




Building Sustainable Growth:
Progress Report No. 3

May 11, 2012



Introduction

Over the course of the past two months, several of the “Sustainable Growth” initiatives have been launched and several more will be in the coming weeks.

They are all part of The Jockey Club’s long-term, integrated content creation and distribution strategy designed to attract and engage new and casual fans to the sport.

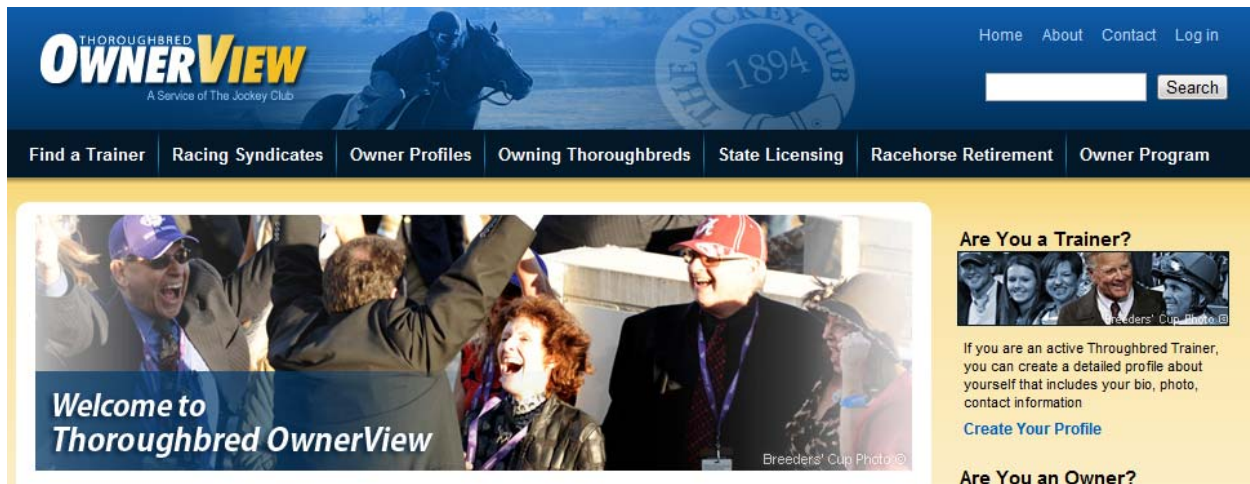
The growth initiatives include the development of a new brand, America’s Best Racing, which showcases America’s best horses, races, tracks, jockeys, trainers and owners with a focus on the two seasons: Road to the Triple Crown and Road to the Breeders’ Cup.

This progress report provides updates for all of them.

Ownership: Thoroughbred OwnerView

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: The Jockey Club today launched Thoroughbred OwnerView (ownerview.com), a free website that serves as a comprehensive resource for both current and prospective Thoroughbred owners. It features a wide range of information regarding owner orientation, trainers, public racing syndicates, licensing and racehorse retirement, among other topics.



The screenshot shows the homepage of the Thoroughbred OwnerView website. The header features the logo "THOROUGHBRED OWNERVIEW A Service of The Jockey Club" on the left, navigation links "Home About Contact Log in" on the right, and a search bar. Below the header is a dark blue navigation bar with menu items: "Find a Trainer", "Racing Syndicates", "Owner Profiles", "Owning Thoroughbreds", "State Licensing", "Racehorse Retirement", and "Owner Program". The main content area has a yellow background. On the left, there is a large photo of people celebrating with the text "Welcome to Thoroughbred OwnerView". On the right, there is a section titled "Are You a Trainer?" with a sub-photo and text: "If you are an active Thoroughbred Trainer, you can create a detailed profile about yourself that includes your bio, photo, contact information" and a "Create Your Profile" link. Below that is a section titled "Are You an Owner?".

“The sport needs to reduce the barriers to ownership,” said James L. Gagliano, president and chief operating officer of The Jockey Club. “We knew that with our extensive data collection and technology expertise, this resource was something The Jockey Club could build and launch in a short period of time.”

“Over the past several months, focus groups and webinars have been conducted with owners, trainers, racing syndicates and industry groups,” said Gary Falter, vice president of operations and the project manager for Thoroughbred OwnerView. “The ideas, feedback and reactions they provided have been invaluable as we developed this new resource.”

- “With OwnerView, The Jockey Club has created the perfect site for a new owner to learn about his potential agents and trainers before reaching out to them,” said Thoroughbred owner George Bolton. “The site should help make the sport much more transparent to any new interested parties.”
- “OwnerView will be a huge help to anyone considering Thoroughbred ownership,” said Thoroughbred owner John Phillips of Darby Dan Farm. “The website provides owners the information we need to make important decisions.”
- “OwnerView helps bridge the information gap for Thoroughbred owners,” said trainer Todd Pletcher.
- “OwnerView is a great way for new and present owners to analyze important information that is available in one location,” said trainer Graham Motion.

All information within OwnerView is free and additional information will be added throughout the year, giving new, prospective and existing Thoroughbred owners access to the most comprehensive information available.

Televised Series of Racing

Overview: The Jockey Club, in collaboration with NBC, the NBC Sports Network (formerly known as VERSUS), CNBC and six racetracks, provided live coverage of six major prep races for the 2012 Kentucky Derby presented by Yum!

Date	Race	Viewers	Network
March 24, 2012	Vinery Racing Spiral Stakes	50,000	NBC Sports Network
March 31, 2012	Florida Derby	150,000	NBC Sports Network
April 7, 2012	Santa Anita Derby Resorts World New York City Wood Memorial	1,200,000	NBC
April 14, 2012	Toyota Blue Grass Arkansas Derby	250,000	CNBC

Status: The televised series of races concluded on Saturday, April 14, with a telecast featuring the Toyota Blue Grass Stakes and the Arkansas Derby. The four telecasts by the NBC Sports Group averaged more than 400,000 viewers.

“We were thrilled to add these important and historic major prep races to the programming schedule of the rebranded NBC Sports Network, and the escalating viewership confirmed that racing fans and newcomers had a keen interest in these events,” said Gary Quinn, senior director of



programming & acquisitions for NBC Sports Group. “As the home of the Kentucky Derby, Preakness Stakes, Belmont Stakes and Breeders’ Cup, we look forward to televising important races from around the country that feature horses that will be running in these major events.”

3rd Most-Watched Kentucky Derby in 23 Years; Viewership up from Last Year

9.0 National Rating up 6% from Last Year

Fourth Straight Year NBC’s Coverage Surpasses 14.5 Million

NEW YORK – May 8, 2012 – NBC Sports' coverage of Saturday's Kentucky Derby drew 14.8 million viewers, the third most-watched Kentucky Derby in 23 years, and up two percent from last year's Derby according to official national data provided today by The Nielsen Company. The household rating of 9.0/20 is up six percent from last year's race. Since implementing NBC Sports' 'Big Event Strategy,' the last four Kentucky Derby races have all recorded at least 14.5 million viewers.

NBC Sports' coverage of the Kentucky Derby over the last 12 years averages more than 2 million more viewers than the previous 12 Kentucky Derby broadcasts on ABC (14.1 million vs.12.0 million, up 17 percent).

The telecasts featured new technology, some new on-air personalities, and educational segments (Racing 101) designed to appeal to new and prospective fans.

On the day of the final telecast, Keeneland registered record attendance of 40,617 and handle of \$21,647,378 for the Toyota Blue Grass Stakes, and a crowd of 64,000 turned out at Oaklawn Park for the Arkansas Derby.

“The racing programming in the weeks leading up to the Run for the Roses helped boost awareness of the Kentucky Derby on May 5,” said Quinn.

Discussions are underway about additional programming, leading up to the Breeders’ Cup, this fall. In 2012, the Breeders’ Cup returns to NBC, which televised the first 22 runnings of the event (1984 through 2005).

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. Reality television will be one such consideration since reality-based programming continues to attract exceptionally high viewership across many demographics.

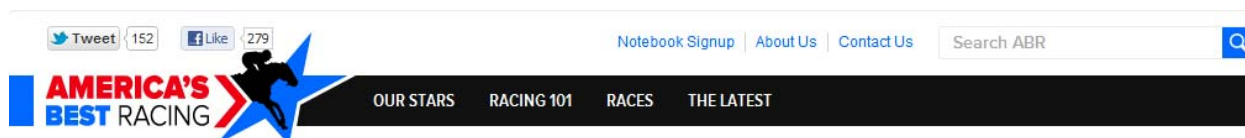
Status: On the alternative television front, The Jockey Club has set aside funding for several preview reels that would support pitches to networks. In addition, The Jockey Club is providing assistance to others who have television projects in more advanced stages of development and continues to discuss programming possibilities with a major cable network that produces and televises sports reality shows and documentaries.

New Website: America's Best Racing at followhorseracing.com

Overview: The Jockey Club, in collaboration with NTRA Communications, has retained prominent digital strategy company Lightmaker to develop a fan-centric resource to complement the initiatives and inspire more engaged Thoroughbred racing involvement from fans. The new website is designed to present original content on a daily basis throughout the Triple Crown and Breeders' Cup seasons.

Status: After one month of promotion through a "splash page" and a series of "Hoof Locker / The Other Madness" video vignettes, the America's Best Racing website was launched at followhorseracing.com on April 14. There were 50,000 unique visitors during the promotional period.

The site now features news, photos, videos, profiles, celebrity blogs, statistics and interactive elements. Video vignettes, produced by the Hennegan Brothers, who did the award-winning documentary film "The First Saturday in May," are also available on the new website. Much of this material will be available for use by racetracks.



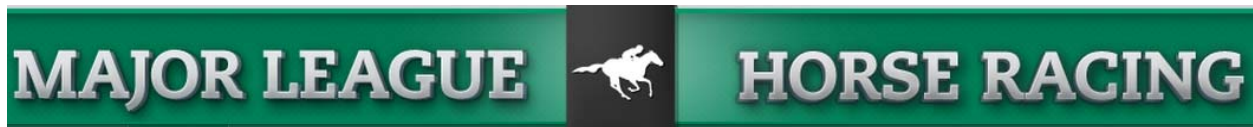
The website's unique content, such as blogs written by jockey Rose Napravnik and Hall of Fame rider Gary Stevens, has generated considerable media attention.

Fan-related *NTRA.com* traffic is beginning to be re-directed to the America's Best Racing website. Over the next two months, *NTRA.com* will migrate toward focusing on industry-specific content.

Additional content and functionality will be added through major upgrades in the course of the next several weeks.

Free to Play Game: Major League Horse Racing

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. Thoroughbred racing will enter this sphere with Major League Horse Racing.



Status: The free-to-play game will be known as Major League Horse Racing. A beta test is ongoing and a launch is scheduled for soon after the Belmont Stakes.

Numerous individuals from throughout the industry have been recruited for the beta testing.

Prominent personalities are being engaged to compete in a celebrity league, which will run from July through September within the free-to-play game.

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 that staff 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.

Status: The NTRA Communications team, under the direction of Stephen Panus, has launched a strategy designed to highlight and profile the new brand initiative: "America's Best Racing."

Among the achievements to date:

- Jockey Rosie Napravnik, Chantal Sutherland and Joe Talamo, as well as Hall of Fame Jockey/NBC Analyst Gary Stevens, agreed to become bloggers for *followhorseracing.com*. Additional bloggers include Claire Novak, Marc Doche, John Perrotta, Bob Ehalt, Ellis Starr, Carolyn Conley, and Joe Kristufek. Having bloggers like this enables the website to provide fans with access and behind-the-scenes stories, blogs and videos.
- J. Paul Reddam, owner of Kentucky Derby winner I'll Have Another, will appear on CNBC Sports Biz: "Game On" on the NBC Sports Network on Friday, May 11 (7:00-7:30 p.m. EDT) to discuss winning the 138th Kentucky Derby. NTRA Communications coordinated pre-Derby coverage and story pitches that appeared on NBC Sports, NBC Sports Network and CNBC.
- The NTRA Top 3-year old Thoroughbred Poll is picked up weekly by the Associated Press and appears in newspapers across the country. USA Today also carries the poll and lists the next probable race for the horses on it. The polls are shared and discussed on social media platforms. The newly added transparency element of making the ballots of each voter available for public viewing has led to an increased awareness for and discussion about the horses and our sport.

Media Placements

The Wall Street Journal
Forbes
The Sporting News
Sports Illustrated
espn.com
HuffingtonPost
Bleacher Report
SBNation
The Los Angeles Times
The New York Times
Miami Herald
Big Lead Sports
Yahoo
People
Askmen.com
Artofmanliness.com

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 social game will be known as "Thoroughbred World" and a launch is planned for later this month. The Jockey Club has engaged Lloyd Melnick, the executive producer of "Gardens of Time," one of the most popular social games to date, to oversee development of the social game.



Scheduling Tool & Condition Book Matrix Project

Overview: InCompass, with the assistance of McKinsey, is developing a tool and enhancing its Race Track Operations (RTO) system to help racing secretaries to make informed decisions while developing race schedules and to suggest race placement to optimize the host track's return on investment for each race card.

Status: Beta testing for the scheduling tool has been ongoing and suggested improvements have been implemented. The tool features a "predictive handle" application that recommends the best slot for various races, and it will be available to all of InCompass' RTO customers. The Scheduling Tool will be rolled out later this month.

Work continues on a Condition Book Matrix Tool that features a more interactive interface than any previous tools in the marketplace. This tool provides racing office personnel with a retrospective look at the history of similar races at the track, including the average handle, the average number of entries, the ratio of times the race was offered versus the number of times it was used on a live card.

It also features a "brain" mechanism that conveys information about eligible horses stabled at that track or at nearby tracks. The condition book matrix should be available in late August or early September.

Integrated Customer Relationship Management (CRM) System

Overview: The industry would benefit from a centralized CRM program aimed at improving the customer experience by gathering data to better understand customers and leverage knowledge to tailor marketing and rewards programs.

Status: InCompass continues to work with North Gaming, a Minneapolis-based technology and marketing specialist, to develop a business plan for a robust CRM system. North Gaming clients include Hollywood Park, Santa Anita, Del Mar and Canterbury Park. The enhanced CRM system would be the first part of a broader strategy to provide a range of consulting services to racetracks.