

Robert E. Rubin
Secretary of the Treasury.

On Track

Bettors at the track can wager on:

- 1) Live races;
- 2) Out-of-zone races (North – South); and
- 3) Out-of-state races.

The distributions for each of these wagers are as follows:

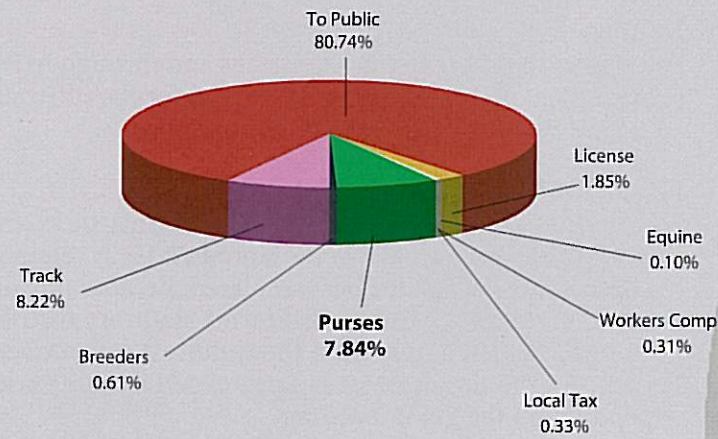
Off Track

Bettors at off-track locations have the same menu of wagering opportunities as do on-track patrons – live, out-of-zone, and out-of-state. Since there is no actual racing at the off-track wagering facilities, “live” refers only to races conducted at the track within their zone. For instance, for Southern California off-track wagering facilities Oak Tree races were considered “live” races. As such, the distributions were as follows:

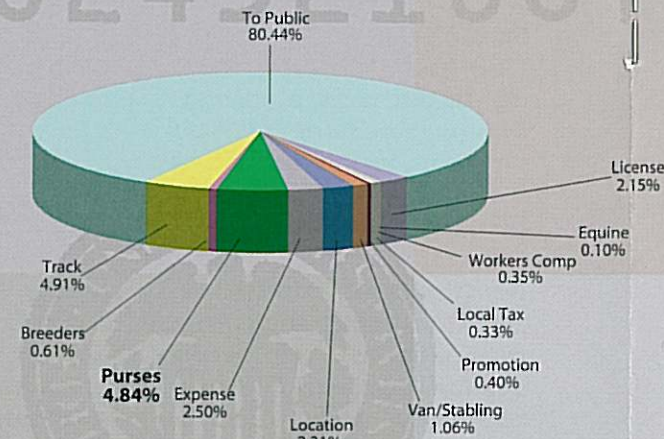
Who Gets What?

The pie charts on these pages illustrate various distributions of wagering handle. For purposes of this article, the distributions from the 2004 Oak Tree race meet were used. The percentages were averaged for ease of understanding, and will vary slightly from one race meet to the next – depending on variable such as the mix of conventional and exotic wagers, and the fees negotiated on out-of-state races.

Live Races Bet On-Track



Live Races Bet Off-Track



ADW

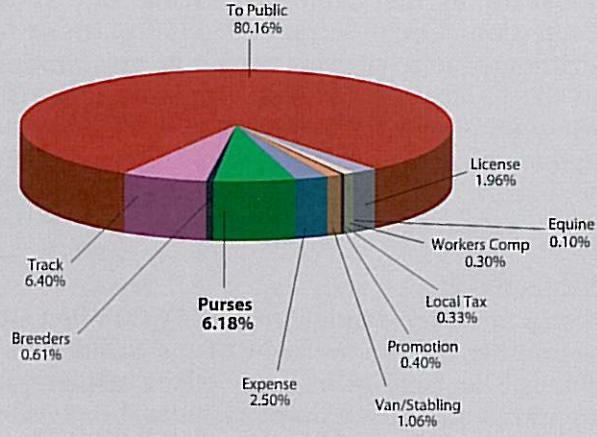
California ADW wagers are those placed by California residents on races originating anywhere in the world. For ease of understanding, the distributions for advance deposit wagering (ADW) are illustrated in two categories – wagers made on California races, and those on imported races. One difference is that there is no out-of-state “host fee” involved with bets made on California races.

Out of State

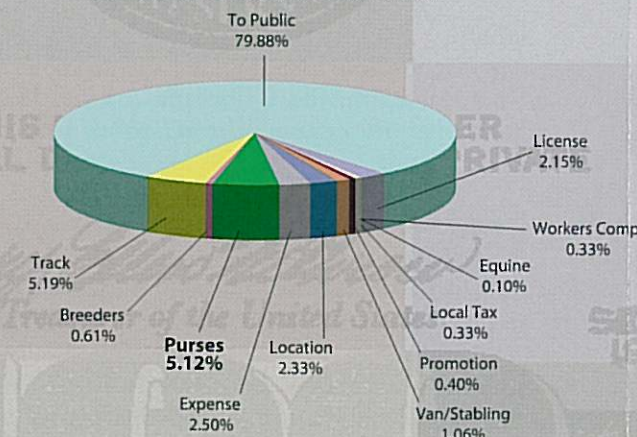
In reality, there are only two factors to consider when looking at out-of-state wagers on California races. They are the type of bet placed and the simulcast rate paid. Because wagers are being made from a myriad of locations – from other thoroughbred tracks around the country, to storefront off-track betting parlors, to the homes of individuals placing telephone or internet wagers, to sophisticated offshore rebate facilitators – simulcast rates can vary significantly.

It's important to remember that the money returning to California interests from out-of-state wagers is simply the net fee negotiated with each out-of-state location. The distribution is shown below:

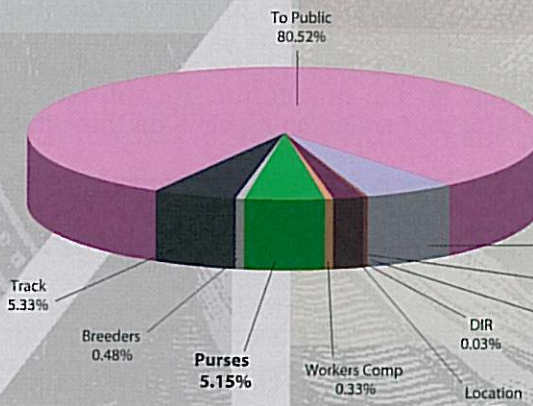
Out-of-Zone Races Bet On-Track



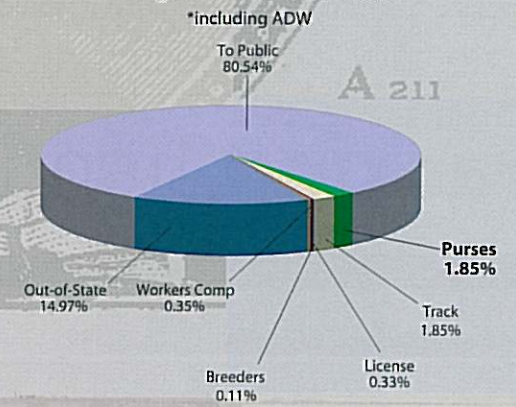
Out-of-Zone Races Bet Off-Track



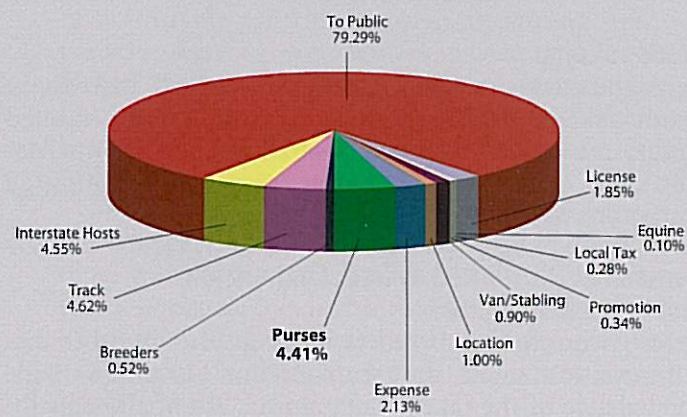
ADW on California Races



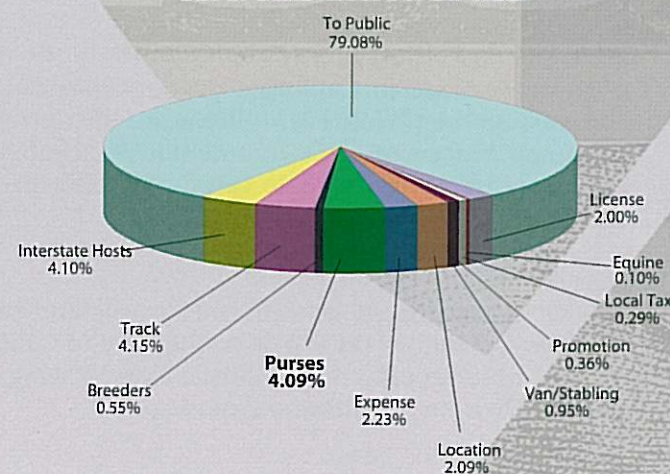
Wagers Made Out-of-State



Out-of-State Races Bet On-Track



Out-of-State Races Bet Off-Track



ADW on Non-California Races

