



Building Sustainable Growth:
Progress Report

February 1, 2012

Communications

Overview: In the summer of 2011, The Jockey Club provided the NTRA with funding and office space to enhance the efforts of NTRA Communications so they could find, develop and pitch stories to the mainstream media and engage fans through social media on a national basis. While this initiative predated the completion of the McKinsey study, NTRA Communications is playing a vital role in the implementation of several wide-ranging recommendations from the study and will continue to do so.

Status: The new NTRA Communications team, under the direction of Stephen Panus, has had early successes placing stories and will continue to publicize and promote our sport throughout the mainstream media and social networks. NTRA Communications has been working closely with *The Wall Street Journal*, which will be doing a weekly “Heard on the Field” feature that reviews the weekend’s races leading up to the Kentucky Derby. NTRA Communications has also made inroads and placed stories in The Huffington Post and the popular Bleacher Report blog, and it has reconstituted its national Thoroughbred poll and its weekly NTRA Thoroughbred Notebook. The notebook now contains news and feature stories, photos, interviews with celebrities who enjoy Thoroughbred racing, blogs, and a stakes calendar, among other items.



Televised Series of Racing



Overview: The Jockey Club, in collaboration with NBC, the NBC Sports Network (formerly known as VERSUS), CNBC and six racetracks, will provide live coverage of six major prep races for the 2012 Kentucky Derby presented by Yum! Brands over four consecutive weekends this spring. The series will be highlighted by a 90-minute live broadcast on NBC featuring the Resorts World Casino New York City Wood Memorial at Aqueduct and the Santa Anita Derby at Santa Anita Park on April 7, 2012. The other four Kentucky Derby prep races are the Vinery Racing Spiral Stakes from Turfway Park on March 24, the Florida Derby from Gulfstream Park on March 31, both of which will air on the NBC Sports Network, the Toyota Blue Grass Stakes from Keeneland Race Course and the Arkansas Derby from Oaklawn Park, which will air on CNBC on April 14.

Status: The Jockey Club has engaged Desser Sports Media to help develop a television presence and integrate it with digital media properties. Ed Desser is president of Desser Sports Media, a California-based sports consultancy that specializes in serving the strategic media needs of sports rights owners. The company was founded in 2005, following Desser’s more than 30-year career in sports, media, radio and television. Its clients include a variety of teams, leagues, and other rights owners. He is supported by Ken Adelson, an avid fan of racing who most recently started and ran media for the Oklahoma City Thunder when the team moved from Seattle.

Carr-Hughes Productions of Saratoga Springs, N.Y., will serve as the production company for the series. Carr-Hughes is an independent producer of sporting and special events for major television networks and corporations worldwide, and the company produced the Summer at Saratoga and Autumn at Keeneland series.

The Jockey Club is working with Desser Sports Media and Carr-Hughes to find a producer to help bring a fresh perspective to the racing telecasts. It is the intent to recruit a person from outside the Thoroughbred industry and pair that person with an industry insider to help draw out our most compelling content.

In addition to the series, The Jockey Club is working with NBC to increase and strengthen its relationship with racing throughout 2012 and into 2013 and with Breeders' Cup to promote more races and create a structure around the second half of the year.

Alternative Television Properties

Overview: The McKinsey study cited multiple television programming options (beyond a racing series) that have the potential to attract new racing fans and bettors.

Status: On the alternative television front, The Jockey Club has set aside \$100,000 to fund several preview reels that would support pitches to networks. The Jockey Club has chosen two producers that have strong ties to television: The Wolper Organization and Content & Co.

The Wolper Organization has extensive experience in film and television and has developed a concept that puts ordinary people in horse ownership syndicates to compete for prizes. They have received preliminary interest from A&E to work on this project.

Content & Co. also has extensive experience. Their approach is to help brands use alternative television concepts to further their missions. They have developed a concept provisionally called "Opening Day" that features life at premier racetracks around the country and potentially around the world. This show would highlight the racetrack as part of a vacation destination. While the concept is still being refined, they have received preliminary interest from The Travel Channel.

In addition to these projects, The Jockey Club is providing assistance to others who have projects in more advanced stages of development and has been discussing programming possibilities with a major cable network that produces and airs sports reality shows and documentaries.

New Website

Overview: The sport needs a fan-centric resource to complement the television, racetrack, social media, and gaming initiatives and inspire more engaged Thoroughbred racing involvement from casual through dedicated fans.

Status: The Jockey Club received seven responses to an RFP on a new website for fan development and selected Lightmaker, a digital strategy company whose clients include Manchester United, Professional Bull Riding and the British Open. Their approach to website development and digital strategy was very comprehensive and complementary to our goals.

The strategy is to rebrand the NTRA website, releasing an initial version focused on the televised series and the Triple Crown, and a more comprehensive site in the summer in time for Summer at Saratoga and the races leading up to the Breeders' Cup.

The site will focus on developing new horseracing fans and fostering a welcoming community of new and core fans. It will actively engage fans by asking them to post content and interact through multiple platforms. The Jockey Club and NTRA Communications will devote technological and human resources to this initiative to ensure that the site maintains an updated look, feel and functionality. The new website will feature multiple engagement points for fans:



- Information, commentary and analysis on the important races, including why they are important
- Social media interactions through Facebook, Twitter and YouTube to give fans a voice in the sport and meet them where they congregate
- More traditional interactions through subject specific chat boards
- Membership levels that reward fans for increased participation and engagement
- Mobile versions that allow fans to access content on the go
- Free-to-play games that enable fans to participate in races on a risk-free, nonthreatening and fun way
- Handicapping contests that provide a higher level of engagement for more dedicated fans

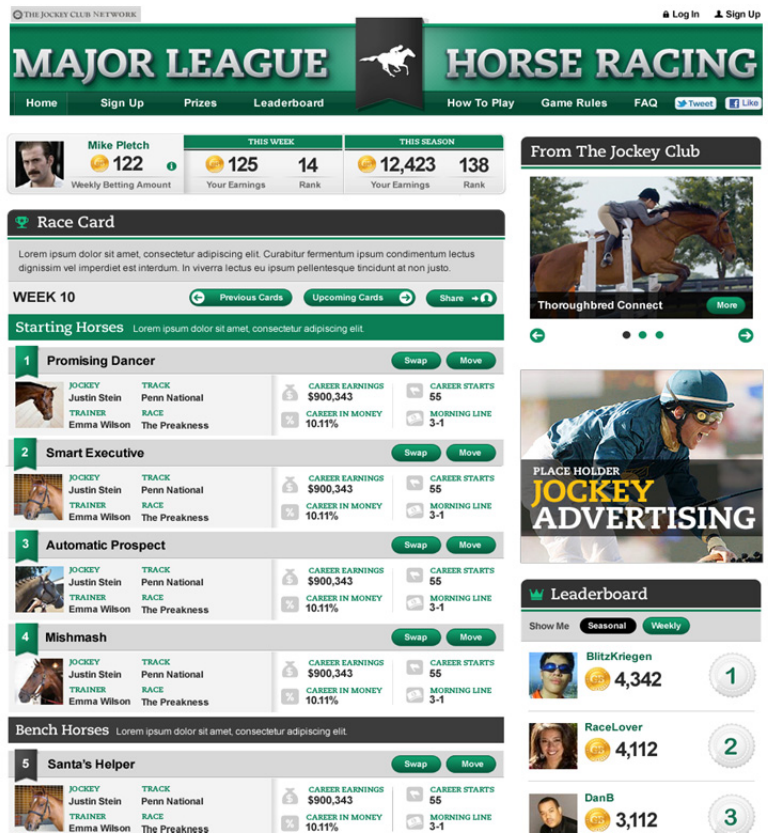
Free to Play Game

Overview: Free-to-play online games have been successful in teaching consumers how to play other games (such as online poker) and they attract fans. A free-to-play game provides the casual fan with a no-risk method to learn about wagering.

Status: The Jockey Club engaged Brenda Spoonmore to oversee the development of the free-to-play game. Spoonmore is founder of Atomic Moguls, a Seattle startup that develops sports fantasy games for social networks like MySpace and Facebook. The startup is backed by Amazon.com and Second Avenue Partners. Before founding Atomic Moguls in 2006, Spoonmore headed up interactive services for the National Basketball Association.

Development of the first iteration of the game is scheduled to be completed shortly, followed by testing in preparation for a February launch. The game will be tested with a broad range of groups from inside and outside of the industry before launch.

As indicated by the accompanying graphic, the working title is Major League Horse Racing.



Social Game

Overview: Social gaming has become a major entertainment platform. A Facebook game that simulates the Thoroughbred owner experience for casual and dedicated fans can build racing's brand and relevance. One such game, FarmVille, has more than 85 million "farmers," 30 million of whom play daily.

Status: The Jockey Club engaged Lloyd Melnick to oversee development of the social game. Lloyd Melnick is currently CEO of 519 Games, a social web and mobile gaming joint venture between the E.W. Scripps Company (scripps.com) and Capitol Broadcasting (cbc-raleigh.com).



Melnick previously led the international publishing business at Playdom (The Walt Disney Company’s social gaming group) and co-founded Merscom, a casual and social game publisher that was acquired by Playdom in April 2010. In addition to negotiating the sale of Merscom to Playdom, he initiated and managed Merscom’s strategic partnerships with global media companies, including AETN Lifetime, Paramount, National Geographic, Starz Entertainment, Lionsgate, CBS, CAA, Showtime and Granada Ventures. He is the executive producer of “Gardens of Time,” one of the most popular social games to date.

The initial phases of design have been completed, and a late April launch is expected.

Scheduling Tool

Overview: InCompass, with the assistance of McKinsey, is developing a tool and enhancing its Race Track Operations (RTO) system to help racing secretaries make informed decisions on writing race schedules in order to maximize field size and wagering handle.



Status: The handle calculation model will be available for final testing shortly with a beta launch in February. Most of the tracks affiliated with NARSA (North American Racing Secretaries Association) have signed up to beta test and adopt the tool. Development of improvements to the Race Track Operations system, some of which were suggested by the racing secretaries during InCompass’ initial feedback sessions, will commence shortly with beta testing scheduled for April. A communications plans to promote awareness and usage of the scheduling tool is centered on direct communication with track operators, regulatory authorities and legislative personnel.

Race Summary

Race#	Type	#Ent	Purse	Pred Handle
1	MSW	16	\$50,000	\$709,673
2	CLM	11	\$30,000	\$629,118
3	STR	10	\$26,000	\$584,412
4	STR	8	\$25,000	\$512,326
5	ALW	15	\$54,000	\$765,950
6	STK	5	\$150,000	\$445,730

Total Purse **Total Handle**
 \$607,000 \$6,249,463

Apply Changes

Race#	Post Time	Current Conflicts
1	1:15PM	TAM(01:15 PM)
2	1:46PM	TAM(01:45 PM)
3	2:17PM	TAM(02:14 PM)
4	2:48PM	none
5	3:19PM	none

Race # Wager Type

1 Exacta

2

3 Wagers Taken

4 Daily Double

5 Exacta

6 Trifecta

7 Pick 3

8

9 Wager Heading

10 Daily Double / Exacta / Trifecta / Pick 3(\$.50 min)
 (Races 1-2-3) / Superfecta(\$.10 min)

Wager Type

Exacta

Wagers Paid

Update Exit

Ownership

Overview: The Thoroughbred community needs a central resource to encourage ownership of Thoroughbreds and provide accurate information on trainers, public racing syndicates, the process of purchasing and owning a Thoroughbred, racehorse retirement, and owner licensing.

Status: Owners, trainers, syndicators, auction houses and others have expressed a desire that there be one industry resource in this area. The initial content was developed with extensive input from TOBA and the owner/breeder community, and it will include information on trainers, public racing syndicates, how to get started owning Thoroughbreds, racehorse retirement and owner licensing. Wireframe designs have been created and development is set to commence shortly with rollout scheduled for April. Other industry organizations have expressed interest in partnering on this initiative.

The screenshot shows the Thoroughbred OwnerView website. The header features the site logo, navigation links (Home, About Us, Help), and a search bar. A secondary navigation bar lists categories: Find a Trainer, Racing Syndicates, Owner Profiles, Owning Thoroughbreds, Racehorse Retirement, State Licensing, and Owner Program. The main content area is divided into three columns. The left column includes a 'Getting Started Owning Thoroughbreds' section with a video thumbnail and a list of video titles. The middle column has a 'Welcome to Thoroughbred OwnerView' message, an 'Are You an Owner?' section with a 'Create Your Profile' link, and an 'Are You a Trainer?' section with a 'Create Your Profile' link. The right column features a 'Trainer Quick Search' form with fields for Last Name, First Initial, and Race Track, a 'State Licensing' section, a 'Free Owner Program' section, and a 'Help Spread the Word!' section with an email icon and a 'Click Here' link.

Integrated Track ADW / Attract Next Generation of Fans

Overview: A track-integrated ADW rewards program with a national brand, cross-promotion on TV and on-track, with online and offline benefits, could return more of the ADW profit pool to reinvest in the best racing and new fan development. This initiative would improve the customer experience by gathering data to better understand customers and leverage knowledge to tailor marketing programs.

Status: InCompass is working with North Gaming to develop a business plan for a more robust customer relationship management (CRM) system. North Gaming clients include Hollywood Park, Santa Anita, Del Mar and Canterbury Park. North Gaming provides customized information technology services to meet a wide range of needs to help their racing and casino businesses succeed, including CRM and player tracking application development/enhancement, database analytics, data warehousing and mining

projects, software development, email and mobile marketing, mobile application development and gaming staff augmentation / placement services.

This enhanced customer relationship management system would be the first part of a broader strategy to provide a range of consulting services to racetracks. A major racetrack has agreed to be the first test track for the customer relationship management offering as well as other areas for consulting services.