



Building Sustainable Growth:
Progress Report No. 2

March 8, 2012

Introduction

With just under three weeks to go until the first national telecast on the NBC Sports Network, the focus is on new fan development efforts: the Road to the Kentucky Derby televised racing series, a new website for fans and the free-to-play game.

The Jockey Club has developed a long-term, integrated content creation and distribution strategy designed to attract and engage new and casual fans to the sport. It will focus on the two seasons of racing – the 3-year-old campaign culminating in the Triple Crown races in the spring and the Breeders' Cup campaign in the summer and fall. Stories will be told across the platform – from the telecasts to the website and through the game. Central to this strategy is the use of social media.

The fan development efforts will be centered around a new brand: America's Best Racing. America's Best Racing will showcase 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.

A creative digital promotional plan will commence the week of March 11 and run through the launch of the first version of the re-designed website on April 4 through the Kentucky Derby.

The digital campaign will feature several short video vignettes that highlight the passion of racing and serve to promote the upcoming launch of the new fan-centric website on April 4. The campaign is being developed with the Cornett Integrated Marketing Solutions based in Lexington, Kentucky.

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!

ROAD TO THE KENTUCKY DERBY COVERAGE (All Times ET)

Saturday, March 24, 2012, 5-6 p.m. (NBC Sports Network): Spiral Stakes and Bourbonette Oaks (Turfway Park)

Saturday, March 31, 2012, 5-6 p.m. (NBC Sports Network): Florida Derby and Gulfstream Oaks (Gulfstream Park)

Saturday, April 7, 2012, 4:30-6 p.m. (NBC): Wood Memorial (Aqueduct Racetrack), Santa Anita Derby (Santa Anita Park) and Ashland Stakes (Keeneland)

Saturday, April 14, 2012, 6-7 p.m. ET (CNBC): Blue Grass Stakes (Keeneland) and Arkansas Derby (Oaklawn Park)

Status: The NBC Sports Group will be issuing a press release in the near future outlining the production team and on-air talent for the Road to the Kentucky Derby series.



- The Hennegan Brothers, who produced and directed the highly acclaimed documentary “The First Saturday in May,” will produce several features for the Road to the Kentucky Derby telecasts.
- New graphics packages, including simulations to help viewers better understand Thoroughbred racing, are being developed.
- Features originally airing on the telecasts will be among the content included on the new website.

More Racing on National TV

Due in large part to the expansion of programming on NBC and the NBC Sports Network, racing fans are now getting more opportunities to watch major races on national television.

From July 25, 2010, through June 11, 2011, there were 35 Grade I and Grade II races on national television.

From July 23, 2011, through June 9, 2012, there will be 57 Grade I and Grade II races on national television, which is a 63 percent increase.

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 \$100,000 to fund 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 new original content on a daily basis throughout the Triple Crown and Breeders' Cup seasons.

Status:

- Beginning the week of March 11, the website for America's Best Racing can be found at *followhorseracing.com*.
- *NTRA.com* traffic will be re-directed to the America's Best Racing website beginning on April 4.
- Initially, the site will include some basic content designed to give fans a sense of things to come. At 12:01 a.m. on Sunday, March 11, the splash page at *followhorseracing.com* goes live. It will consist of
 - a promotional video;
 - a sweepstakes contest where entering your e-mail makes you eligible to win a trip to the 138th Kentucky Derby on May 5 for you and seven of your friends, including air transportation, hotel, seats on Millionaire's Row and a barrel of Buffalo Trace bourbon;
 - a schedule of the televised Road to the Kentucky Derby live racing series; and
 - a countdown clock, ticking down to Wednesday, April 4 – the day the first version of the website is launched.
- Additional content and functionality will be added through major upgrades before the May 5 Kentucky Derby and after the June 9 Belmont Stakes.
- Fans will still be able to access more industry-focused content provided by NTRA on a separate refurbished website.

The screenshot displays the homepage of followhorseracing.com. At the top, there is a navigation bar with links for TIMELINES, BIOGRAPHS, EDUCATION, RACES, STORES, GAMES, WAGERING, MEDIA, and BLOGS. A large banner image shows a horse race with the text "CAN'T GET STORMY IN TURF HANDICAP". Below the banner are several content blocks: "RECENT STORIES" with three article teasers, a "NEWSLETTER SIGNUP" form, a "UFC FIGHTER" advertisement, and a "GET TO KNOW" section featuring "Mucho Macho Man 3 x Triple Crown Winner". A "THE ROAD TO TRIPLE CROWN" table lists race dates, names, tracks, stations, times, and purses. A "TOP 10 POLLS" table lists the top 10 Thoroughbreds with columns for rank, name, age/sex, record, points, and PWS. Other sections include "EDUCATION" and "MORE FROM AMERICA'S BEST RACING" with buttons for "LEARN MORE ABOUT HORSE RACING", "CALCULATE MY WAGER", "PLAY THE GAME ONLINE", and "NATIONAL HANDICAPPING". The footer contains "SPONSORS & PARTNERS" logos and a navigation menu.

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 The Major League Horse Racing Game.

Status: A limited beta test is ongoing and a soft launch of the free-to-play game is scheduled for later this month; 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 April 7 through June 9 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.”

- The comprehensive and integrated campaign includes the rebranding of the NTRA website, the unveiling of the new brand initiative logo and a bold and creative digital marketing campaign, and the Road to the Kentucky Derby live racing series on NBC Sports.
- Media placements, spanning traditional, new and social media outlets, are anticipated in Sports Business Daily, *espn.com*, Huffington Post, Bleacher Report, Big Lead Sports, Yahoo, and *Askmen.com*, among others.
- A coordinated effort is also being orchestrated to engage all racetrack publicity and/or marketing departments and bloggers to help support and drive the campaign. In mid-march, NTRA Communications plans to announce a new, exciting element to its already successful weekly fan photo contest on its Facebook page.

The logo for Big Lead Sports, featuring the text "biglead sports" in a white, lowercase, sans-serif font on a black rectangular background.The ESPN logo, consisting of the letters "ESPN" in a bold, red, italicized, sans-serif font.

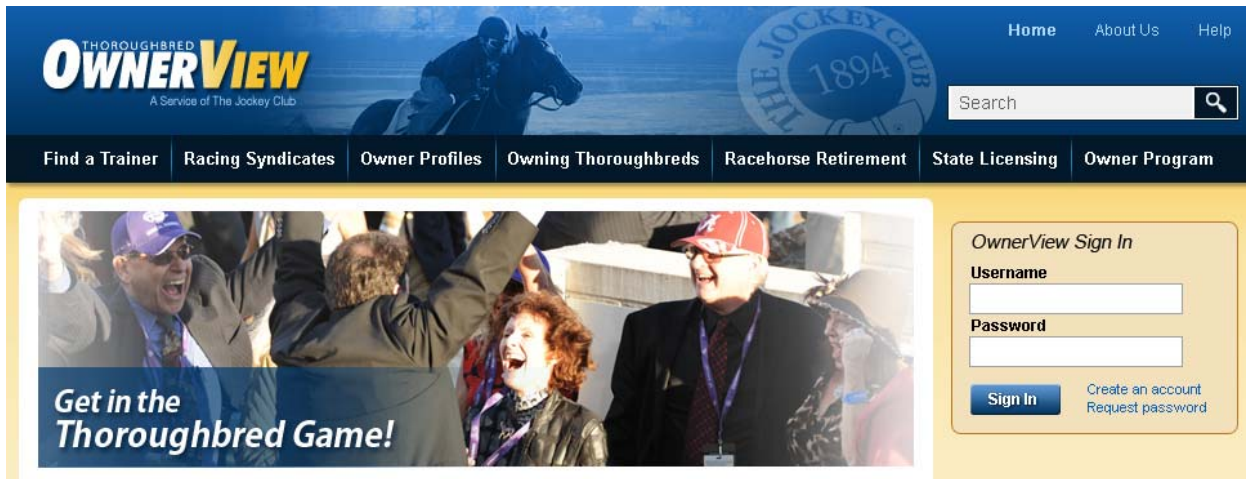
Ownership: Thoroughbred OwnerView

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: A new information website for Thoroughbred owners named “Thoroughbred OwnerView” is under development to help bridge the information gap identified by McKinsey & Company last summer.

Thoroughbred OwnerView is a free website that will include detailed information on trainers, public racing syndicates, getting started owning Thoroughbreds, racehorse retirement and owner licensing. Over the past two months, focus groups with owners, trainers, racing syndicates and others have been held to get feedback and reactions to the new website.

Feedback from these individuals has been very positive and those who have participated have confirmed that the site, once operational, will fill an information void for new and existing owners. Many industry organizations have been contacted and offered to assist in the promotion of OwnerView once the site is live.



Some of the detailed information within OwnerView includes:

- Statistics for any active trainer, trainer profiles, trainer ratings by their owners and trainer rulings
- Racing syndicate profiles, ratings by clients of syndicates and top horse owned
- Profiles of Thoroughbred owners
- An entire section dedicated to getting started owning Thoroughbreds
- A complete listing of owner license forms by state
- A comprehensive list of Thoroughbred retirement facilities

The current plan is to launch Thoroughbred OwnerView in April. Additional sections and information will be added during 2012 and 2013.

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 has engaged Lloyd Melnick, the executive producer of "Gardens of Time," one of the most popular social games to date, to oversee development of a social game for horse racing. The initial phases of design have been completed and a launch is planned for May.

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 and the best races to maximize field size and wagering handle.

Status: Beta testing for the scheduling tool will begin at two racetracks in mid-March, and InCompass personnel will be reaching out to other racetracks for additional testing in the near future.

Predicted Handle by Race # by Condition #						
Track:	Track ABC		Date:	04/29/2012		
Cond # =>	C1	C2	C3	C4	C5	C6
# Entries =>	(16)	(11)	(12)	(3)	(8)	(10)
Race 1	\$ 710K	\$ 625K	\$ 700K	\$ 705K	\$ 590K	\$ 705K
Race 2	\$ 715K	\$ 590K	\$ 750K	\$ 825K	\$ 595K	\$ 750K
Race 3	\$ 875K	\$ 600K	\$ 655K	\$ 655K	\$ 615K	\$ 805K
Race 4	\$ 670K	\$ 705K	\$ 665K	\$ 705K	\$ 645K	\$ 745K
Race 5	\$ 725K	\$ 755K	\$ 955K	\$ 835K	\$ 875K	\$ 610K
Race 6	\$ 695K	\$ 705K	\$ 850K	\$ 725K	\$ 665K	\$ 705K
Race 7	\$ 750K	\$ 825K	\$ 940K	\$ 740K	\$ 730K	\$ 795K
Race 8	\$ 935K	\$ 955K	\$ 1,040K	\$ 965K	\$ 875K	\$ 865K
Race 9	\$ 660K	\$ 765K	\$ 805K	\$ 835K	\$ 810K	\$ 735K

Condition # 2 on the turf carded as Race # 1

Predicted handle displayed based on factors such as # of entries, post time, competition, exotic pools, etc.

Running Purse Total: \$154,000

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.