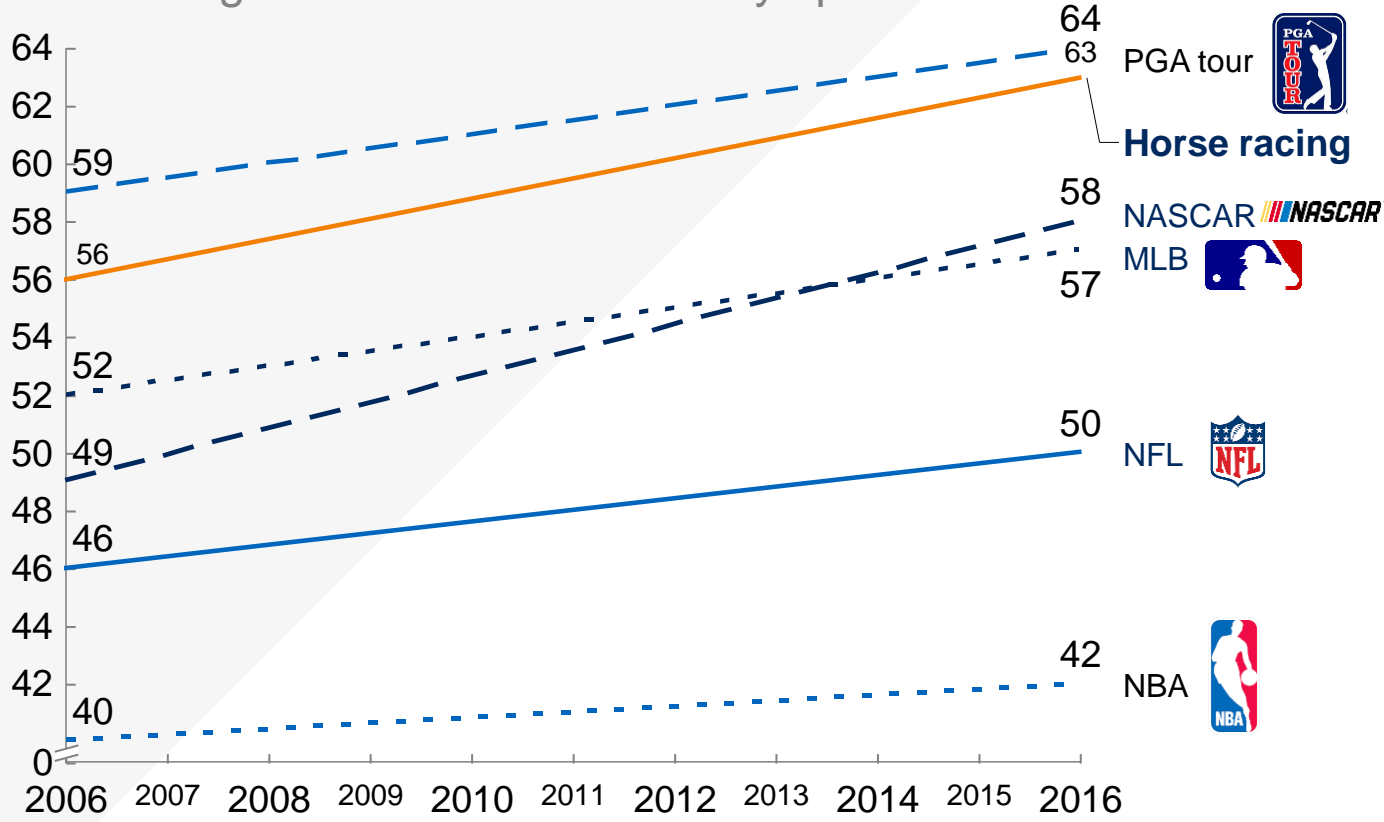
8.3M

Occasional
Bet or attend 1-2
times a year

¹ Survey data suggests 22% of casual and avid fans use ADW, which would imply 1.7M fans using ADW

Average age of fans

Median age of television viewers by sport

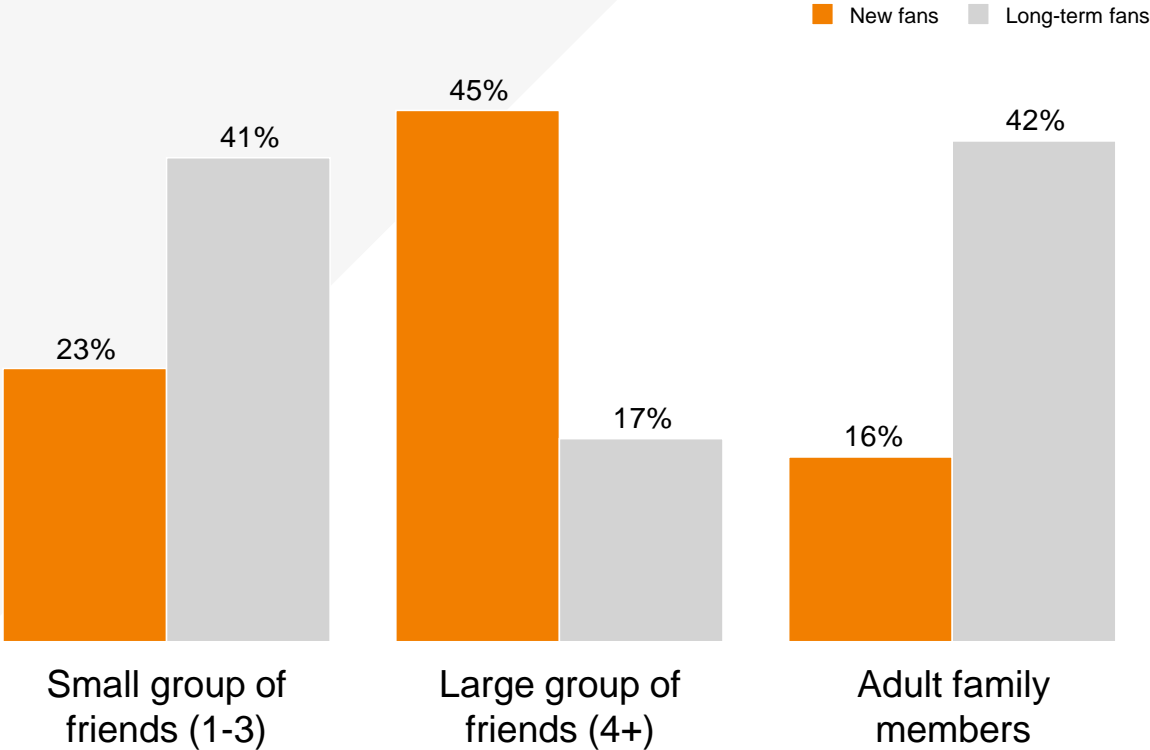


SOURCE: MAGNA Global, Sports Business Journal

New fans see racing as a group social experience

New and long-term¹ fans at the track

% of fans attending the racetrack with...



¹ New fans defined as those joining the sport in the past 5 years; long-term fans defined as those joining the sport prior to 5 years ago

SOURCE: , McKinsey 2018 Thoroughbred Racing Consumer Survey (N=1,351), 2018 McKinsey Digital Diaries Consumer Research



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August 12, 2018



Ian D. Highet

Secretary-Treasurer
The Jockey Club

Summary of Situation Analysis



Handle has stabilized



Volume of racing in slow decline



The best racing still growing



Bettors rapidly switching to digital



Progress on public perception



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