

PRESIDENT'S REPORT



We are fortunate to have the Breeders' Cup back in California again for 2013. This is a record 11th time hosting the Breeders' Cup in California, and it will be held at Santa Anita again in 2014. The Breeders' Cup and California are a great fit, and we relish the spotlight from our industry on our owners, breeders, trainers and horses.



Since my last update, we have made progress on many of our priorities.

1. A two-year racing schedule has been agreed to for the southern circuit, to include five weeks of racing at Los Alamitos on a one-mile oval and a fall meet at Del Mar. The details of the northern California schedule are still being discussed.
2. Stabling has been secured for after the closing of Hollywood Park. Hollywood Park's barn area will remain open through January, 2014. Fairplex will be used from February through June. Los Alamitos and San Luis Rey Downs will be used February through December. Santa Anita will be open except during the summer Del Mar meet.
3. The Industry Fund will be in place to help secure future stabling.
4. TVG and HRTV have both agreed to provide television coverage of all race meets, through the end of 2013.
5. We continue to monitor legislation in both Sacramento and Washington D.C.

Being fiscally responsible and protecting your purses still remain two of our highest priorities.

If you ever have a questions or comment, please feel free to call our office at (626) 574-6620 or my cell phone at (859) 621-8286.

Joe Morris
Joe Morris

Track Reports (Purse Generation)

Del Mar- Total Purse Rev on Live Races/Ave Daily Handle

Data from CHRIMS

| | 2013 | Diff \$\$ | Diff % | 2012 | | 2013 | Diff \$\$ | Diff % | 2012 |
|--------------------|--------------|-----------|--------|--------------|----------------------|---------------|------------|--------|---------------|
| SB 1072 Purses | \$4,334,079 | 206,046 | 4.99% | \$4,128,033 | Average Daily Handle | \$10,009,257 | 541,946 | 5.72% | \$9,467,311 |
| Purses w/o SB 1072 | \$15,463,856 | 616,750 | 4.15% | \$14,847,107 | Total Handle | \$370,342,506 | 20,052,008 | 5.72% | \$350,290,498 |
| Total Purses | \$19,797,935 | 822,796 | 4.34% | \$18,975,139 | Race Days | 37 | 0 | 0.00% | 37 |

Golden Gate Summer - Total Purse Rev on Live Races/Ave Daily Handle

Data from CHRIMS

| | 2013 | Diff \$\$ | Diff % | 2012 | | 2013 | Diff \$\$ | Diff % | 2012 |
|--------------------|-------------|-----------|--------|-------------|----------------------|--------------|------------|---------|--------------|
| SB 1072 Purses | \$214,497 | -\$13,758 | -6.03% | \$228,255 | Average Daily Handle | \$1,211,351 | -\$162,148 | -11.81% | \$1,373,499 |
| Purses w/o SB 1072 | \$790,259 | -\$14,274 | -1.77% | \$804,533 | Total Handle | \$23,015,675 | -\$333,808 | -1.43% | \$23,349,483 |
| Total Purses | \$1,004,756 | -\$28,032 | -2.71% | \$1,032,788 | Race Days | 19 | 2 | 11.76% | 17 |

Fairplex Park - Total Purse Rev on Live Races/Ave Daily Handle

Data from CHRIMS

| | 2013 | Diff \$\$ | Diff % | 2012 | | 2013 | Diff \$\$ | Diff % | 2012 |
|--------------------|-------------|------------|---------|-------------|----------------------|--------------|--------------|---------|--------------|
| SB 1072 Purses | \$376,503 | -\$9,543 | -20.74% | \$475,046 | Average Daily Handle | \$2,513,902 | -\$736,301 | -22.65% | \$3,250,202 |
| Purses w/o SB 1072 | \$1,176,210 | -\$284,632 | -19.48% | \$1,460,842 | Total Handle | \$32,680,720 | -\$9,571,907 | -22.65% | \$42,252,628 |
| Total Purses | \$1,552,713 | -\$383,175 | -19.79% | \$1,935,888 | Race Days | 13 | 0 | 0.00% | 13 |

LEADING OWNERS FROM THE DEL MAR MEET April 25 — July 14, 2013

MOST STARTS

| | | |
|---|---------------------------|----|
| 1 | Reddam Racing LLC | 49 |
| 2 | Hronis Racing LLC | 41 |
| 3 | Benjamin C. Warren | 29 |
| 4 | Glen Hill Farm | 25 |
| 4 | Robison, J. Kirk and Judy | 25 |

MOST WINS

| | | |
|---|---------------------------|---|
| 1 | Hronis Racing LLC | 6 |
| 1 | Kaleem Shah, Inc. | 6 |
| 1 | Nicholas B. Alexander | 6 |
| 4 | Reddam Racing LLC | 5 |
| 4 | Robison, J. Kirk and Judy | 5 |
| 4 | Barber, Gary and Cecil | 5 |
| 4 | Mercedes Stables LLC | 5 |

MOST EARNINGS

| | | |
|---|---|-----------|
| 1 | Hronis Racing LLC | \$625,550 |
| 2 | Diamond Pride LLC, Lanni Family Trust, Mercedes Stable LLC and Schiappa, B. | \$600,000 |
| 3 | Kaleem Shah, Inc. | \$537,910 |
| 4 | Reddam Racing LLC | \$419,100 |
| 5 | C R K Stable | \$417,810 |

Statistics generated from Equibase.com

LEADING OWNERS FROM THE GOLDEN GATE FIELDS MEET August 14 – September 17, 2013

MOST STARTS

| | | |
|---|--|----|
| 1 | Kings River Ranch | 20 |
| 2 | Williams, Mr. and Mrs. Larry D. | 16 |
| 3 | Joseph P. Morey, Jr. Revocable Trust | 12 |
| 4 | Hollendorfer, Jerry and Todaro, George | 11 |
| 4 | Irvin, Betty and Robert G. | 11 |
| 4 | Barbara DeLima | 11 |
| 4 | Daehling, Joe and Evans, Holly | 11 |

MOST WINS

| | | |
|---|--|---|
| 1 | Joseph P. Morey, Jr. Revocable Trust | 5 |
| 2 | Williams, Mr. and Mrs. Larry D. | 4 |
| 3 | George Krikorian | 3 |
| 4 | Hollendorfer, Jerry and Todaro, George | 2 |
| 4 | Steve Moger | 2 |

MOST EARNINGS

| | | |
|---|--|----------|
| 1 | Williams, Mr. and Mrs. Larry D. | \$88,715 |
| 2 | Joseph P. Morey, Jr. Revocable Trust | \$56,172 |
| 3 | Hollendorfer, Jerry and Todaro, George | \$45,720 |
| 4 | Steve Moger | \$44,911 |
| 5 | Hollendorfer, Jerry & Janet & Todaro, George | \$43,680 |

Statistics generated from Equibase.com

U.S. Thoroughbred Racing Economic Indicators

| Indicator | Sept-13 | Sept-12 | % Change |
|-------------------------|-----------------|-----------------|----------|
| Wagering on U.S. Races* | \$777,628,625 | \$794,252,045 | -2.09% |
| U.S. Purses | \$110,958,980 | \$107,858,221 | 2.87% |
| U.S. Race Days | 476 | 500 | -4.80% |
| YTD 2013 vs.YTD 2012 | | | |
| Indicator | YTD 2013 | YTD 2012 | % Change |
| Wagering on U.S. Races* | \$8,464,689,384 | \$8,473,820,471 | -0.11% |
| U.S. Purses | \$857,863,655 | \$855,322,785 | 0.30% |
| U.S. Race Days | 4,040 | 4,162 | -2.93% |

* Includes worldwide commingled wagering on U.S. races.
Data from Equibase

California Thoroughbred Racing Economic Indicators

| Indicator | Sept-13 | Sept-12 | % Change |
|----------------------|-----------------|-----------------|----------|
| Wagering on CA Races | \$116,312,640 | \$139,296,917 | -16.50% |
| CA Purses Generated* | \$8,086,818 | \$9,425,070 | -14.20% |
| CA Race Days | 34 | 38 | -10.53% |
| YTD 2013 vs.YTD 2012 | | | |
| Indicator | YTD 2013 | YTD 2012 | % Change |
| Wagering on CA Races | \$1,444,315,558 | \$1,391,700,749 | 3.78% |
| CA Purses Generated* | \$97,696,737 | \$97,237,801 | 0.47% |
| CA Race Days | 330 | 337 | -2.08% |

*Total Purses Generated
All Data from CHRIMS

LEGISLATIVE UPDATE

The first half of the 2013-2014 legislative session came to a close on September 12, and the Governor has now signed 805 bills and vetoed 96. The Legislature will reconvene on January 6. Overall, the TOC had a great year. Legislation by Assembly Member Toni Atkins (D-San Diego) will allow for expanded racing dates in the central and southern zones following the closure of Hollywood Park. AB 1226, by Assembly Member Isadore Hall (D-Compton), will clarify how jockeys are paid on "win and you're in" races in California. The TOC worked closely with the Jockey's Guild on this legislation to protect owners' interests.

Clearly the most significant issue before gaming interests remains the passage of Internet Poker. After nearly five years, it appears that 2014 will finally begin the battle for Internet Poker in earnest. It has taken a number of years for the State's Native American Tribal interests to reach the critical mass necessary to support passage, but it seems to be closer than ever. Senator Roderick Wright (D-Los Angeles) amended his SB 51 on Internet gambling just days before the end of session, creating a new dialogue for gaming interests during the legislative interim and creating the possibility for an interim hearing. Senator Lou Correa (D-Santa Ana) amended his SB 678 as well in the final days of session to reveal a more detailed plan for Internet Poker in California. The Correa bill currently excludes racing interests, but the TOC is working very closely with the CTBA, the Senator and with the Tribal sponsors to include racing in future amendments. Lastly, we are told that a third proposal led by another group of Tribal interests will be introduced in January, which will NOT include racing interests. There are segments within California gaming that will argue that poker is exclusive to card rooms and casinos just as the Internet is exclusive to racing. TOC will fight such a notion and work vigorously to defeat any legislation that excludes racing from the expansion of gaming on the Internet.

Given the number of gaming tribes in California as well as their influence, the TOC will maintain our heightened visibility in the Capitol and continue to educate legislators at the track and on the farms in order to protect the 50,000 jobs provided by racing, the \$2.5 billion dollars we contribute annually to the state's economy and the interests of the thoroughbred owners

PURSE COMPARISON

| CONDITION | Santa Anita 12 | Santa Anita 13 | Belmont 13 | Keeneland 13 |
|----------------|----------------|----------------|------------|--------------|
| MSW (Short) | \$47,000 | \$48,000 | \$70,000 | \$56,000 |
| NW1X | \$50,000 | \$51,000 | \$77,000 | \$58,000 |
| NW2X | \$53,000 | \$54,000 | \$79,000 | \$60,000 |
| \$25K Claiming | \$30,000 | \$31,000 | N/A | \$29,000 |

IMPORTANT DATES

- Feb. 1, 2014:** Nomination deadline for TOC 2014 board election.
- Mar. 1, 2014:** Deadline to file completed petitions, for those seeking to qualify for board election by the petition process.

For information on these and other TOC events visit www.toconline.com or call (626) 574-6620.

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SHIP 'N' WIN UPDATE



Following successful implementation in 2011, the "Ship and Win" program at Del Mar was back for a third straight year. The program, designed to encourage horsemen to ship race-ready horses into California, attracted 149 horses from 121 owners and 62 different train-

ers. Those numbers were up across the board as were the bonuses earned. Each qualified starter earned an automatic \$1,000 bonus for their initial start at Del Mar plus an additional 33.33% bonus of any purse monies earned, excluding stakes. Bonus money in 2013 totaled over \$434,000 – up more than \$155,000 from 2012. Based on the number of incremental starts by the "Ship and Win" horses, the program more than paid for itself and helped Del Mar to yet another successful race meet. TOC thanks those owners that participated. Additional details on the program will be available on our website, www.toconline.com.

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