SARATOGA INSTITUTE ON RACING AND GAMING LAW

The New York Racing Association Inc.

Tuesday, August 1, 2006

Presented By: Steven Duncker
ACTIVE AND RECONSTRUCTED NYRA BOARD

• New Chairman – C. Steven Duncker
• New Vice Chairmen - Michael Del Giudice*
  - Stuart Subotnick*
• CEO is no longer Chairman of the Board
• CEO reports to the Board
• New active committee structure

*Government appointee
ACTIVE AND RECONSTRUCTED NYRA BOARD

Executive Committee
C. Steven Duncker, Chairman
Michael Del Giudice
James Heffernan
Stuart Janney
John Meriwether
Ogden Mills Phipps
Michael Rankowitz
Peter Schiff
Stuart Subotnick
Daniel Tully
Charles Wait

Nominating & Corporate Governance Committee
Charles Wait, Chairman
Michael Del Giudice
Ogden Mills Phipps
Joseph Shields
Daniel Tully

Finance Committee
Michael Rankowitz, Chairman
Dennis Dammerman
Robert Evans
Richard Santulli
Joseph Shields

Legislative Liaison Committee
Michael Del Guidice, Chairman
Timothy McGinn
Leonard Riggio
Joseph Shields
# ACTIVE AND RECONSTRUCTED NYRA BOARD

## Audit Committee
**Stuart Janney, Chairman**  
Dennis Dammerman  
Michael Del Giudice  
Michael Rankowitz  
Charles Wait

## Special Oversight Committee
**Stuart Subotnick, Chairman**  
Michael Del Giudice  
James Heffernan  
Timothy McGinn  
Peter Schiff

## Pension Committee
**John Meriwether, Chairman**  
Dennis Dammerman  
Albert Fried  
James Heffernan  
Stuart Janney  
Richard Santulli

## Compensation Committee
**Peter Schiff, Chairman**  
Chester Broman  
Joseph Cornacchia  
Robert Evans  
Timothy McGinn

## Facilities Committee
**James Heffernan, Chairman**  
Robert Evans  
Lucy Young Hamilton  
Leonard Riggio  
Richard Santulli

## RFP Committee
**James P. Heffernan, Chairman**  
Michael Del Giudice  
Stuart Janney III  
Michael Rankowitz  
Stuart Subotnick  
Charles V. Wait
MANAGEMENT CHANGES IN LAST TWO YEARS

- President and CEO
- Senior Vice President of Human Resources and Labor Relations
- Vice President and Chief Financial Officer
- Racing Secretary
- NYRA Steward
- Chief Examining Veterinarian
REFORM

“It’s time to face the fact that NYRA is poorly run. It continues to lose money even though the amount of money wagered and its revenues continue to grow rapidly. NYRA has not sufficiently addressed its serious management problems, even in the face of evidence that many employees have been engaged in systematic criminal activity. Serious reform and monitoring are required.”

- Alan Hevesi, September 17, 2003

“The franchise to operate Saratoga, Belmont and Aqueduct race tracks will be worth much more when it is put up for bid if the reforms achieved at the New York Racing Association over the last two years are preserved and sustained…..While much still remains to be done, the result has proven that reform of even a very poorly managed and corrupt agency is possible…I thank the Office of the U.S. Attorney for the Eastern District, and the new leadership of NYRA for their important and effective efforts.”

- Alan Hevesi, September 13, 2005
REFORM

“Behind the façade of the racetracks was a corrupt system in which track employees were permitted to enrich themselves at the expense of the public. NYRA officials ignore blatant criminal conduct and failed to institute even basic reforms to ensure that illegal activities were halted.”

- Eliot Spitzer, June 14, 2003

“When people look back on this experience, we hope they say this was the time that NYRA found itself again. Not just that NYRA perhaps escaped prosecution. Rather, it was a time when the trustees of racing in New York remembered what their responsibilities entailed. And they stepped up and reformed NYRA to fulfill its true purpose… NYRA has gone beyond mere compliance with the DPA and the law. NYRA has implemented a program of self-reform. We believe that government at every level should support NYRA’s integrity-based actions.”

- Neil Getnick, Federal Court-Appointed Monitor
  Final Report, September 1, 2005
## COMMITMENT TO BEST RACING IN THE COUNTRY

### 2003 AVERAGE PURSE DISTRIBUTION

<table>
<thead>
<tr>
<th>Rank</th>
<th>Track</th>
<th>Days</th>
<th>Total Purses</th>
<th>Average Purses Per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Oak Tree</td>
<td>32</td>
<td>$26,092,515</td>
<td>$815,391</td>
</tr>
<tr>
<td>2</td>
<td>BOLD: SARATOGA</td>
<td>36</td>
<td>$22,547,810</td>
<td>$626,328</td>
</tr>
<tr>
<td>3</td>
<td>Keeneland</td>
<td>32</td>
<td>$19,333,518</td>
<td>$604,172</td>
</tr>
<tr>
<td>4</td>
<td>BOLD: BELMONT PARK</td>
<td>93</td>
<td>$51,797,195</td>
<td>$556,959</td>
</tr>
<tr>
<td>5</td>
<td>Del Mar</td>
<td>43</td>
<td>$20,368,130</td>
<td>$473,677</td>
</tr>
<tr>
<td>6</td>
<td>Santa Anita</td>
<td>85</td>
<td>$39,224,527</td>
<td>$461,465</td>
</tr>
<tr>
<td>7</td>
<td>Churchill Downs</td>
<td>79</td>
<td>$34,243,465</td>
<td>$433,462</td>
</tr>
<tr>
<td>8</td>
<td>Woodbine</td>
<td>162</td>
<td>$66,661,339</td>
<td>$411,490</td>
</tr>
<tr>
<td>9</td>
<td>Hollywood Park</td>
<td>95</td>
<td>$38,547,078</td>
<td>$405,759</td>
</tr>
<tr>
<td>10</td>
<td>BOLD: AQUEDUCT</td>
<td>124</td>
<td>$45,253,725</td>
<td>$364,949</td>
</tr>
</tbody>
</table>

*Source: Equibase*

**BOLD**: denotes non-profit
2004 AVERAGE PURSE DISTRIBUTION

<table>
<thead>
<tr>
<th>Rank</th>
<th>Track</th>
<th>Days</th>
<th>Total Purses</th>
<th>Average Purses Per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SARATOGA</td>
<td>36</td>
<td>$22,858,459</td>
<td>$634,957</td>
</tr>
<tr>
<td>2</td>
<td>Keeneland</td>
<td>32</td>
<td>$19,653,710</td>
<td>$614,178</td>
</tr>
<tr>
<td>3</td>
<td>BELMONT PARK</td>
<td>93</td>
<td>$50,993,263</td>
<td>$548,315</td>
</tr>
<tr>
<td>4</td>
<td>Churchill Downs</td>
<td>74</td>
<td>$39,874,543</td>
<td>$538,845</td>
</tr>
<tr>
<td>5</td>
<td>Del Mar</td>
<td>43</td>
<td>$21,019,264</td>
<td>$488,820</td>
</tr>
<tr>
<td>6</td>
<td>Santa Anita</td>
<td>84</td>
<td>$37,266,363</td>
<td>$443,647</td>
</tr>
<tr>
<td>7</td>
<td>Oak Tree</td>
<td>26</td>
<td>$10,881,766</td>
<td>$418,529</td>
</tr>
<tr>
<td>8</td>
<td>Hollywood Park</td>
<td>101</td>
<td>$39,305,219</td>
<td>$389,161</td>
</tr>
<tr>
<td>9</td>
<td>Woodbine</td>
<td>167</td>
<td>$64,055,322</td>
<td>$383,565</td>
</tr>
<tr>
<td>10</td>
<td>AQUEDUCT</td>
<td>125</td>
<td>$46,006,935</td>
<td>$368,055</td>
</tr>
</tbody>
</table>

Source: Equibase
BOLD: denotes non-profit
### 2005 AVERAGE PURSE DISTRIBUTION

<table>
<thead>
<tr>
<th>Rank</th>
<th>Track</th>
<th>Days</th>
<th>Total Purses</th>
<th>Average Purses Per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BELMONT PARK</td>
<td>97</td>
<td>$67,690,715</td>
<td>$697,842</td>
</tr>
<tr>
<td>2</td>
<td>SARATOGA</td>
<td>36</td>
<td>$23,246,556</td>
<td>$645,738</td>
</tr>
<tr>
<td>3</td>
<td>Keeneland</td>
<td>33</td>
<td>$20,663,883</td>
<td>$626,178</td>
</tr>
<tr>
<td>4</td>
<td>Del Mar</td>
<td>43</td>
<td>$22,104,767</td>
<td>$514,064</td>
</tr>
<tr>
<td>5</td>
<td>Churchill Downs</td>
<td>73</td>
<td>$35,216,263</td>
<td>$482,415</td>
</tr>
<tr>
<td>6</td>
<td>Santa Anita</td>
<td>85</td>
<td>$37,064,873</td>
<td>$436,057</td>
</tr>
<tr>
<td>7</td>
<td>Woodbine</td>
<td>164</td>
<td>$70,670,244</td>
<td>$430,916</td>
</tr>
<tr>
<td>8</td>
<td>Oak Tree</td>
<td>31</td>
<td>$12,568,521</td>
<td>$405,436</td>
</tr>
<tr>
<td>9</td>
<td>Hollywood Park</td>
<td>91</td>
<td>$36,389,188</td>
<td>$399,881</td>
</tr>
<tr>
<td>10</td>
<td>AQUEDUCT</td>
<td>121</td>
<td>$44,250,695</td>
<td>$365,708</td>
</tr>
</tbody>
</table>

*Source: Equibase*

*Bold: denotes non-profit*
THOROUGHBRED RACING INDUSTRY IN NEW YORK

- 400 Horse Farms
- 17,000 Jobs
- $1.4 billion

*FONYR Report*
STRONG NEW YORK BRED PROGRAM

<table>
<thead>
<tr>
<th>Year</th>
<th>Races</th>
<th>Purses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>642</td>
<td>$29,552,000</td>
</tr>
<tr>
<td>2005</td>
<td>722</td>
<td>$33,761,000</td>
</tr>
<tr>
<td>2006</td>
<td>800</td>
<td>Estimated **</td>
</tr>
</tbody>
</table>

"The last eighteen months have truly been glory days for New York breeders. Not only have New York bred and New York sired horses won Graded Stakes races all over America, but the much maligned NYRA has carded an unprecedented number of New York bred races which have generated for New York breeders and New York horsemen astonishing purses, breeder awards, owner awards, and stallion awards."

- Barry Ostrager, President of NYTB, May 4, 2006
THIS IS WHERE NYRA IS RIGHT NOW

• The leader in Racing integrity in America.

• The leader in Average Purse distribution in the country.

• Responsible for an “unprecedented number of New York Bred races” which have generated “astonishing purses, breeder awards, owner awards, and stallion awards” for the New York thoroughbred industry.
What model is best for industry stakeholders and the State of New York?
NYRA PLAN

• Not-for-profit to preserve and protect racing program for the benefit of all stakeholders

• VLT revenue split between strategic partner and racetrack operation
  • Capital Improvement
  • Backstretch Improvement
  • Partner or purchase of OTB

• Strategic partner provides capital for the State

• Resolution of the land issue
FOUNDATION FOR THE FUTURE

• The leader in Racing integrity in America.

• The leader in Average Purse distribution in the country.

• Responsible for an “unprecedented number of New York Bred races” which have generated “astonishing purses, breeders awards, owner awards, and stallion awards” for the NY thoroughbred industry.

• NYRA as a not-for-profit will give its dividends to the industry, not to shareholders.
The New York Racing Association Inc. (NYRA) is a private, non-profit racing association established in 1955, which owns and operates the three largest racetracks in New York – Aqueduct, Belmont Park and Saratoga Race Course. It is a non-profit, non-dividend paying corporation governed by a Board or Trustees, whose members, by law, receive no compensation of dividends. Since its inception, NYRA has contributed more than $3 billion in direct tax revenue to the State of New York.

END