

Kentucky Horse Racing Commission



2010/2011 Biennial Report

Calendar year except as noted

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LETTER FROM CHAIRMAN BECK

The Honorable Steven L. Beshear
Commonwealth of Kentucky
700 Capitol Avenue
Frankfort, Kentucky 40601

Dear Governor Beshear:

On behalf of the Kentucky Horse Racing Commission (KHRC), it is my privilege to submit to you the Commission's Biennial Report for years 2010 and 2011, pursuant to KRS 230.270. This report presents a summary of the Commission's and the agency's activities and accomplishments, as well as statistical data related to horse racing and pari-mutuel wagering in the Commonwealth.

As the state agency charged with regulating and overseeing Kentucky's horse racing industry, the KHRC overcame many challenges while continuing to pursue various safety and integrity initiatives for both horses and participants in Kentucky horse racing. Many of the agency's achievements are detailed in this report and we look forward to building on this success in the future.

My fellow Commissioners and the KHRC staff appreciate your continued support of the KHRC and the horse racing industry and look forward to working with you to address the challenges that confront one of the Commonwealth's signature industries. Despite an ever-changing landscape, it is my belief that by working together, we will strengthen both the agency's and the industry's positions as leaders on the local, national and international level, in order to ensure that Kentucky remains the "Horse Capitol of the World."

Sincerely,

Robert M. Beck, Jr.
Chairman
Kentucky Horse Racing Commission



2010 MEETING DATES

The Kentucky Horse Racing Commission monthly meetings were open to the public.

January 5
February-cancelled
March 16
April 5
May 11
June 8
July 20
August 10
September 7
October 26
November-cancelled
December 13

2011 MEETING DATES

The Kentucky Horse Racing Commission monthly meetings were open to the public.

January-cancelled
February 9
March 10
April 6
May 18
June 8
July 14
August 17
September 7
October 24
November-cancelled
December 14

KENTUCKY HORSE RACING COMMISSION MEMBERS

The Kentucky Horse Racing Commission is an independent agency of state government charged with the responsibility of regulating the conduct of horse racing and pari-mutuel wagering on horse racing and related activities within the Commonwealth.

The Commission is composed of fifteen gubernatorial appointees along with the Secretary of the Tourism, Arts and Heritage Cabinet, the Secretary of the Public Protection Cabinet, and the Secretary of the Cabinet for Economic Development serving as ex-officio members of the Commission.

The KHRC is honored to have the following racing industry and community leaders serve as voting members of the Commission, appointed by Gov. Steve Beshear:

Robert M. Beck, Jr. – Chair

Mr. Beck is a transactional lawyer and a member of Stites & Harbison, PLLC. He has represented both domestic and foreign clients in the purchase, sale and syndication of bloodstock. Mr. Beck regularly provides corporate and financing legal counsel to equine industry participants, including banks, horse farms, trainers, and organizers of multiple ownership arrangements for racing and breeding syndicates.

Mr. Beck is a licensed Thoroughbred owner and breeder.

Tracy Farmer – Vice Chair

Mr. Farmer owns Shadowlawn Farm near Midway, Kentucky. He owns automobile dealerships and is involved in banking and commercial real estate development and building management. Mr. Farmer is a member of The Jockey Club and the Thoroughbred Owners and Breeders Association.

Mr. Farmer is a licensed Thoroughbred owner and breeder.

Edward S. Bonnie

Mr. Bonnie, an attorney for Frost, Brown, Todd, LLC, concentrates his practice in the area of equine law. He acts as counsel for owners, trainers, veterinarians, jockeys, feedmen, blacksmiths and others in the horse business.

Mr. Bonnie is a licensed Thoroughbred owner and breeder.

F. Thomas Conway

Mr. Conway is a sole practitioner focusing mainly on litigation practice in personal injury, products liability and medical malpractice.

Tom Conway is a licensed Thoroughbred owner and breeder.

Thomas Gaines

Mr. Gaines is a founding partner in Gaines-Gentry Thoroughbreds and serves as president of KBC International, a worldwide horse equipment company.

Mr. Gaines is a partner in other businesses including one of the largest Thoroughbred sales consignors, Eaton Sales. Additionally, he serves on the board of members and trustees of The Breeders' Cup Limited. Mr. Gaines' term ended in July 2010.

Allan Wade Houston

Mr. Houston is Executive Vice-President of Houston-Johnson, Inc., a logistics provider and warehouse management entity that coordinates specific just-in-time activities.

Frank Jones, Jr.

Mr. Jones is owner of Recreonics Corporation of Louisville, Ky.

He is the vice-president of the Kentucky Horsemen's Benevolent & Protective Association (Ky HBPA) and serves on the board of directors of the Kentucky Racing Health & Welfare Fund.

Mr. Jones is a licensed Thoroughbred owner.

Franklin S. Kling, Jr. (appointed July 1, 2010)

Mr. Kling is chairman and chief executive officer of FK Holdings, Inc., a multi-state/multi-national holding company headquartered in Cincinnati, Ohio.

Mr. Kling is a licensed Thoroughbred owner and breeder.

Elizabeth S. Lavin

Mrs. Lavin and her husband, well-known Kentucky equine veterinarian, A. Gary Lavin, own and operate Longfield Farm, a commercial breeding and boarding operation.

Mrs. Lavin is a licensed Thoroughbred owner and breeder.

Alan J. Leavitt

Mr. Leavitt is the president and general manager of Walnut Hall Ltd., Lexington, Ky., owned by his wife, Meg Jewett.

Mr. Leavitt is a director of the Hambletonian Society and the RMTC and president of the Kentucky Standardbred Breeders Association.

Mr. Leavitt is a licensed Standardbred owner and breeder.

Tom Ludt

Mr. Ludt is the president of Vinery Ltd. Mr. Ludt serves on the board of trustees of The Breeders' Cup Limited, the Thoroughbred Owners and Breeders Association (TOBA), and the Thoroughbred Retirement Fund.

Mr. Ludt is a licensed Thoroughbred owner and breeder.

Dr. Foster Northrop

Dr. Northrop is an equine veterinarian with his own practice, Northrop Equine PLLC, practicing primarily on Thoroughbred racehorses at Churchill Downs, Keeneland and Palm Meadows in Boynton Beach, Fla.

Dr. Northrop serves as vice chairman of the Racing Task Force for the American Association of Equine Practitioners (AAEP) and served on the Grayson Jockey Club Research Advisory Committee.

Michael Pitino

Mr. Pitino is the chief operating officer and Founding Partner of Alliance Group in Louisville, Ky. Alliance Group is a private equity investment firm which makes financial investments into middle market companies across the country.

Burr Travis

Mr. Travis is a partner with the law firm of Busald, Funk and Zevely, P.S.C. of Florence, Ky.

Mr. Travis is a licensed Thoroughbred owner and breeder.

John T. Ward, Jr.

Mr. Ward is a life-long trainer who trained Monarchos, winner of the 2001 Kentucky Derby. He was a founding member of the Kentucky Thoroughbred Owners and Breeders Association (KTOBA) and has served with the Kentucky Thoroughbred Association (KTA), Kentucky Thoroughbred Owners and Breeders (KTOB), the Kentucky Racing Commission, Kentucky Equine Drug Research Council, Racing Medication and Testing Consortium (RMTC), Sales Integrity Task

Force and on the National Thoroughbred Racing Association (NTRA) panel formed to examine jockey insurance.

Mr. Ward is a licensed Thoroughbred trainer and equine advisor.

Dr. Jerry Yon

Dr. Yon is a self-employed physician in Lexington, Ky. Dr. Yon was appointed chair of the Kentucky Equine Drug Research Council (EDRC) to serve for a term expiring August 1, 2012. Dr. Yon is actively involved in equine medication and drug testing research and policies and procedures.

The KHRC is honored to have the following Cabinet secretaries serve as non-voting members of the Board:

Robert D. Vance

Secretary Vance was appointed secretary of the Environmental and Public Protection Cabinet (EPPC) in December, 2008 and continues as Secretary of the Public Protection Cabinet (PPC)

Larry Hayes

Secretary Hayes currently serves as secretary of the Kentucky Cabinet for Economic Development where he is responsible for the development and administration of executive policies designed to support and promote economic development within the Commonwealth.

In his absence, George R. Burgess, Jr. serves as Secretary Hayes' designee.

George R. Burgess, Jr.

Mr. Burgess, Jr. is the Executive Director for the Office of Administrative Services in the Cabinet for Economic Development.

Marcheta Sparrow

Secretary Sparrow serves as the secretary of the Kentucky Tourism, Arts and Heritage Cabinet.

In her absence, William R. Dexter serves as secretary Sparrow's designee.

William R. Dexter

Mr. Dexter is Executive Director of the Office of Legal Affairs for the Tourism, Arts and Heritage Cabinet, which includes the Kentucky Horse Park and the Department of Tourism and Travel.

KENTUCKY HORSE RACING COMMISSION STAFF

Lisa E. Underwood, Executive Director

Ms. Underwood assumed leadership of KHRC on Oct. 2, 2006, and continued to implement changes to enhance KHRC's ability to fulfill its regulatory mission. Ms. Underwood supervised the Commission's staff and overall operations, including the staff of the Breeders' Incentive Funds.

She was appointed to the RCI executive committee and served on the RCI Model Rules Committee, RCI Drug Testing Standards and Practices Committee and RCI Wagering Security Systems Committee. She is also on the national steering committee for the National Racing Compact.

Prior to working with the KHRC, Ms. Underwood practiced law beginning in 1984. Ms. Underwood was a partner with Wyatt Tarrant and Combs and later Senior Counsel for Mason & Hanger Corporation, a defense contractor formerly based in Lexington, Ky.

On Nov. 16, 2011, Ms. Underwood resigned as Executive Director of the KHRC to return to the practice of law at Wyatt Tarrant and Combs

Marc A. Guilfoil, Deputy Executive Director

Since 1988, Mr. Guilfoil has worked in various capacities with the KHRC and in July 2007 was appointed deputy executive director. He assists the executive director in various matters pertaining to the overall operations of the KHRC, specifically Standardbred racing, enforcement actions and investigative activities. Beginning Nov. 16, 2011, Mr. Guilfoil filled the role as acting executive director.

John Veitch, Chief State Steward

Mr. Veitch served as Kentucky's Chief State Steward and oversaw the Thoroughbred racing industry at live racing meets in Kentucky. Mr. Veitch was relieved of his position on November 29, 2011.

Rich Williams, Chief State Judge

Mr. Williams is a native of Richmond, Ind. A third generation horseman, Mr. Williams has been a racing official for over 16 years. He has been the chief judge, overseeing the regulation of Standardbred racing for the Kentucky Horse Racing Commission since 2008.

Dr. Bryce Peckham, Chief Racing Veterinarian

Dr. Peckham was appointed chief racing veterinarian on Oct. 14, 2008. Dr. Peckham had spent the last twelve years as the chief racing veterinarian for the Kansas Racing and Gaming Commission. Dr. Peckham is an active member of the American Association of Equine Practitioners (AAEP) and the AAEP's practice group of racing regulatory veterinarians.

Jamie H. Eads, Director of the Division of Incentives and Development

Ms. Eads was appointed as the director for the Division of Incentives and Development at the Kentucky Horse Racing Commission. Ms. Eads began her career in the horse industry at the National Thoroughbred Racing Association and Breeders' Cup Limited.

Susan B. Speckert, General Counsel

Ms. Speckert was appointed general counsel in February of 2010. In September of 2010, she was appointed the first chair of the Association of Racing Commissioner's International Racing Regulatory Counsel Committee.

Prior to her appointment, Ms. Speckert was a prosecutor with the Fayette Commonwealth's Attorney's Office and was an associate at the law office of Stoll Keenon Ogden. In 2003, Ms. Speckert graduated from the Loyola University New Orleans School of Law, magna cum laude, where she served as editor-in-chief of the Loyola Law Review.

Tim West, Assistant General Counsel

Mr. West graduated from the University of Cincinnati College of Law in 2002. In January of 2010 he became Assistant General Counsel to the KHRC.

Mr. West was responsible for drafting and amending the administrative regulations governing the horse industry in Kentucky and also drafting and reviewing service and research contracts. Mr. West monitored civil litigation and handled administrative appeals to which the KHRC is party to, and offered legal advice to the KHRC on many regulatory initiatives.

Greg Lamb, Supervisor of Pari-mutuel Wagering

Mr. Lamb was appointed supervisor of Pari-mutuel Wagering for the KHRC on Dec. 1, 2009. In 1995, as a member of the Colorado totalisator standards Committee, he helped Colorado become the first state in the country to adopt Totalisator Standards. In May of 2000, he completed the requirements for certification as a fraud examiner and that status is currently active.

Dr. Mary Scollay, Equine Medical Director

Dr. Scollay serves as a consultant to the KHRC on matters pertaining to equine health, welfare, safety, and medication. Dr. Scollay also serves as a resource to the stewards when medication violations are declared in post-race testing samples.

She currently serves on the following committees: AAEP Racing Committee, AAEP Professional Conduct and Ethics Committee, Grayson Jockey Club Research Advisory Committee, the RCI Regulatory Veterinarians' Committee, and The Jockey Club Equine Injury Database Scientific Advisory Committee.

Patricia J. Cooksey, Director of Public Relations

Ms. Cooksey spent over four decades as a jockey competing on the Kentucky circuit and retired from race riding on June 24, 2004. She has been an expert analyst for NBC WAVE-3 TV for the Breeders' Cup and the Kentucky Derby and Kentucky Oaks since 1999. Ms. Cooksey has been with the KHRC since Sept. 2005 and was appointed director of Public Relations to the Kentucky Horse Racing Commission, where she currently serves.

Patrick Adams, Director of Security and Enforcement

Mr. Adams was appointed director of security & enforcement of KHRC on Dec. 16, 2009. Mr. Adams previously served nearly eight years as assistant director of security for the Indiana Racing Commission.

He oversees the enforcement division, performs professional-level work in commission investigations, and coordinates investigative services at Kentucky's Thoroughbred and Standardbred tracks. Mr. Adams served as chief of the Knightstown, Indiana Police Department for four years.

Mr. Adams resigned from his position on Aug. 27, 2011.

FULL-TIME OFFICE AND FIELD STAFF

Administrative Staff

Jamie Anderson, System Support Technician
Kendra Thompson, Executive Assistant
Gwen Webb, Executive Secretary
Margi Wintz, Paralegal

Division of Pari-mutuel Wagering

Amber Hobbs, Auditor

Enforcement Staff

Danny Hyland, Investigator
Don Kolioutas, Investigator

Incentive Development Staff

Soledad Smith, Administrative Specialist
Angela Trosclair, Program Coordinator
Rick Williams, Assistant Director

Licensing Staff

Jackie Herbstreit, Racing License Administrator
Trudy Koenig, Program Coordinator (until July 19, 2011)
Betty Moran, Racing License Administrator
Alan Slayback, Program Coordinator
Bill Vest, Racing License Administrator (until April 1, 2011)

Veterinary and Detention Barn Staff

John Asbury, Detention Barn Assistant
Greg Berry, Administrative Specialist
Dr. Brent Cassady, Racing Veterinarian
Burnis Caudill, Detention Barn Assistant
Dr. Will Farmer, Racing Veterinarian
Dr. Michael Hardy, Racing Veterinarian (until April 5, 2010)
Jenna Hardy, Veterinary Technician (until March 28, 2010)
Patricia Ludwig, Veterinary Technician
Victor Mendoza, Detention Barn Assistant

ADVISORY COMMITTEES and WORKING GROUPS

Several committees and working groups were appointed by the Governor or Chairman Beck and met throughout 2010 and 2011 to advise Commission members on issues pertinent to the duties of the KHRC. For a list of current KHRC committees, go to <http://khrc.ky.gov/Pages/committees.aspx>.

Kentucky Equine Drug Research Council

Pursuant to 230.265, the Kentucky Equine Drug Research Council (EDRC) makes recommendations to the KHRC regarding equine racing medication rules and policies. The EDRC has working committees researching several industry issues.

Governor Beshear appointed the following members to the EDRC to serve for terms expiring Aug. 1, 2012:

- Hollie I. Swanson, of Lexington, is a professor at the University of Kentucky, representing pharmacologists.
- W.B. Rogers Beasley, of Lexington, is the Director of Racing for the Keeneland Association, representing licensed racing associations.
- Frank Dwayne Marcum, of Versailles, is a veterinarian in private practice, representing veterinarians.
- Andrew M. Roberts, of Lexington, is a veterinarian in private practice, representing Kentucky Harness Horsemen's Association.
- Arthur B. Zubrod, of Lexington, represents the harness racing industry
- Gary Lavin, of Goshen, is a veterinarian in private practice, representing Thoroughbred breeders.
- Damon Thayer, of Georgetown, is a state senator, representing Kentucky legislators.

The Governor also reappointed the following members to the council to serve for terms expiring Aug. 1, 2012.

- Jerry L. Yon, of Lexington, is a physician in private practice, representing the Kentucky Horse Racing Commission and will chair the council.
- Rick Hiles, of Louisville, is a Thoroughbred horse owner and trainer, representing horsemen.

Necropsy Subcommittee

This subcommittee advises the EDRC on issues relating to necropsies and has developed standard protocol for racing fatality necropsies.

Chair: Dr. Mary Scollay

Members:

Dr. Craig Carter

Dr. Cynthia Gaskill

Dr. Bryce Peckham

Dr. Kim Sprayberry

Dr. Neil Williams

Safety and Welfare Committee

This committee advises the KHRC on matters pertaining to the health, safety and welfare of all human and equine participants in horse racing in Kentucky.

Chairman Robert Beck appointed the following members to the Safety and Welfare Committee:

Chair: Elizabeth Lavin

Members:

Edward S. Bonnie

Dr. Foster Northrop

Tom Ludt

Daisy Phipps

Rules Committee

This committee reviews and makes recommendations regarding regulations governing the racing industry.

Members:

Edward S. Bonnie

F. Thomas Conway

Burr Travis, Jr.

License Review Committee

Pursuant to 810 KAR 1:025, the License Review Committee is composed of commissioners and staff members who review license applications that require more detailed scrutiny and background research than a routine application.

Members:

Edward S. Bonnie

Chris Clark

F. Thomas Conway

Nelson O'Donnell (beginning Oct. 1, 2011)

Burr Travis, Jr.

Lisa Underwood (until Nov. 16, 2011)

Marc A. Guilfoil

Wagering Integrity Working Group

This group is charged with the responsibility of investigating wagering integrity and security issues and makes recommendations to the KHRC.

This group visits race tracks to inspect tote systems and gather information from various sources relating to wagering integrity issues.

Chair: Frank Kling

Members:

Edward S. Bonnie

Frank Kling

Steven Estep (until April 15, 2010)

Marc Guilfoil

Greg Lamb

Lisa Underwood (until Nov. 16, 2011)

Secretary Robert D. Vance

Rick Williams

Mike Maloney

Kentucky Thoroughbred Development Fund Advisory Committee

This committee advises and assists the KHRC in the supplemental purse program funded by a portion of the pari-mutuel tax. The committee meets on a regular basis to approve purse schedules for each association. For additional information regarding the Kentucky Thoroughbred Development Fund (KTDF), go to

<http://www.kta-ktob.com>

Chair: Dr. J. David Richardson, representing the Kentucky Thoroughbred Owners and Breeders Association (KTOBA)

Members:

- Bill Landes, representing Thoroughbred breeders (KTOBA)
- Commissioner Tom Ludt, representing the KHRC
- Pete Salmen, representing the Kentucky Horsemen's Benevolent and Protective Association (KHBPA)
- Cliff Reed (Turfway Park), representing licensed associations from Jan. 1, 2010 to June 30, 2010; Rogers Beasley (Keeneland Association) from July 1, 2010 to June 30, 2011 and Bob Jackson (Ellis Park) July 1, 2011 through December 31, 2011

Money from the KTDF is allocated to each licensed association in an amount equal to the amount the association contributed to the fund. This fund is used for purses and advertising. The KTDF receives an amount which is .75 percent of all wagers from Thoroughbred racetracks on live races and two percent of all wagers on simulcast races.

It is an incentive program that seeks to encourage owners to buy from Kentucky markets, to board and breed mares on Kentucky farms, to mate them with Kentucky stallions, then to race the Kentucky-foaled horses at Kentucky tracks. This program was created in 1978 and placed under the general jurisdiction of the KHRC.

A five-member advisory committee is appointed on July first of each year to advise and assist the KHRC with the implementation of this program. KTDF money supplements purses in stakes, handicap, allowance and non-claiming maiden events in Kentucky. Only registered Kentucky-sired Kentucky-foaled horses are eligible to share in fund purse supplements. Funds that are reverted to the KTDF are a result of non-Kentucky bred horses placing in the designated race receiving those funds. These monies are not distributed to the owner since the horse is not eligible or KTDF registered, but returned to the association for distribution on another designated race. The following chart documents the amounts offered by, paid out by and reverted to the Kentucky Thoroughbred Development Fund in 2010 and 2011:

2010 KTDF			
Track/Meet	Offered	Paid Out	Reverted
Ellis Park: Summer	\$ 953,500	\$ 845,481	\$ 108,019
Churchill Downs: Spring	\$ 1,615,600	\$ 1,195,511	\$ 420,089
Churchill Downs: Fall	\$ 746,200	\$ 608,913	\$ 137,287
Keeneland: Spring	\$ 629,100	\$ 445,756	\$ 183,344
Keeneland: Fall	\$ 459,800	\$ 316,393	\$ 143,407
Turfway Park: Winter/Spring	\$ 1,427,300	\$ 785,820	\$ 641,480
Turfway Park: Fall	\$ 329,800	\$ 217,077	\$ 112,723
Turfway Park: Holiday	\$ 407,500	\$ 272,660	\$ 134,840
GRAND TOTAL:	\$ 6,568,800	\$ 4,687,611	\$ 1,881,188

2011 KTDF			
Track/Meet	Offered	Paid Out	Reverted
Ellis Park: Summer	\$ 1,169,000	\$ 1,043,323	\$ 125,678
Churchill Downs: Spring	\$ 1,380,800	\$ 1,113,730	\$ 267,070
Churchill Downs: Fall	\$ 535,700	\$ 417,863	\$ 117,837
Keeneland: Spring	\$ 468,200	\$ 339,490	\$ 128,710
Keeneland: Fall	\$ 621,100	\$ 511,238	\$ 109,862
Turfway Park: Winter/Spring	\$ 1,226,100	\$ 764,939	\$ 461,161
Turfway Park: Fall	\$ 534,500	\$ 328,225	\$ 206,275
Turfway Park: Holiday	\$ 549,000	\$ 396,069	\$ 152,931
GRAND TOTAL:	\$ 6,484,400	\$ 4,914,876	\$ 1,569,524

Kentucky Thoroughbred Breeders' Incentive Fund Advisory Committee

This committee reviewed and made recommendations to the Commission related to 810 KAR 1:070. The purpose of the Committee was to determine whether any changes to the regulation were necessary to ensure the regulation was accomplishing the mission and purpose of the fund. The fund had originally been established in 2005. On May 11, 2011, the Committees' recommendations passed the Commission and on November 4, 2011 the changes to the regulation became effective.

Members:

Headley Bell – Breeder, Mill Ridge Farm
Lori Chappell – Breeder, Three Chimneys Farm
David Hager – Breeder, Idle Hour Farm
Wade Houston – Commissioner, Kentucky Horse Racing Commission
Neil Howard – Breeder, Gainesway Farm
Frank L. Jones, Jr. – Commissioner, Kentucky Horse Racing Commission
Matthew Koch – Breeder, Shawnee Place
John Phillips – Breeder, Darby Dan Farm
Robert (Bobby) B. Trussell – Breeder, Walmac Farm

The Thoroughbred Breeders' Incentive Fund Advisory Committee met on the following dates in 2010:

October 21
November 22

The Thoroughbred Breeders' Incentive Fund Advisory Committee met on the following dates in 2011:

January 25
March 22
April 19
May 10

For additional information regarding the Thoroughbred Breeders' Incentive Fund, see the section in this report titled –Incentives and Development, Kentucky Thoroughbred Breeders' Incentive Fund.

Kentucky Standardbred Development Fund Advisory Committee

This committee assists and advises the KHRC in the distribution of revenues for the Standardbred Development Fund. The money deposited in the Kentucky Standardbred Breeders' Incentive Fund is allocated to the Kentucky Standardbred Development Fund and used to administer the fund and provide rewards for owners of Kentucky-bred Standardbred horses through the Kentucky Sires Stakes Program.

For additional information regarding the Sires Stakes program, see the section in this report titled "*Incentives and Development, Kentucky Standardbred Breeders' Incentive Fund.*"

Chair: Commissioner Alan Leavitt

Members:

- Joe Costa, representing the host racetrack
- Marc Guilfoil, representing the KHRC
- Ken Jackson, representing the KY Standardbred Breeders Association
- Bobby Stewart, representing the KY Harness Horseman's Association
- Art Zubrod, representing a stallion owner registered to the fund

Kentucky Horse Breeders' Incentive Fund Advisory Committee

This committee advises, assists and makes recommendations to the Commission regarding the structure and operation of the Kentucky Horse Breeders' Incentive Fund (KHBIF). The Kentucky Horse Breeders' Incentive Fund is discussed in more detail under the section of this report titled *Kentucky Breeders Incentive Funds*. Also, for additional information related to the Kentucky Horse Breeders' Incentive Fund, go to: <http://khrc.ky.gov/Pages/khbif.aspx>

On July 1, 2010, KHRC Chairman, Robert Beck appointed the following to the KHBIF

Chair: Commissioner Edward S. Bonnie, representing the KHRC

Members:

- Mary Anne Cronan, appointed by the Commission
- Frank Penn, appointed by the Commission and representing KY Equine Educational Project (KEEP)

On July 1, 2011, Chairman, Robert Beck, appointed the following KHBIF advisory committee members:

Chair: Commissioner Edward S. Bonnie

Members:

- Colonel Walter Herd, appointed by the Commission
- Frank Penn, appointed by the Commission and representing KY Equine Educational Project (KEEP)

These individuals will serve on the committee until June 30, 2012 or until the appointment of any successor.

Race Dates Committee

This committee reviews the racetrack and simulcast facility license applications and race dates requests and makes a recommendation to the KHRC.

Chair: Robert M. Beck

Members:

Thomas Gaines

Elizabeth Lavin

Dr. Foster Northrop

Race Day Medication Committee

This committee was created in 2011 to study race day medication issues and make recommendations to the KHRC.

Chair: Tracy Farmer

Members:

Allan Wade Houston, Sr.

Elizabeth S. Lavin

Alan J. Leavitt

Dr. Foster Northrup

Kentucky Racing Health and Welfare Fund

The Kentucky Racing Health and Welfare Fund, Inc. receives funding pursuant to an act of the 1978 Kentucky General Assembly, from un-cashed pari-mutuel tickets that are over one year old. Pursuant, to KRS 230.362, any reported pari-mutuel ticket that has not been claimed within one (1) year from the time the ticket became payable is presumed to be abandoned. Each year, any Kentucky Thoroughbred Racing Association or Kentucky OTB facility holding any unclaimed tickets presumed abandoned as of July 1 of that year is required to create a list of the tickets. The list, which records the amount of each ticket, is then submitted to the Commission by September 1 of the same year. Between November 1 and November 15, the Racing Association or OTB then turns over to the Commission the sum represented by the tickets as reported.

The Commission makes payment of this sum to the Kentucky Racing Health and Welfare Fund, Inc. by Dec. 31 of the same year.

The Kentucky Racing Health and Welfare, Fund, Inc. board members met four times in 2010 and three times during 2011. For additional information, regarding the Fund please visit www.kyracinghealth.org.

Chair: Donald Ball

Members:

Rick Hiles, Vice-Chairman

Dr. Randy Scheen, Treasurer

Carol Hebel, Secretary

Peter Salmen

Thoroughbred Unclaimed Pari-mutuel Tickets:

<u>2010</u>				
Racing Facility	Amount	<u>Amount claimed</u>	<u>Advertising Paid</u>	<u>Total Due</u>
Bell County OTB	\$5,778.82	\$0.00	\$326.80	\$5,452.02
Churchill Downs	\$1,065,894.20	\$12,180.67	\$854.24	\$1,052,859.29
Ellis Park	\$149,957.53	\$0.00	\$53.96	\$149,903.57
Keeneland	\$704,599.50	\$0.00	\$611.00	\$703,988.50
Kentucky Downs	\$109,726.37	\$0.00	\$232.00	\$109,494.37
Mason County OTB	\$28,382.09	\$0.00	\$143.12	\$28,238.97
Russell County OTB	\$20,300.79	\$0.00	\$138.00	\$20,162.79
Turfway Park	\$214,996.95	\$5.40	\$70.52	\$214,921.03
Whitley County OTB	\$9,770.02	\$0.00	\$248.64	\$9,521.38
Totals	\$2,309,406.27	\$12,186.07	\$2,678.28	\$2,294,541.92

<u>2011</u>				
Racing Facility	Amount	<u>Amount claimed</u>	<u>Advertising Paid</u>	<u>Total to fund</u>
Bell County OTB	\$7,225.36	\$0.00	\$0.00	\$7,225.36
Churchill Downs	\$1,075,367.75	\$106,761.55	\$1,287.68	\$967,318.52
Ellis Park	\$115,425.27	\$0.00	\$62.48	\$115,362.79
Keeneland	\$637,383.14	\$0.00	\$570.78	\$636,812.36
Kentucky Downs	\$94,256.27	\$0.00	\$144.00	\$94,112.27
Mason County OTB	\$20,728.81	\$79.22	\$125.24	\$20,524.35
Russell County OTB	\$20,118.22	\$0.00	\$132.30	\$19,985.92
Turfway Park	\$228,215.26	\$134.40	\$70.52	\$228,010.34
Whitley County OTB	\$22,359.92	\$0.00	\$234.00	\$22,125.02
Totals	\$2,221,080.00	\$106,975.17	\$2,627.00	\$2,111,476.93

County Fair Purse Fund

The Kentucky Colt Association, also known as Kentucky Fair Racing, has been in existence for more than twenty-years and is considered one of the best fair circuits in the nation. Purses for Kentucky fair races are funded by Standardbred unclaimed pari-mutuel tickets and the Kentucky Standardbred Breeders' Incentive Fund. In both 2010 and 2011, there were races at nine fairs throughout the Commonwealth of Kentucky. The races begin in May and finished in August at the fair finals held at The Red Mile. Separate divisions were held for two and three year old trotters and pacers and separate divisions for fillies and colts at each fair as well as in the finals.

Horses that are eligible for the fair races must have been nominated and bred by a stallion registered with The Kentucky Standardbred Development Fund.

For additional information regarding the county fairs, go to

<http://khrc.ky.gov/Pages/tracks.aspx>

Standardbred Unclaimed Pari-mutuel Tickets

<u>2010</u>				
<u>Racing Facility</u>	<u>Amount</u>	<u>Amount claimed</u>	<u>Advertising Paid</u>	<u>Total Due</u>
Pikeville OTB	\$15,884.80	\$0.00	\$252.00	\$15,632.80
Players Bluegrass Downs	\$32,438.56	\$0.00	\$145.78	\$32,292.78
The Red Mile, Inc.	\$34,770.36	\$0.00	\$592.20	\$34,178.16
Thunder Ridge	\$24,215.97	\$2.25	\$504.00	\$23,709.72
U-Bet	\$15,438.71	\$0.00	\$235.14	\$15,203.57
Totals	\$122,748.40	\$2.25	\$1,729.12	\$121,017.03

<u>2011</u>				
<u>Racing Facility</u>	<u>Amount</u>	<u>Amount claimed</u>	<u>Advertising Paid</u>	<u>Total Due</u>
Pikeville OTB	\$9,302.14	\$0.00	\$525.00	\$8,777.14
Players Bluegrass Downs	\$25,903.85	\$0.00	\$33.48	\$25,870.37
The Red Mile, Inc.	\$23,355.07	\$0.00	\$561.72	\$22,793.35
Thunder Ridge	\$15,881.11	\$0.00	\$0.00	\$15,881.11
U-Bet	\$12,042.06	\$14.80	\$643.83	\$11,383.43
Totals	\$86,484.23	\$14.80	\$1,764.03	\$84,705.40

FINANCIAL ANALYSIS

The following statement is the actual operating budget for the KHRC for the fiscal years ended June 30, 2010 and June 30, 2011.

KHRC Receipts and Expenditures	FY 2010 Amount	FY 2011 Amount
Balance Carryforward	\$89,078	\$1,777,181
Receipts:		
Track Reimbursements	330,300	247,500
General Fund Allotment	3,106,800	2,775,036
License Fees	1,501,494	1,489,896
Fines	35,964	33,835
Interest	1,042	605
Other	<u>40,548</u>	<u>56,314</u>
Total Receipts	5,016,148	4,603,186
Non-Revenue Receipts	(216,800)	(232,800)
Net Current Receipts	<u>4,888,426</u>	<u>6,147,567</u>
Expenditures:		
Personnel	2,500,100	2,538,636
Operating	611,145	528,646
Capital Outlay	0	10,089
Total Expenditures	<u>3,111,245</u>	<u>3,077,371</u>
Balance	<u>\$1,777,181</u>	<u>\$3,070,196</u>

Discussion of Financial Analysis

For the fiscal year ending June 30, 2010, the KHRC started the year with a balance carry-forward of \$89,078 and received funding from the following sources: Track reimbursements; General Fund allotments; participant licensing fees; fines; and other miscellaneous sources. The carry-forward and receipts were reduced during the fiscal year by non-revenue receipts (i.e., governmental transfers for support services) in the amount of \$216,800 resulting in net current receipts of \$4,888,426 for the KHRC.

These total funds were reduced by \$3,111,245 for Personnel and Operating Expenditures for the current year. This left the agency with a balance of \$1,777,181 as of June 30, 2010.

For the fiscal year ending June 30, 2011, the KHRC started the year with a balance carry-forward of \$1,777,181 and received funding from the following sources: Track reimbursements; General Fund allotments; participant licensing fees; fines; and other miscellaneous sources. The carry-forward and receipts were reduced during the fiscal year by non-revenue receipts (i.e., governmental transfers for support services) in the amount of \$232,800 resulting in net current receipts of \$6,147,567 for the KHRC.

These total funds were reduced by \$3,077,371 for Personnel and Operating Expenditures for the current year. This left the agency with a balance of \$3,070,196 as of June 30, 2011.

The chief racing veterinarian supervises the operations of the test barn, the collection of urine and blood samples for testing, preparation and documentation of the biologic samples that are transported to the laboratory, and management of retained samples. The chief racing veterinarian also coordinates regulatory veterinary services associated with live racing—pre-race examinations, on-track monitoring, triage of racing injuries, management of the veterinarians' list of horses ineligible to race due to health or soundness issues, record keeping, and staff scheduling.

The KHRC official veterinarians examine horses for soundness and racing fitness to ensure the health and safety of every horse, jockey and driver. On race day, each Thoroughbred is evaluated by KHRC veterinarians in the morning at the pre-race exam, while in the saddling paddock, and during the pre-race warm-up. The pre-race exam includes an in-stall, hands-on evaluation and observation of the horse in motion outside of its stall. Standardbred horses are evaluated during the warm-up trips. Records of Thoroughbred exams are permanently stored in a central server, managed by InCompass, and having shared access by racing regulatory veterinarians in multiple jurisdictions. This allows veterinarians to monitor a horse's condition over time despite its having raced at different tracks or in other states.

KHRC veterinarians are present in the paddock, at the starting gate, in the test barn and on the horse ambulance during live Thoroughbred racing in Kentucky. For Standardbred racing, the KHRC veterinarian attends the test barn and is trackside for each race.

If a horse sustains an injury at any time prior to the start of the race, the KHRC veterinarian shall recommend to the chief state steward or presiding judge that the injured horse be scratched from participating in the race for the protection, safety and health of every horse and rider or driver. KHRC veterinarians enter data relevant to race related injuries of Thoroughbreds into the Jockey Club Equine Injury Database.

KHRC test barn technicians are responsible for the collection of post-race equine urine samples to be sent to the KHRC official laboratory for analysis. Licensed veterinary technicians perform blood sampling associated with post-race testing or pre-race TCO₂ analysis.

Horses working for release from the veterinarian's list—having been previously declared to be unfit for competition due to injury or unsoundness—are subjected to post-work blood sampling to ensure that a horse's medication status does not obscure accurate assessment of its suitability for return to racing.

All horses that die or are euthanized as a result of a condition sustained during the running of a race are submitted for necropsy at the University of Kentucky, Veterinary Diagnostic Laboratory (VDL). The KHRC may require necropsy of any horse that dies or is euthanized at a facility under the jurisdiction of the KHRC. For musculoskeletal injuries resulting in a fatality, a specialized racing necropsy group at the UK-VDL, performs an in depth evaluation (including radiography) of the injured limb, and its uninjured counterpart. This evaluation also includes magnetic resonance imaging that is performed at Rood and Riddle Equine Hospital.

On Feb. 1, 2011, HFL Sport Science, Lexington began providing testing services to the Kentucky Horse Racing Commission. HFL received its full ISO 17025 accreditation in November—9 months after its opening. HFL analyzes more than 8600 samples submitted annually by the KHRC.

In 2010, the KHRC implemented out-of-competition testing for the detection of blood doping drugs and other prohibited substances. For the 2011 Kentucky Derby and Oaks, the 2010 and 2011 Breeders' Cups (conducted at Churchill Downs) and the 2011 Red Mile Grand Circuit, multiple domestic and international regulatory authorities assisted the KHRC in collection of out of competition blood samples. Testing was performed at the HFL laboratory; all test results were negative.

In Thoroughbred racing, the winner and one other horse are selected by the stewards to be submitted to post race blood and urine collection. In Standardbred racing, all winners are tested. Additional horses are tested at the discretion of the Judges and according to the guidance provided in 810 KAR 1:030 Post Race Sampling and Testing.

In 2011, the KHRC implemented this regulation effecting strategic sampling and testing as recommended in the 1991 McKinsey Report. The strategic identification of horses to be subjected to post-race testing resulted in an approximately sixteen percent reduction in testing costs to Kentucky's racetracks, while enhancing the KHRC's ability to enforce its drug and medication regulations.

TCO₂ blood gas testing is conducted pre-race on a random basis to detect the level of carbon dioxide. This testing is intended to identify horses having been administered an alkalinizing substance which by neutralizing the buildup of lactic acid in the athlete delays the onset of fatigue and thus enhances performance. For Thoroughbred racing TCO₂ testing is performed at the KHRC's official laboratory, HFL, on a post-race basis and within 120 hours of sampling. For Standardbred racing TCO₂ sampling and analysis is performed on site by the KHRC veterinarian or licensed veterinary technician. Analysis is completed prior to post time for the race in which the sampled horse is entered.

For Standardbred racing and at the request of the Kentucky Harness Horsemen's Association, KHRC veterinarians administer race day furosemide (Salix) and approved adjunct anti-bleeder medications. A fee of \$15 for furosemide only or \$25 for furosemide and adjunct anti-bleeder medications is assessed by the commission and collected by the KHRC licensing administrator at the racetrack. The administration of approved race day medications by KHRC veterinarians generated revenues of \$30,655 in 2010 and \$30,701 in 2011. These revenues covered the expense of medication, administration supplies; KHRC labor associated with administration and provided assistance in defraying expenses associated with KHRC's regulation of Standardbred racing in Kentucky.

KHRC Uniform Drug and Medication Classification Schedule

For the purpose of medication regulation, medications and foreign substances are categorized into various classifications. A description of each classification follows.

Class "A" Medications are those that have no legitimate therapeutic indication in the equine athlete and have not been approved for use in the horse by the U.S. Food and Drug Administration (FDA). Their potential to influence performance is high based on their presence in Class 1, 2 or 3 in the Racing Commissioners International Uniform Classification of Foreign Substances. Many of the "A" drugs are not approved for use in any species by the FDA.

Class "B" Medications are those that may have a legitimate therapeutic indication in the equine athlete but also have a high potential to influence performance based on their presence in Class 2 or 3 in the Racing Commissioners International Uniform Classification of Foreign Substances. Also in Class "B" are drugs which may have a lower potential to influence performance based on their residence in Class 4 in the Racing Commissioners International Uniform Classification of Foreign Substances, but have not been approved for use in the horse by the FDA and recognized therapeutic alternatives to these drugs are widely available. Potential contaminant substances are included in this category to provide flexibility pending the outcome of an investigation into the origin of the positive test.

Class "C" Medications are those that have a therapeutic indication in the horse and have a low potential to influence performance based on their presence in Class 4 and 5 of the Racing Commissioners International Uniform Classification of Foreign Substances.

Class “D” Medications include those therapeutic medications for which concentration limits have been established by the racing jurisdictions as well as certain miscellaneous agents such as dimethylsulfoxide (DMSO) and other medications as determined by the regulatory bodies.

Medication Violations Calendar Year 2010

<u>Substance</u>	<u>Penalty Class</u>	<u>Frequency</u>	<u>Breed(s)</u>
Buspirone	A	1	TB
Tramadol (<i>o-desmethyltramadol</i>)	A	2	1TB / 1 STD
Acepromazine (<i>2-(1-hydroxyethyl) promazine sulfoxide</i>)	B	1	TB
Albuterol	B	1	TB
Atropine	B	1	TB
Boldenone	B	1	STD
Caffeine/Theophylline	B	2	STD
Glycopyrrolate*	B	1	TB
Ipratropium	B	1	STD
Norpseudoephedrine	B	1	TB
Pyrilamine (<i>o-desmethylpyriaimine</i>)	B	2	TB
Stanozolol	B	2	1 TB / 1 STD
Strychnine	B	2	STD
Aminocaproic Acid	C	2	TB
Dexamethasone	C	5	4 TB / 1 STD
Flunixin	C	12	6 TB / 6 STD
Furosemide	C	2	1 TB
Isoxsuprine	C	2	STD
Phenylbutazone	C	9	7 TB / 2 STD
Prednisolone/Prednisolone	C	2	TB
Triamcinolone acetonide	C	2	TB
Cimetadine	D	1	TB
DMSO	D	4	3 TB / 1 STD
Omeprazole	D	20	15 TB / 5 STD
Ranitidine	D	3	TB

* Not confirmed by split sample laboratory

Medication Violations**Calendar Year 2011**

<u>Substance</u>	<u>Penalty Class</u>	<u>Frequency</u>	<u>Breed(s)</u>
Mephentermine*	A	1	TB
Tramadol (<i>o-desmethyltramadol</i>)	A	1	TB
Clenbuterol	B	3	STD
Ketamine (<i>norketamine/dehydronorketamine</i>)	B	1	TB
Pseudoephedrine** (<i>norpseudoephedrine</i>)	B	1	TB
Orphenadrine*	B	1	TB
Pyrilamine** (<i>o-desmethylpyrilamine</i>)	B	1	TB
Strychnine	B	1	STD
2 NSAIDs < 48 hrs	B	5	1 STD / 4 TB
Carbazochrome	C	2	TB
Dexamethasone	C	2	1 STD / 1 TB
Firocoxib	C	2	1 STD / 1 TB
Flunixin	C	14	6 STD / 8 TB
Furosemide	C	1	STD
No furosemide detected	C	1	TB
Methocarbamol	C	8	TB
Naproxen	C	1	TB
Phenylbutazone	C	8	2 STD / 6 TB
Trichlormethiazide	C	1	TB
Cimetadine	D	1	TB
Omeprazole	D	17	3 STD / 14 TB
Ranitidine	D	3	TB
* Findings originated from same sample			
**Findings originated from same sample			

THOROUGHBRED AND STANDARDBRED VETERINARY REPORTS

Calendar Years 2010-2011

Thoroughbred Veterinary Report 2010

Racetrack	# Race Days	# Race Starts	Equine Ambulance Deployed	Case # Post Race Distress	Case # Non-fatal conditions	Case # Fatal conditions
Turfway Park	74	7042	27	3	11	8
Keeneland	32	2762	8	0	3	3
Churchill Downs	63	5616	31	3	17	11
Ellis Park	27	2471	26	7	14	5
Kentucky Downs	4	280	0	0	0	0
TOTAL	200	18171	92	13	45	27

Standardbred Veterinary Report 2010

Racetrack	# Race Days	# Race Starts	Equine Ambulance Deployed	Case # Post Race Distress	Case # Non-fatal conditions	Case # Fatal conditions
Players Bluegrass Downs	15	935	0	0	0	0
Thunder Ridge Raceway	24	1041	0	0	0	0
The Red Mile	29	2950	0	0	0	0
TOTAL	68	4926	0	0	0	0

Thoroughbred Veterinary Report 2011

Racetrack	# Race Days	# Race Starts	Equine Ambulance Deployed	Case # Post Race Distress	Case # Non-fatal conditions	Case # Fatal conditions
Turfway Park	83	7491	27	0	17	10
Keeneland	32	2898	15	1	11	4
Churchill Downs	59	5407	36	4	26	10
Ellis Park	31	2221	21	4	12	5
Kentucky Downs	4	263	3	1	3	0
TOTAL	209	18280	102	10	69	29

Standardbred Veterinary Report 2011

Racetrack	# Race Days	# Race Starts	Equine Ambulance Deployed	Case # Post Race Distress	Case # Non-fatal conditions	Case # Fatal conditions
Players Bluegrass Downs	13	889	0	0	0	0
Thunder Ridge Raceway	24	1048	0	0	1	0
The Red Mile	29	2698	0	0	2	0
TOTAL	66	4635	0	0	3	0

DIVISION OF SECURITY AND ENFORCEMENT

The primary duty of the Division of Security and Enforcement is to investigate and detect any violations of the laws and rules as they pertain to Thoroughbred and Standardbred racing. The Enforcement Division is made up of a director of enforcement and two investigators.

The enforcement division conducts investigational interviews with applicants who indicate on their license application that they have a criminal record and/or conviction for a public offense or a suspension of, or revocation of a license for any racing related infraction.

The division utilizes records and information from the ARCI, Thoroughbred Racing Protective Bureau (TRPB), United States Trotting Association (USTA), Standardbred Canada, and the KHRC licensing database. The division also communicates with security and enforcement divisions in other jurisdictions, federal, state, and local law enforcement and the court systems to gain information for criminal background checks and the suitability for licensure in Kentucky.

Alleged or actual criminal offenses are investigated, including human drug violations, assault on association grounds, burglary, theft, forgery and disorderly conduct. The division will provide assistance to law enforcement to complete criminal investigations. Investigations are also conducted regarding a vast array of other potential violations, such as hidden ownership, claims violations and pari-mutuel concerns. Barn and vehicle searches are conducted as necessary, as well as random visits to off track wagering facilities and training centers. The KHRC enforcement division works in cooperation with various agencies of law enforcement in multiple jurisdictions, including local police, county sheriffs, state authorities and federal organizations, along with racing investigators from other jurisdictions.

The KHRC enforcement division performs breathalyzer alcohol testing and drug screening of jockeys and various other racing officials on a random basis. Investigators perform drug testing on individuals at the order of the Stewards.

The collection of syringes and other potential evidence performed by the division is completed in accordance with police procedures and accurate chain of custody.

The division also responds to complaints received from the KHRC Integrity hotline, which is posted on the KHRC web site, as well as posters at all licensed facilities including the OTB's.

RACING SUPERVISION - STEWARDS and JUDGES

The stewards and judges exercise immediate supervision, control and regulation of live racing at each licensed race meeting on behalf of the Kentucky Horse Racing Commission. The powers of the stewards include: authority over all horses and all persons, licensed or unlicensed, on association grounds during each race meeting as to all matters relating to racing and the determination of all questions, disputes, protests, complaints or objections concerning racing which arise during a race meeting. In Standardbred racing, the judges are placing judges; they verify the order of finish in each race.

As a matter of course, Kentucky stewards review the films of each race from three different camera angles before the results are posted “official.” The chief state steward, associate steward and the presiding and associate judge are employees of the KHRC. The other steward and judges are employees of each racing association. For additional information regarding Thoroughbred, Standardbred and Quarter Horse stewards and judges rulings, go to: [http:// khrc.ky.gov/racing/rulings.htm](http://khrc.ky.gov/racing/rulings.htm).

DIVISION of LICENSING

Kentucky state law requires all persons wishing to participate at Kentucky racetracks and facilities under the jurisdiction of the KHRC to be licensed by the KHRC. The KHRC may issue a license if it finds that the financial responsibility, age, experience, reputation, competence, and general fitness of the applicant to perform the activity permitted by the license are consistent with the best interest of the honesty, integrity, and high quality of Kentucky racing. A license is valid for the calendar year in which it is issued (i.e. – all licenses expire on December 31) unless suspended or revoked under administrative regulations promulgated by the Commission.

The Licensing Division maintains a central office located at the Kentucky Horse Park in Lexington and is present on all association grounds prior to and during the opening of live race meetings in order to process license applications and collect fees.

For additional information regarding the licensing process related to participate in horse racing in Kentucky, see the Commission’s website at <http://khrc.ky.gov>. Also, applications for licensure may be downloaded from the KHRC web site at <http://khrc.ky.gov>.

TOTAL LICENSES ISSUED BY BREED

	Number Issued	Dollar Amount
Thoroughbred		
2010	19,699	\$1,372,680
2011	17,882	<u>\$1,270,085</u>
Difference	(1,817)	(\$ 102,595)
Standardbred		
2010	1,684	\$160,525
2011	1,572	<u>\$146,420</u>
Difference	(112)	(\$ 14,105)
Quarter Horse		
2010	151	\$5,100
2011	50	<u>\$1,740</u>
Difference	(101)	(\$2,450)

**Thoroughbred
Licenses Issued Comparison**

License Type	2010 Number of Licenses Issued	\$	2011 Number of Licenses Issued	\$
Association Employee	1,360	34,000	1,398	34,950
Assistant Trainer	298	44,700	267	40,050
Authorized Agent	92	2,300	104	2,600
Blacksmith	82	8,200	86	8,600
Claiming	3	450	1	150
Dental Technician	19	1,900	21	2,100
Equine Therapist	19	950	14	700
Exercise Rider	10	100	22	220
Farm Mgr/Agent	35	1,750	35	1,750
Jockey	207	31,050	207	31,050
Jockey Agent	58	8,700	56	8,400
Jockey Apprentice	17	1,700	20	2,000
Mutuel	728	36,400	665	33,250
Occupational	2,964	74,100	2,797	69,925
Occupational/Vendor Employee (Special)	224	2,240	345	3,450
Owner	5,097	764,550	4,771	715,650
Owner/trainer	1,114	167,100	1,063	159,450
Racing Official	167	16,700	123	12,300
SPECIAL MUTUEL	994	9,940	986	9,860
Stable Employee	4,855	48,550	3,868	38,680
Temporary Owner	322	48,300	263	39,450
Trainer	195	29,250	174	26,100
Vendor	74	3,700	64	3,200
Vendor Employee	604	15,100	408	10,200
Veterinarian	129	19,350	98	14,700
Veterinarian Assistant	32	1,600	26	1,300
Total	19,699	\$1,372,680	17,882	\$1,270,085

**Standardbred
Licenses Issued Comparison**

License Type	2010 Number of Licenses Issued	\$	2011 Number of Licenses Issued	\$
Amateur Driver	1	125	0	-
Association Employee	37	925	59	1,475
Authorized Agent	0	-	1	25
Blacksmith	1	100	1	100
Dental Technician	1	100	0	-
Driver	27	3,375	37	4,625
Driver / Trainer	50	6,250	25	3,125
Mutuel	25	1,250	40	2,000
Occupational	1	25	11	275
Owner	779	97,375	694	86,750
Owner / Driver	16	2,000	11	1,375
Owner / Trainer	118	14,750	114	14,250
Owner / Trainer / Driver	205	25,625	196	24,500
Racing Official	12	1,200	12	1,200
Stable Employee	360	1,800	324	1,620
Temporary Owner	1	125	0	-
Trainer	26	3,250	25	3,125
Vendor	1	50	1	50
Vendor Employee	3	75	4	100
Veterinarian	15	1,875	13	1,625
Veterinarian Asst	5	250	4	200
Total	1,684	\$160,525	1,572	\$146,420

**Quarter Horse
Licenses Issued Comparison**

License Type	2010 Number of Licenses Issued	\$	2011 Number of Licenses Issued	\$
Assistant Trainer	2	70	0	-
Jockey	14	490	2	70
Mutuel	1	20	0	-
Owner	34	1,190	10	350
Owner / Trainer	15	1,015	4	280
Racing Official	49	1,715	26	910
Stable Employee	22	110	5	25
Trainer	14	490	3	105
Total	151	\$5,100	50	\$1,740

Division of Incentives and Development

The Kentucky Breeders' Incentive Fund was established in 2005. Included in the plan were tax incentives to ensure the strength and growth of the various breeds of the horse industry. The Breeders' Incentive Funds are financed through the six percent sales taxes paid on stud fees, most of which is contributed based on the tax from Thoroughbred stud fees.

Kentucky Thoroughbred Breeders' Incentive Fund (KTBIF)

The Kentucky Thoroughbred Breeders' Incentive Fund is financed through eighty percent of the receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky, together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the Kentucky Thoroughbred Breeders' Incentive Fund is used to administer the fund and provide rewards for breeders of horses bred and foaled in Kentucky.

To qualify for the program, the mare must have been covered by a Kentucky stallion registered with the KTDF and the mare must remain in Kentucky from the time of cover until foaling. Foals born in 2006 and prior years were grandfathered into the KTBIF program if the foal was eligible for the KTDF.

In 2010, the intended breeder of record was required to register the unborn foal with the KHRC before Aug. 1 of the cover year, plus pay a filing fee of \$60 for each mare. Additionally, there were two late application periods, from August 2 of the cover year through December 31 of the weanling year the cost was \$750 and from January 1 to December 31 of the yearling year the cost was \$1,500.

2010			
Type of Nomination	Number of Nominations	Fee	Revenue
On or prior to Aug.1 of cover year	8,866	\$ 60	\$ 531,960
Aug. 2 of cover year - December 31 of weanling year	32	\$ 750	\$ 24,000
Jan. 1 - Dec. 31 of yearling year	2	\$ 1,500	\$ 3,000
TOTAL:	8,900		\$ 558,960

In 2011, 810 KAR 1:070 was amended to include a fourth application period. The amendments took effect on Friday, November 4, 2011.

The additional late application period reduced the rate from \$750 to \$150 for nominations after the deadline, but prior to January 1 of the weanling year.

This change provided Kentucky breeders the opportunity to nominate a Kentucky-bred mare purchased at a Kentucky sale the opportunity to participate at a significantly lower rate. For more information regarding the amendments to 810 KAR 1:070, please refer to *Kentucky Thoroughbred Breeders' Incentive Fund Advisory Committee*.

<u>2011</u>			
Type of Nomination	Number of Nominations	Fee	Revenue
On or prior to Aug. 1 of cover year	8322	\$ 60	\$ 499,320
Nov. 4, 2011 - December 31, 2011	160	\$ 150	\$ 24,000
Jan. 1 - Dec. 31 of weanling year	18	\$ 750	\$ 13,500
Jan. 1 - Dec. 31 of yearling year	0	\$ 1,500	\$ -
TOTAL:	8,500		\$ 536,820

The Thoroughbred Breeders' Incentive Fund paid awards to registered Kentucky-bred winners of horses racing in Kentucky in Maiden Special Weight (MSW), Allowance (ALW), Stakes Races and Grade I, II, and III, and in other states outside of Kentucky in MSW, ALW for two, three and four olds and Grade I, II and III races. Awards are also paid in Group I, II and III races in Canada, England, Ireland and France.

In 2010, Kentucky-bred horses won 3,151 races that qualified for incentives totaling \$10,000,000 to 1,401 Kentucky breeders for an average award per race of \$3,174 per race. In 2011, Kentucky-bred horses won 3,200 races that qualified for incentives totaling \$10,000,000 to 1,372 Kentucky breeders for an average award per race of \$3,125. For additional information regarding the Kentucky Thoroughbred Breeders' Incentive Fund, please visit: <http://khrc.ky.gov/Pages/KBIF.aspx>.

KTBF THOROUGHBRED STATISTICS		
	2010	2011
Total money awarded	\$10,000,000	\$10,000,000
Total awarded on races in Ky	\$4,468,282	\$4,486,565
Total awarded to races outside Ky	\$5,531,718	\$5,513,435
<i>Total races awarded</i>	3,151	3,200
<i>Average award per race</i>	\$3,174	\$3,125

STATISTICS RELATED TO ELIGIBLE RACES IN KENTUCKY		
	2010	2011
Total number of races paid in Ky	514	565
Average award for races won in Ky	\$8,693	\$7,940
Average award for a MSW, ALW, AOC in Ky	\$6,313	\$6,177
Ky Stakes races		
<i>Average award per race</i>	\$8,360	\$8,390
<i>Total number of races</i>	29	29
Ky Grade I races (excluding Oaks & Derby)		
<i>Award per race</i>	\$25,000	\$25,000
<i>Total number of races</i>	9	10
Ky Grade II & III races		
<i>Award per race</i>	\$23,692	\$17,925
<i>Total number of races</i>	35	42
Kentucky Derby	\$100,000	\$100,000
Kentucky Oaks	\$100,000	N/A
Ky Claiming Component	\$200,000	\$200,000

**STATISTICS RELATED TO ELIGIBLE RACES OUTSIDE
KENTUCKY BUT IN THE USA**

	2010	2011
Total number of races paid outside Ky, but in the USA	2,601	2,595
Average award for races won outside Ky, but in the USA	\$2,088	\$2,092
Non-Ky Gr. I races, U.S. only		
<i>Award per race</i>	\$5,000	\$5,000
<i>Total number of races</i>	50	45
Non-Ky Gr. II, III races, U.S. only		
<i>Award per race</i>	\$2,483	\$1,780
<i>Total number of races</i>	161	154

**STATISTICS RELATED TO ELIGIBLE RACES IN CANADA, ENGLAND,
FRANCE & IRELAND**

	2010	2011
International Gr. I (Can, Eng, Fr, Ire)		
<i>Award per race</i>	\$5,000	\$5,000
<i>Total number of races</i>	4	7
International Gr. II, III (Can, Eng, Fr, Ire)		
<i>Award per race</i>	\$2,483	\$1,780
<i>Total number of races</i>	32	33

Kentucky Standardbred Breeders' Incentive Fund (KSBIF)

The Kentucky Standardbred Breeders' Incentive Fund is financed through thirteen percent of all receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky, together with any other money contributed, appropriated, or allocated to the fund from all other sources. The money deposited in the Kentucky Standardbred Breeders' Incentive Fund is used to administer the fund and provide rewards for breeders or owners of Kentucky-bred Standardbred horses through the KSBIF.

In both 2010 and 2011, the premier event of Standardbred racing in Kentucky, the Kentucky Sire Stakes (KYSS) was conducted at The Red Mile showcasing the U.S. and Canada's top competitors. The KYSS distributes over \$2 million, contested over a total of eight races with purses of \$250,000 per division for two-and-three year-old pacers and trotters. For information regarding the Sire Stakes program, visit <http://khrc.ky.gov/Pages/KYSS.aspx>.

KENTUCKY SIRE STAKES LEADING MONEY WINNERS CALENDAR YEAR 2010:		
2 YEAR OLDS		
TWO YEAR OLD COLT PACER	BEACH BOY TIGER	\$ 152,550
TWO YEAR OLD FILLY PACER	JOE'S MISS DAISY	\$ 172,500
TWO YEAR OLD COLT TROTTER	AUDITION	\$ 165,000
TWO YEAR OLD FILLY TROTTER	SCREAMING AWESOME	\$ 165,000
3 YEAR OLDS		
THREE YEAR OLD COLT PACER	TOP GEAR	\$ 153,750
THREE YEAR OLD FILLY PACER	BESTOFBOTHWORLDS	\$ 165,000
THREE YEAR OLD COLT TROTTER	VICTOR'S FUTURE	\$ 161,250
THREE YEAR OLD FILLY TROTTER	NANNINA	\$ 172,500

**KENTUCKY SIRE STAKES LEADING MONEY WINNERS
CALENDAR YEAR 2011:**

2 YEAR OLDS

TWO YEAR OLD COLT PACER	BOLT THE DUER	\$ 147,500
TWO YEAR OLD FILLY PACER	TB BEACH GIRL	\$ 136,250
TWO YEAR OLD COLT TROTTER	PRAYER SESSION	\$ 130,550
TWO YEAR OLD FILLY TROTTER	NORTHERN MISS HALL	\$ 140,000

3 YEAR OLDS

THREE YEAR OLD COLT PACER	I'M FEELING GOOD	\$ 134,300
THREE YEAR OLD FILLY PACER	FEELS GOOD	\$ 147,500
THREE YEAR OLD COLT TROTTER	THE EVICTOR	\$ 147,500
THREE YEAR OLD FILLY TROTTER	ADAGIO	\$ 132,500

Kentucky Horse Breeders' Incentive Fund (KHBIF)

The non-race breed awards are funded under the Kentucky Horse Breeders' Incentive Fund, through seven percent of all receipts collected from the sales and use tax on the fees paid for breeding a stallion to a mare in Kentucky, together with any other money contributed, appropriated or allocated to the fund from all other sources. The money deposited in the KHBIF is used to administer the fund and provide rewards for owners and breeders of horses bred and foaled in Kentucky.

On the recommendation of the KHBIF advisory committee, period II covers calendar years 2009, 2010 & 2011. The Department of Revenue collected and transferred \$829,174 for the fiscal year 2010 and \$1,156,535 for the fiscal year 2011.

***The Mountain Horse Breeders Incentive Fund appealed it's denied application and requested a 13B Hearing pursuant to 811 KAR 2:120. The case is pending a ruling in Franklin Circuit Court.**

Kentucky Horse Breeder's Incentive Fund Allocations:

PERIOD II: 2010

Based on Allocation of \$829,174

	<u>Number</u>	<u>Breed</u>	<u>%</u>	<u>\$</u>
	4,602	Kentucky Appaloosa Owners Association, Inc.	3.39	28,079
	8,086	Kentucky Arabian & Half Arabian Breeders Alliance	5.95	49,337
	5,726	Kentucky Miniature Horse Breeders Club	4.21	34,937
	1,225	Kentucky Morgan Horse Association	0.90	7,474
	10,318	Kentucky Paint Horse Club	7.59	62,955
	1,487	Kentucky Paso Fino Horse Association	1.09	9,073
	36,616	Kentucky Quarter Horse Association	26.94	223,412
	7,484	Rocky Mountain Horse Association	5.51	45,664
	10,925	Kentucky Saddlebred Owners and Breeders Association	8.04	66,659
	1,505	South Central Hackney Association	1.11	9,183
	34,923	Kentucky Walking Horse Breeders Incentive Fund	25.70	213,082
<i>*estimate</i>	<i>13,000</i>	Mountain Horse Breeders Incentive Fund	9.57	79,319
TOTAL:	135,897		100%	\$829,174

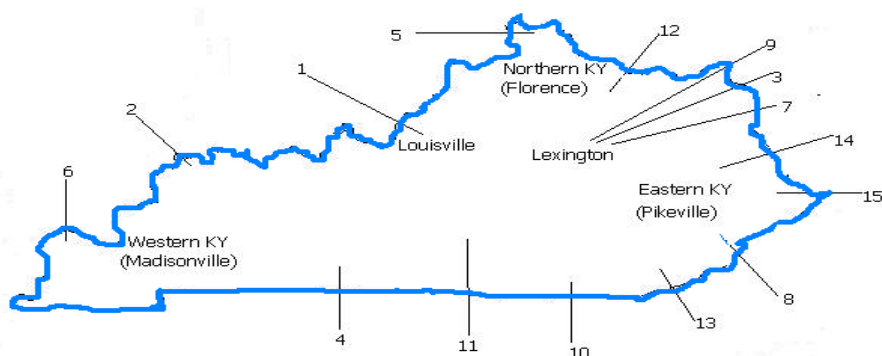
PERIOD II: 2011

Based on Allocation of \$815,824

	<u>Number</u>	<u>Breed</u>	<u>%</u>	<u>\$</u>
	4,602	Kentucky Appaloosa Owners Association, Inc.	3.39	27,627
	8,086	Kentucky Arabian & Half Arabian Breeders Alliance	5.95	48,542
	5,726	Kentucky Miniature Horse Breeders Club	4.21	34,375
	1,225	Kentucky Morgan Horse Association	0.90	7,354
	10,318	Kentucky Paint Horse Club	7.59	61,942
	1,487	Kentucky Paso Fino Horse Association	1.09	8,927
	36,616	Kentucky Quarter Horse Association	26.94	219,815
	7,484	Rocky Mountain Horse Association	5.51	44,928
	10,925	Kentucky Saddlebred Owners and Breeders Association	8.04	65,586
	1,505	South Central Hackney Association	1.11	9,035
	34,923	Kentucky Walking Horse Breeders Incentive Fund	25.70	209,652
<i>*estimate</i>	<i>13,000</i>	Mountain Horse Breeders Incentive Fund	9.57	78,042
TOTAL:	135,897		100%	\$815,824

KENTUCKY LICENSED ASSOCIATIONS

Kentucky Licensed Racing and Simulcast Facilities



- 1) Churchill Downs (TB)
700 Central Ave
Louisville, KY 40208
(502) 636-4400
www.churchilldowns.com
- 2) Ellis Park (TB)
3300 US Highway 41 North
Henderson, KY 42420
(800) 333-8110
www.ellisparkracing.com
- 3) Keeneland Association (TB)
4201 Versailles Rd.
Lexington, KY 40588
(859) 254-3412
- 4) Kentucky Downs (TB)
5629 Nashville Rd.
Franklin, KY 42134
(270) 586-7778
www.kentuckydowns.com
- 5) Turfway Park (TB)
7500 Turfway Rd.
Florence, KY 41042
(859) 371-0200
www.turfway.com
- 6) Players Bluegrass Downs (SB)
150 Downs Dr.
Paducah, KY 42002
(270) 444-7117
- 7) The Red Mile (SB)
1200 Red Mile Rd.
Lexington, KY 40504
(859) 255-0752
www.theredmile.com
- 8) Thunder Ridge
164 Thunder Road
Prestonsburg, KY 41653
(606) 886-7723
- 9) Kentucky Off-Track Betting LLC
The Thoroughbred Center
3380 Paris Pike
Lexington, KY 40511
(859) 293-6084
- 10) Corbin OTB
57 Summit Drive
Corbin, KY 40701
(606) 523-2808
- 11) Jamestown OTB
628 North Main St.
Jamestown, KY 42629
(270) 343-3939
- 12) Maysville OTB
24 East 2nd St.
Maysville, KY 41056
(606) 564-8030
- 13) Pineville OTB until 5/14/10
Route 7, US 60 East
Pineville, KY 40977
(606) 337-7473
- 14) Hazard U-Bet Simulcasting
100 Veterans Drive
Hazard, KY 41701
(606) 487-9050
- 15) Pikeville Simulcasting until 6/30/10
220 South Mayo Trail
Pikeville, KY 41501
(606) 437-7600

2010-2011 Comparative Thoroughbred Statistics

TRACK	Race days		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Churchill Downs	63	*59	(4)	-6.35%
Ellis Park	27	31	4	14.81%
Keeneland	32	32	0	0.00%
Kentucky Downs	4	4	0	0.00%
Turfway Park	74	**83	9	12.16%
TOTAL	200	209	9	4.50%

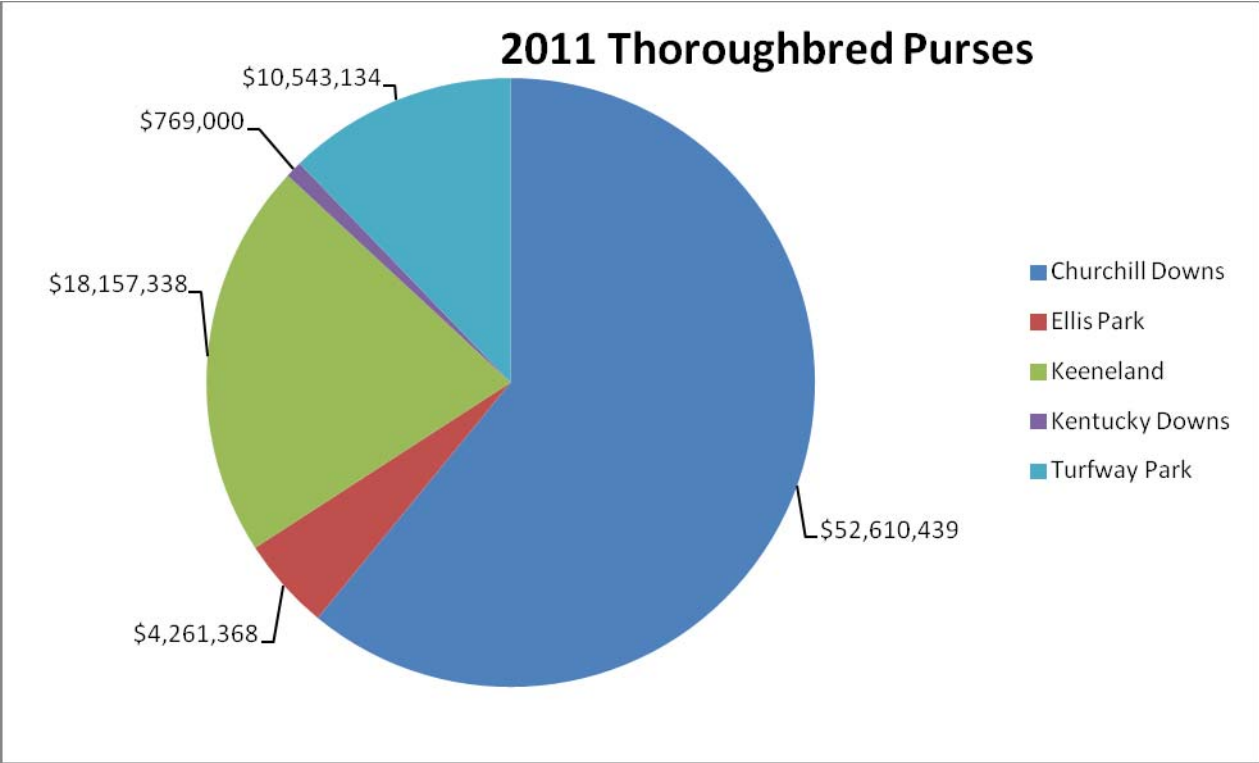
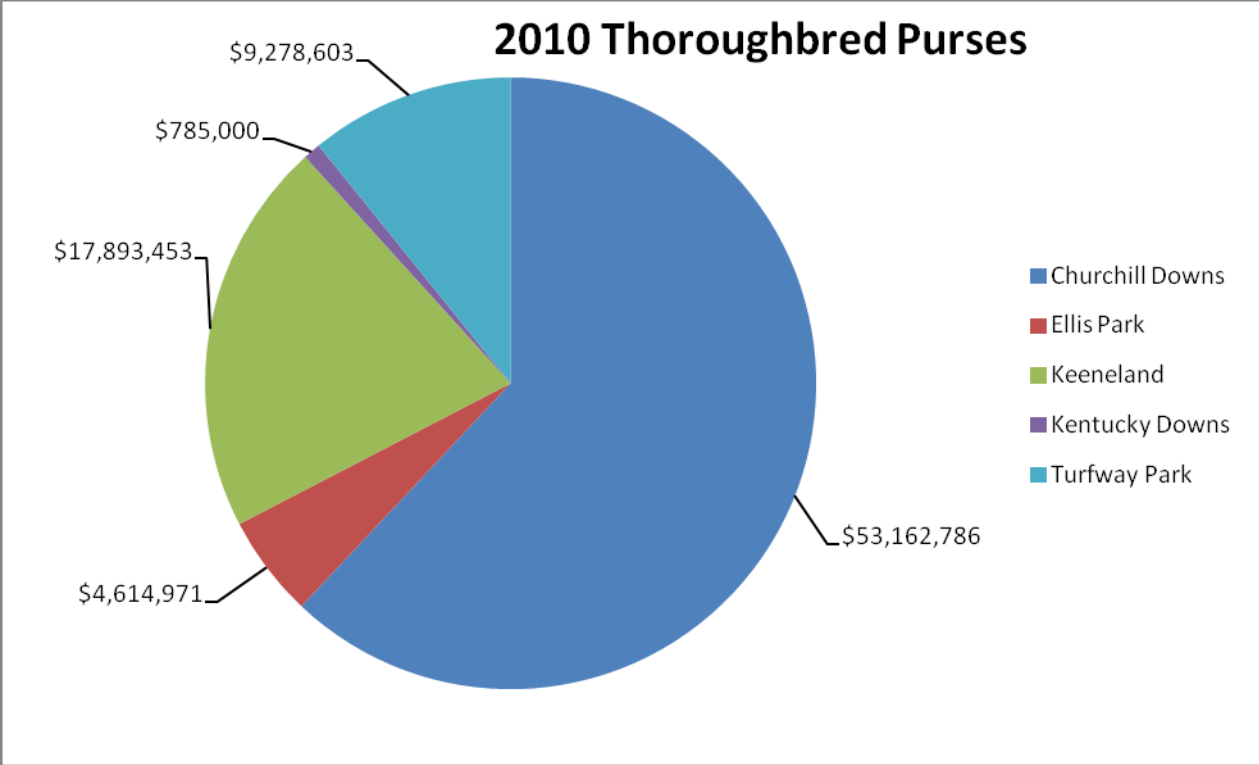
TRACK	Purses		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Churchill Downs	\$53,162,786	\$52,610,438	(\$552,348)	-1.04%
Ellis Park	\$4,614,971	\$4,261,368	(\$353,603)	-7.66%
Keeneland	\$17,893,453	\$18,157,339	\$263,886	1.47%
Kentucky Downs	\$785,000	\$769,000	(\$16,000)	-2.04%
Turfway Park	\$9,278,603	\$10,543,134	\$1,264,531	13.63%
TOTAL	\$85,734,813	\$86,341,279	\$606,466	0.71%

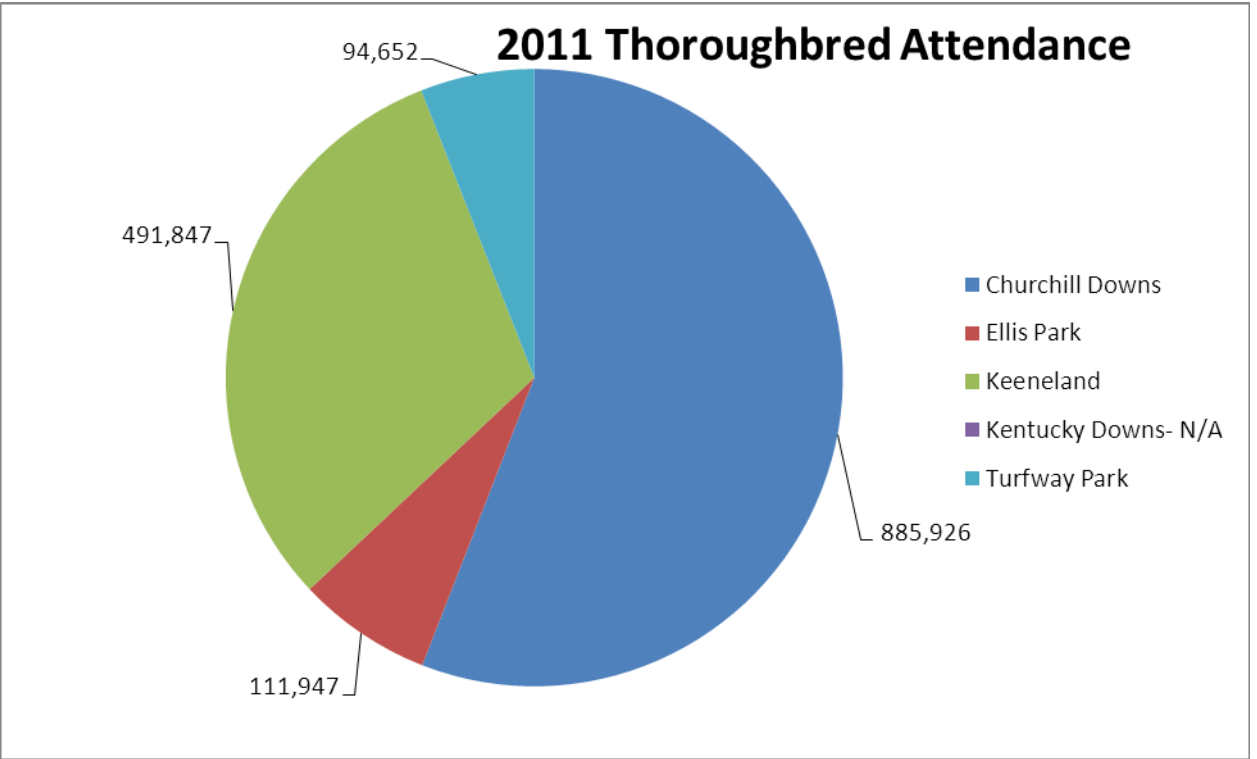
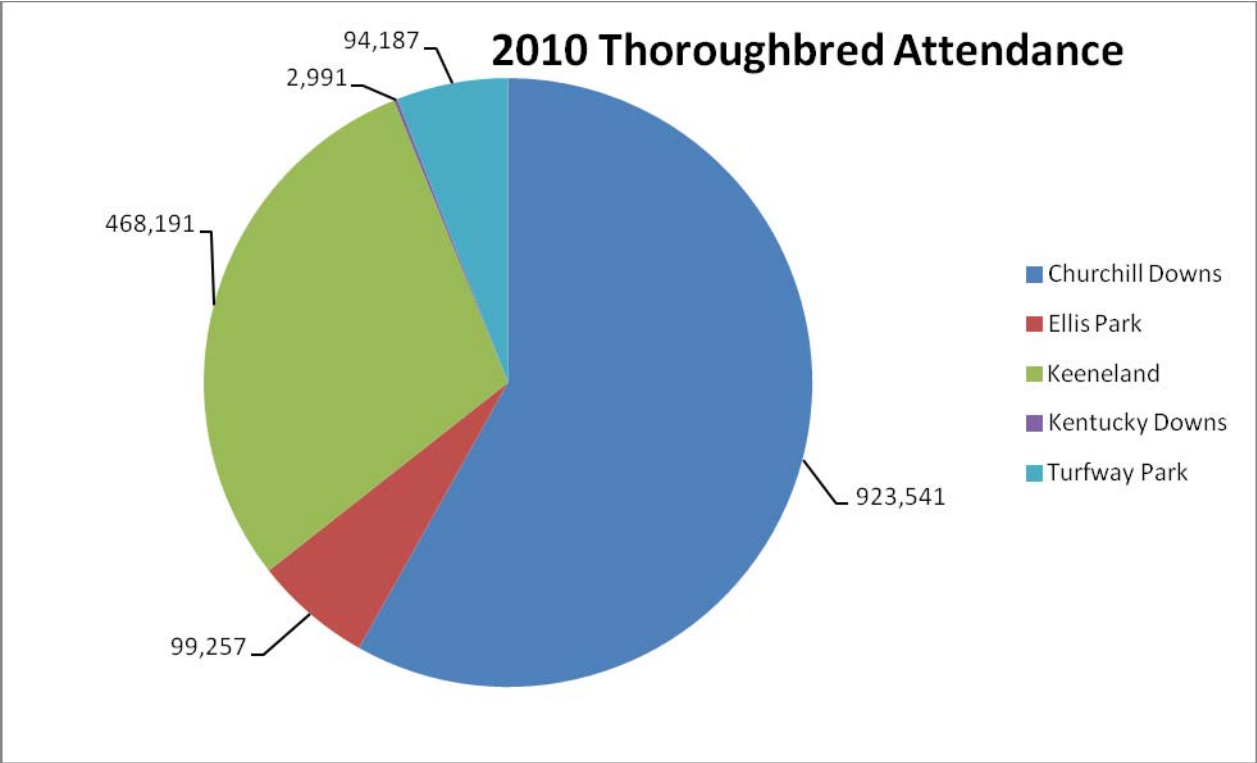
TRACK	Attendance		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Churchill Downs	923,541	885,926	(37,615)	-4.07%
Ellis Park	99,257	111,947	12,690	12.78%
Keeneland	468,191	491,847	23,656	5.05%
Kentucky Downs***	2,991			
Turfway Park	94,187	94,652	465	0.49%
TOTAL	1,588,167	1,584,372	(804)	-0.05%

*Churchill Downs was scheduled for 60 Race days; however they canceled one day and did not make it up

**Turfway Park was scheduled for 82 race days; however they made up one extra canceled day

***Kentucky Downs did not furnish 2011 attendance figure.



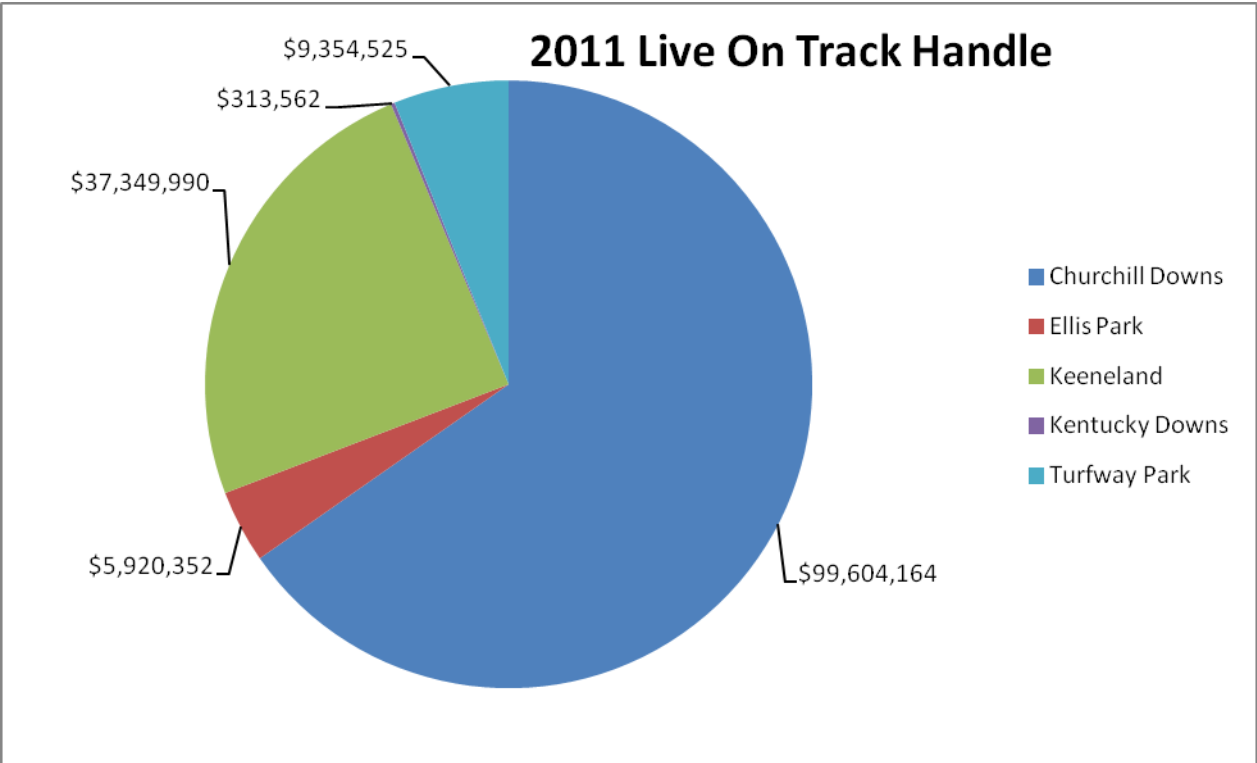
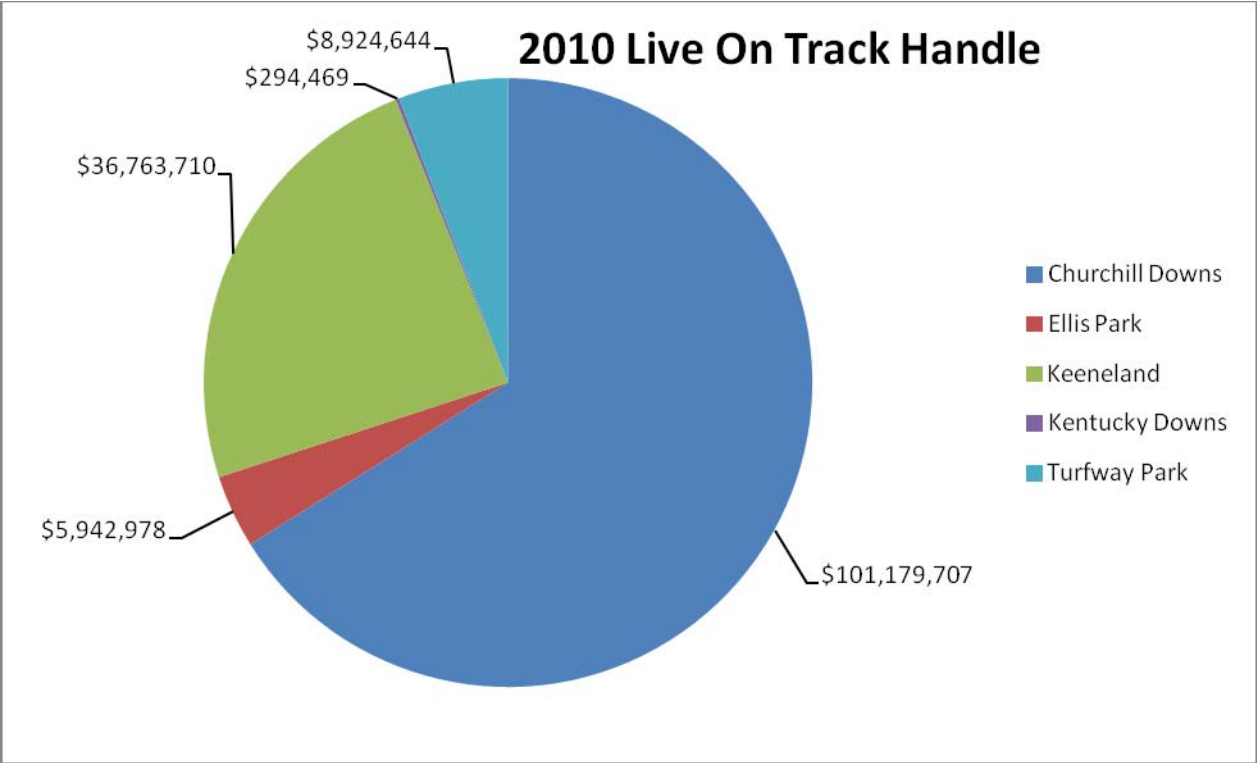


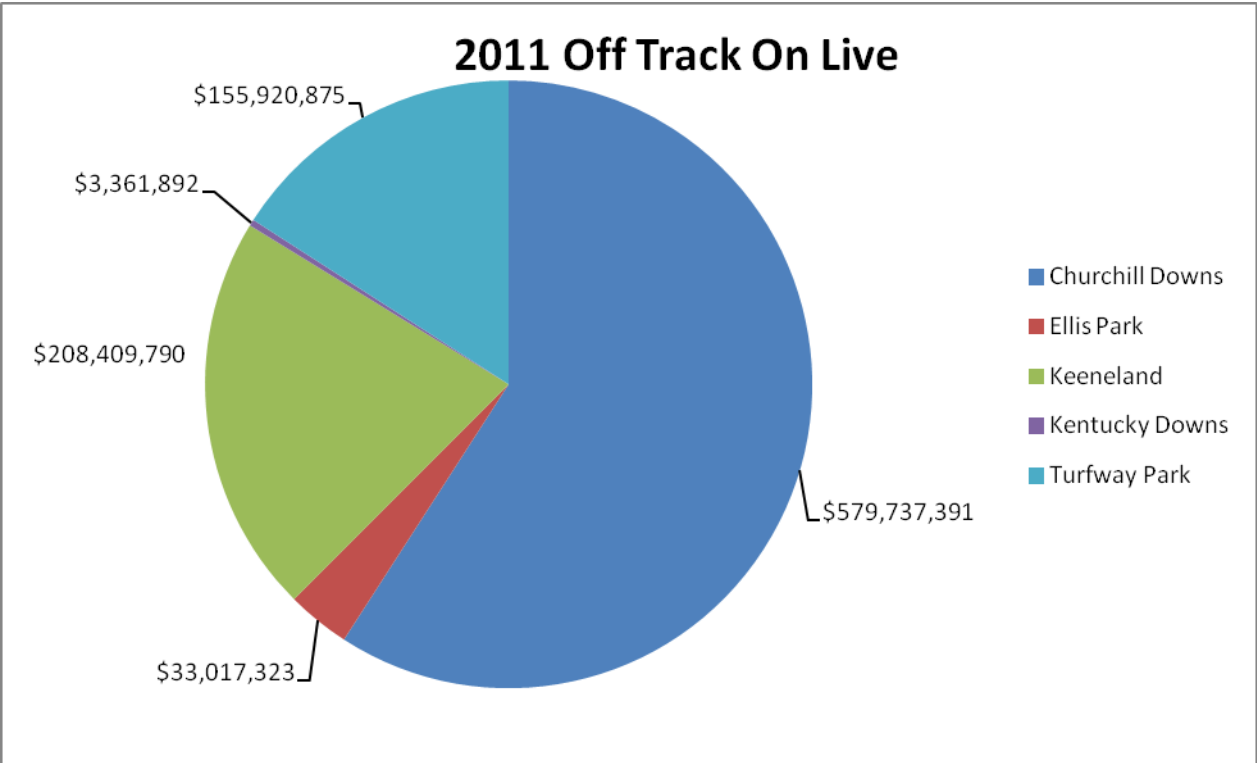
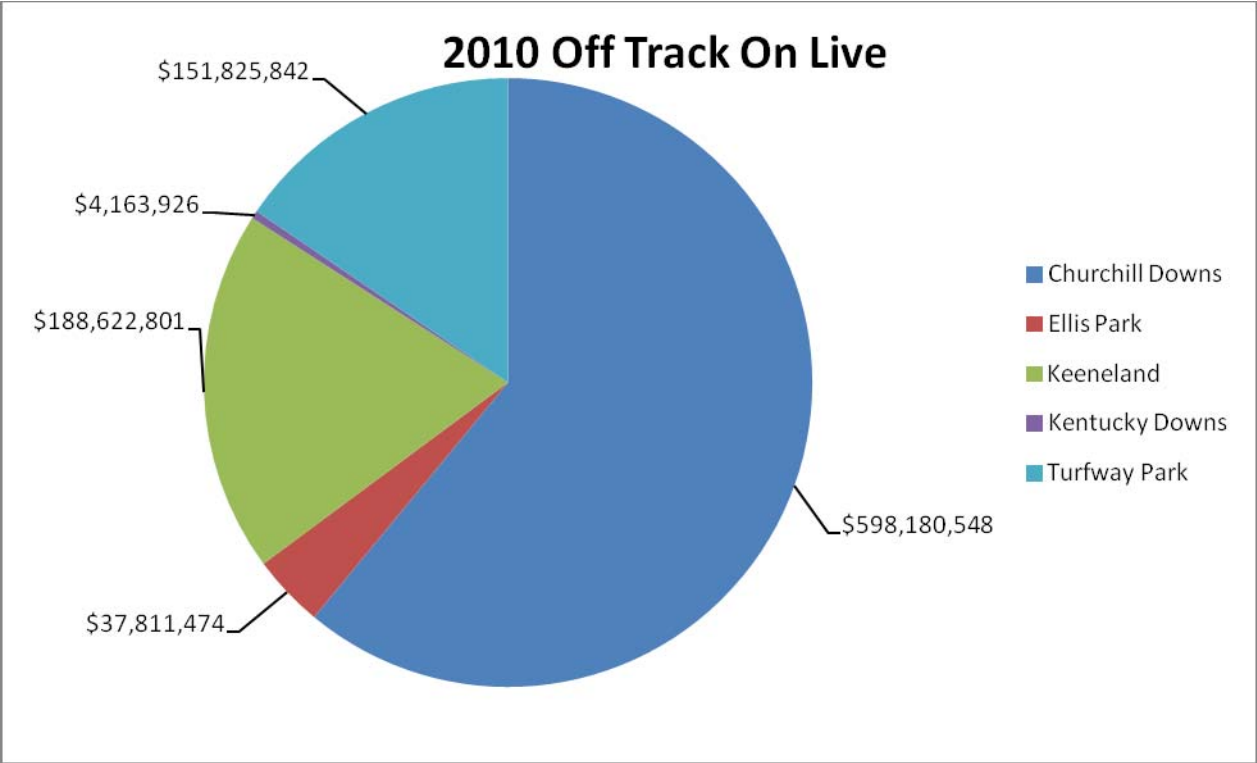
2010-2011 Comparative Thoroughbred Statistics

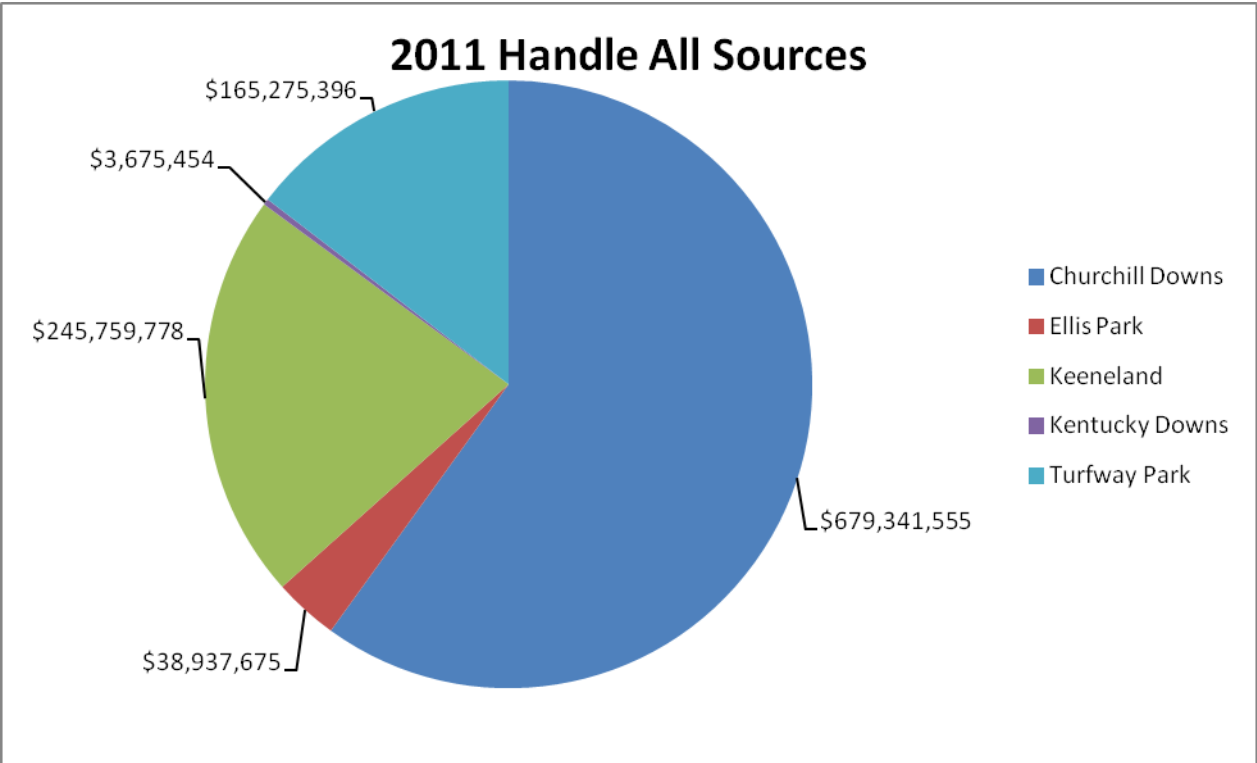
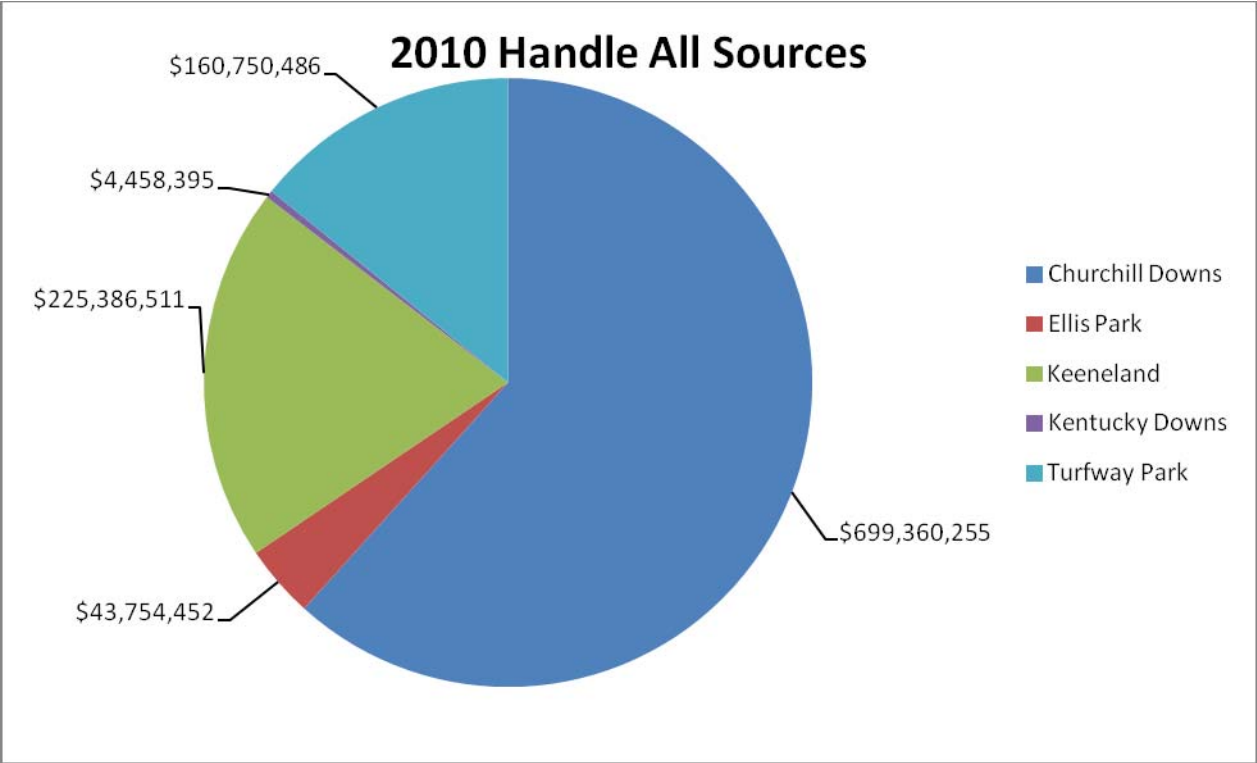
TRACK	Live, On-Track Handle		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Churchill Downs	\$101,179,707	\$99,604,164	(\$1,575,543)	-1.56%
Ellis Park	\$5,942,978	\$5,920,352	(\$22,626)	-0.38%
Keeneland	\$36,763,710	\$37,349,988	\$586,278	1.59%
Kentucky Downs	\$294,469	\$313,562	\$19,093	6.48%
Turfway Park	\$8,924,644	\$9,354,523	\$429,879	4.82%
TOTAL	\$153,105,508	\$152,542,589	(\$562,919)	-0.37%

TRACK	Off-Track Handle on Live		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Churchill Downs	\$598,180,548	\$579,737,391	(\$18,443,157)	-3.08%
Ellis Park	\$37,811,474	\$33,017,323	(\$4,794,151)	-12.68%
Keeneland	\$188,622,801	\$208,409,790	\$19,786,989	10.49%
Kentucky Downs	\$4,163,926	\$3,361,892	(\$802,034)	-19.26%
Turfway Park	\$151,825,842	\$155,920,876	\$4,095,034	2.70%
TOTAL	\$980,604,591	\$980,447,272	(\$157,319)	-0.02%

TRACK	Total All Sources Handle on Live		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Churchill Downs	\$699,360,255	\$679,341,555	(\$20,018,700)	-2.86%
Ellis Park	\$43,754,452	\$38,937,675	(\$4,816,777)	-11.01%
Keeneland	\$225,386,511	\$245,759,778	\$20,373,267	9.04%
Kentucky Downs	\$4,458,395	\$3,675,454	(\$782,941)	-17.56%
Turfway Park	\$160,750,486	\$165,275,399	\$4,524,913	2.81%
TOTAL	\$1,133,710,099	\$1,132,989,861	(\$720,238)	-0.06%







Churchill Downs, Inc.

Contact Information:

Robert Evans, President & Chief Operating Officer

700 Central Avenue

Louisville, Kentucky 40208

(502) 636-4400

For additional information regarding Churchill Downs, go to:

<http://www.churchilldowns.com>

2010 Takeout Rates:

Win, Place, Show: 16%

Exotics: 19%

2011 Takeout Rates:

Win, Place, Show: 16%

Exotics: 19%

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Churchill 2010	\$26,083,365		\$1,804,424	\$23,266,500	\$2,008,496		\$53,162,785
Churchill 2011	\$25,794,096		\$1,531,593	\$23,179,500	\$2,105,250		\$52,610,439
Difference	(\$289,269)		(\$272,831)	(\$87,000)	\$96,754		(\$552,346)
Percentage	-1.11%		-15.12%	-0.37%	4.82%		-1.04%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75% of money wagered on live races at a thoroughbred track on live races and 2% from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Churchill Downs

On-track wagering on live product

Wagering data provided by the licensed association & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$17,460,790	\$17,206,335	(\$254,455)	-1.46%
Place	\$7,339,319	\$7,213,302	(\$126,017)	-1.72%
Show	<u>\$6,324,913</u>	<u>\$6,564,113</u>	\$239,200	3.78%
Total Win, Place and Show wagers	<u><u>\$31,125,022</u></u>	<u><u>\$30,983,750</u></u>	(\$141,272)	-0.45%
Double	\$1,549,101	\$1,522,116	(\$26,985)	-1.74%
Exacta	\$14,821,720	\$14,308,192	(\$513,528)	-3.46%
Trifecta	\$10,591,373	\$10,349,515	(\$241,858)	-2.28%
Superfecta	\$3,616,565	\$3,888,976	\$272,411	7.53%
Pick 3	\$2,002,689	\$1,811,428	(\$191,261)	-9.55%
Pick 4	\$1,229,247	\$1,272,985	\$43,738	3.56%
Pick 5	\$0	\$315,860	\$315,860	
Pick 6	\$592,400	\$301,186	(\$291,214)	-49.16%
Super Hi-Five	<u>\$164,013</u>	<u>\$130,511</u>	(\$33,502)	-20.43%
Total Exotic wagers	<u><u>\$34,567,108</u></u>	<u><u>\$33,900,769</u></u>	(\$666,339)	-1.93%
	2010 Fall Meet	2011 Fall Meet		
Win	\$8,217,647	\$7,945,432	(\$272,215)	-3.31%
Place	\$3,399,610	\$3,452,662	\$53,052	1.56%
Show	<u>\$2,819,895</u>	<u>\$2,844,171</u>	\$24,276	0.86%
Total Win, Place and Show wagers	<u><u>\$14,437,152</u></u>	<u><u>\$14,242,265</u></u>	(\$194,887)	-1.35%
Double	\$1,035,822	\$1,001,062	(\$34,760)	-3.36%
Exacta	\$8,095,026	\$8,054,740	(\$40,286)	-0.50%
Trifecta	\$5,766,593	\$5,549,711	(\$216,882)	-3.76%
Superfecta	\$2,515,961	\$2,384,369	(\$131,592)	-5.23%
Pick 3	\$1,606,003	\$1,474,084	(\$131,919)	-8.21%
Pick 4	\$1,204,125	\$1,146,900	(\$57,225)	-4.75%
Pick 5	\$0	\$243,634	\$243,634	

Pick 6	\$743,340	\$539,226	(\$204,114)	-27.46%
Super Hi-Five	<u>\$83,557</u>	<u>\$83,656</u>	\$99	0.12%
Total Exotic wagers	<u><u>\$21,050,427</u></u>	<u><u>\$20,477,382</u></u>	<u><u>(\$573,045)</u></u>	<u><u>-2.72%</u></u>
	2010 TOTAL	2011 TOTAL		
Win	\$25,678,437	\$25,151,767	(\$526,670)	-2.05%
Place	\$10,738,929	\$10,665,964	(\$72,965)	-0.68%
Show	<u>\$9,144,808</u>	<u>\$9,408,284</u>	\$263,476	2.88%
Total Win, Place and Show wagers	<u><u>\$45,562,174</u></u>	<u><u>\$45,226,015</u></u>	<u><u>(\$336,159)</u></u>	<u><u>-0.74%</u></u>
Double	\$2,584,923	\$2,523,178	(\$61,745)	-2.39%
Exacta	\$22,916,746	\$22,362,932	(\$553,814)	-2.42%
Trifecta	\$16,357,966	\$15,899,226	(\$458,740)	-2.80%
Superfecta	\$6,132,526	\$6,273,345	\$140,819	2.30%
Pick 3	\$3,608,692	\$3,285,512	(\$323,180)	-8.96%
Pick 4	\$2,433,372	\$2,419,885	(\$13,487)	-0.55%
Pick 5	\$0	\$559,494	\$559,494	
Pick 6	\$1,335,740	\$840,412	(\$495,328)	-37.08%
Super Hi-Five	<u>\$247,570</u>	<u>\$214,167</u>	<u>(\$33,403)</u>	<u>-13.49%</u>
Total Exotic wagers	<u><u>\$55,617,535</u></u>	<u><u>\$54,378,151</u></u>	<u><u>(\$1,239,384)</u></u>	<u><u>-2.23%</u></u>
Total Wagers	\$101,179,709	\$99,604,166	(\$1,575,543)	-1.56%

Churchill Downs

Total All Sources wagering on live product

Wagering data provided by the licensed association & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$97,207,123	\$93,121,878	(\$4,085,245)	-4.20%
Place	\$33,829,130	\$32,779,331	(\$1,049,799)	-3.10%
Show	<u>\$23,161,939</u>	<u>\$22,787,045</u>	(\$374,894)	-1.62%
Total Win, Place and Show wagers	<u><u>\$154,198,192</u></u>	<u><u>\$148,688,254</u></u>	(\$5,509,938)	-3.57%
Double	\$13,268,337	\$13,754,423	\$486,086	3.66%
Exacta	\$97,617,411	\$95,052,923	(\$2,564,488)	-2.63%
Trifecta	\$83,070,685	\$79,022,640	(\$4,048,045)	-4.87%
Superfecta	\$32,149,262	\$34,494,143	\$2,344,881	7.29%
Pick 3	\$16,832,246	\$16,161,758	(\$670,488)	-3.98%
Pick 4	\$12,944,645	\$13,444,416	\$499,771	3.86%
Pick 5		\$3,335,500	\$3,335,500	
Pick 6	\$6,111,307	\$3,509,369	(\$2,601,938)	-42.58%
Super Hi-Five	<u>\$1,706,858</u>	<u>\$1,481,609</u>	(\$225,249)	-13.20%
Total Exotic wagers	<u><u>\$263,700,751</u></u>	<u><u>\$260,256,781</u></u>	(\$3,443,970)	-1.31%
	2010 Fall Meet	2011 Fall Meet		
Win	\$56,844,604	\$56,449,228	(\$395,376)	-0.70%
Place	\$19,571,842	\$19,293,028	(\$278,814)	-1.42%
Show	<u>\$13,855,589</u>	<u>\$12,659,770</u>	(\$1,195,819)	-8.63%
Total Win, Place and Show wagers	<u><u>\$90,272,035</u></u>	<u><u>\$88,402,026</u></u>	(\$1,870,009)	-2.07%
Double	\$10,662,583	\$10,700,995	\$38,412	0.36%
Exacta	\$67,538,412	\$64,424,246	(\$3,114,166)	-4.61%
Trifecta	\$51,425,288	\$46,265,017	(\$5,160,271)	-10.03%
Superfecta	\$26,372,238	\$24,527,992	(\$1,844,246)	-6.99%
Pick 3	\$14,545,629	\$15,032,939	\$487,310	3.35%
Pick 4	\$12,655,481	\$12,802,263	\$146,782	1.16%
Pick 5	\$0	\$2,215,943	\$2,215,943	

Pick 6	\$7,164,474	\$5,368,230	(\$1,796,244)	-25.07%
Super Hi-Five	<u>\$825,172</u>	<u>\$656,869</u>	(\$168,303)	-20.40%
Total Exotic wagers	<u><u>\$191,189,277</u></u>	<u><u>\$181,994,494</u></u>	(\$9,194,783)	-4.81%
	2010 TOTAL	2011 TOTAL		
Win	\$154,051,727	\$149,571,106	(\$4,480,621)	-2.91%
Place	\$53,400,972	\$52,072,359	(\$1,328,613)	-2.49%
Show	\$37,017,528	\$35,446,815	(\$1,570,713)	-4.24%
Total Win, Place and Show wagers	<u><u>\$244,470,227</u></u>	<u><u>\$237,090,280</u></u>	(\$7,379,947)	-3.02%
Double	\$23,930,920	\$24,455,418	\$524,498	2.19%
Exacta	\$165,155,823	\$159,477,169	(\$5,678,654)	-3.44%
Trifecta	\$134,495,973	\$125,287,657	(\$9,208,316)	-6.85%
Superfecta	\$58,521,500	\$59,022,135	\$500,635	0.86%
Pick 3	\$31,377,875	\$31,194,697	(\$183,178)	-0.58%
Pick 4	\$25,600,126	\$26,246,679	\$646,553	2.53%
Pick 5	\$0	\$5,551,443		
Pick 6	\$13,275,781	\$8,877,599	(\$4,398,182)	-33.13%
Super Hi-Five	\$2,532,030	\$2,138,478	(\$393,552)	-15.54%
Total Exotic wagers	<u><u>\$454,890,028</u></u>	<u><u>\$442,251,275</u></u>	(\$12,638,753)	-2.78%
Total Wagers	\$699,360,255	\$679,341,555	(\$20,018,700)	-2.86%

Ellis Park

Contact Information

Ron Geary, Owner & President

330 U.S. Highway 41

North Henderson, KY 42420

(812) 425-1456 FAX (812) 425-0353

For Additional information regarding Ellis Park, go to:

www.ellisparkracing.com

2010 Takeout Rates:

Win, Place, Show: 17.5%

Exotics: 22.0%

2011 Takeout Rates:

Win, Place, Show: 17.5%

Exotics: 22.0%

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Ellis Park 2010	\$3,709,515		\$845,481	\$25,000	\$34,975		\$4,614,971
Ellis Park 2011	\$3,187,595		\$1,043,323	\$0	\$30,450		\$4,261,368
Difference	(\$521,920)		\$197,842	(\$25,000)	(\$4,525)		(\$353,603)
Percentage	-14.07%		23.40%	-100.00%	-12.94%		-7.66%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75% of money wagered on live races at a thoroughbred track on live races and 2% from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Ellis Park

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Summer Meet	2011 Summer Meet	Difference	Percentage
Win	\$1,614,972	\$1,684,805	\$69,833	4.32%
Place	\$758,722	\$745,599	(\$13,123)	-1.73%
Show	<u>\$621,990</u>	<u>\$595,808</u>	(\$26,182)	-4.21%
Total Win, Place and Show wagers	<u><u>\$2,995,684</u></u>	<u><u>\$3,026,212</u></u>	\$30,528	1.02%
Double	\$164,945	\$174,445	\$9,500	5.76%
Exacta	\$1,167,993	\$1,169,872	\$1,879	0.16%
Trifecta	\$949,789	\$951,245	\$1,456	0.15%
Superfecta	\$381,868	\$329,884	(\$51,984)	-13.61%
Pick 3	\$193,818	\$169,616	(\$24,202)	-12.49%
Pick 4	\$74,749	\$72,956	(\$1,793)	-2.40%
Pick 5	\$0	\$14,257	\$14,257	
Pick 6	\$6,060	\$4,784	(\$1,276)	-21.06%
Super Hi-Five	<u>\$8,072</u>	<u>\$7,081</u>	(\$991)	-12.28%
Total Exotic wagers	<u><u>\$2,947,294</u></u>	<u><u>\$2,894,140</u></u>	(\$53,154)	-1.80%
Total Wagers	\$5,942,978	\$5,920,352	(\$22,626)	-0.38%

Ellis Park

Total All Sources wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Summer Meet	2011 Summer Meet	Difference	Percentage
Win	\$10,202,432	\$9,392,724	(\$809,708)	-7.94%
Place	\$4,858,355	\$3,940,425	(\$917,930)	-18.89%
Show	<u>\$2,534,144</u>	<u>\$2,003,488</u>	(\$530,656)	-20.94%
Total Win, Place and Show wagers	<u><u>\$17,594,931</u></u>	<u><u>\$15,336,637</u></u>	(\$2,258,294)	-12.83%
Double	\$2,311,116	\$2,165,227	(\$145,889)	-6.31%
Exacta	\$8,862,294	\$8,226,194	(\$636,100)	-7.18%
Trifecta	\$7,582,724	\$7,138,633	(\$444,091)	-5.86%
Superfecta	\$2,735,656	\$2,384,631	(\$351,025)	-12.83%
Pick 3	\$2,932,044	\$2,926,795	(\$5,249)	-0.18%
Pick 4	\$1,162,586	\$460,470	(\$702,116)	-60.39%
Pick 5	\$0	\$93,626	\$93,626	
Pick 6	\$337,989	\$158,537	(\$179,452)	-53.09%
Super Hi-Five	<u>\$235,112</u>	<u>\$46,925</u>	(\$188,187)	-80.04%
Total Exotic wagers	<u><u>\$26,159,521</u></u>	<u><u>\$23,601,038</u></u>	(\$2,558,483)	-9.78%
Total Wagers	\$43,754,452	\$38,937,675	(\$4,816,777)	-11.01%

Keeneland

Contact Information:

Nick Nicholson, President & CEO

4201 Versailles Road

Lexington, KY 40510

(859) 254-3412

For additional information regarding Keeneland, go to:

<http://www.keeneland.com>

2010 Takeout Rates:

Win, Place, Show: 16%

Exotics: 19%

2011 Takeout Rates:

Win, Place, Show: 16%

Exotics: 19%

PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Keeneland 2010	\$16,206,354		\$762,149	\$98,000	\$826,950		\$17,893,453
Keeneland 2011	\$16,313,185		\$850,728		\$993,425		\$18,157,338
Difference	\$106,831		\$88,579	(\$98,000)	\$166,475		\$263,885
Percentage	0.66%		11.62%	-100.00%	20.13%		1.47%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75% of money wagered on live races at a thoroughbred track on live races and 2% from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Keeneland

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$4,414,690	\$4,390,480	(\$24,210)	-0.55%
Place	\$2,100,415	\$2,089,656	(\$10,759)	-0.51%
Show	<u>\$1,937,639</u>	<u>\$1,970,801</u>	\$33,162	1.71%
Total Win, Place and Show wagers	<u><u>\$8,452,744</u></u>	<u><u>\$8,450,937</u></u>	(\$1,807)	-0.02%
Double	\$426,034	\$443,075	\$17,041	4.00%
Exacta	\$3,911,814	\$3,931,629	\$19,815	0.51%
Trifecta	\$2,765,871	\$2,814,671	\$48,800	1.76%
Superfecta	\$1,144,402	\$1,408,982	\$264,580	23.12%
Pick 3	\$610,346	\$645,175	\$34,829	5.71%
Pick 4	\$495,858	\$515,496	\$19,638	3.96%
Pick 6	\$56,482	\$209,306	\$152,824	270.57%
Super Hi-Five	<u>\$42,808</u>	<u>\$54,429</u>	\$11,621	27.15%
Total Exotic wagers	<u><u>\$9,453,615</u></u>	<u><u>\$10,022,763</u></u>	\$569,148	6.02%
	2010 Fall Meet	2011 Fall Meet		
Win	\$4,382,104	\$4,392,475	\$10,371	0.24%
Place	\$2,223,027	\$2,192,807	(\$30,220)	-1.36%
Show	<u>\$2,116,772</u>	<u>\$2,195,717</u>	\$78,945	3.73%
Total Win, Place and Show wagers	<u><u>\$8,721,903</u></u>	<u><u>\$8,780,999</u></u>	\$59,096	0.68%
Double	\$408,713	\$421,923	\$13,210	3.23%
Exacta	\$4,032,146	\$4,039,637	\$7,491	0.19%
Trifecta	\$2,960,057	\$2,799,621	(\$160,436)	-5.42%
Superfecta	\$1,527,974	\$1,567,030	\$39,056	2.56%
Pick 3	\$654,446	\$594,358	(\$60,088)	-9.18%
Pick 4	\$466,095	\$445,114	(\$20,981)	-4.50%
Pick 6	\$41,178	\$167,309	\$126,131	306.31%

Super Hi-Five	<u>\$44,839</u>	<u>\$60,299</u>	\$15,460	34.48%
Total Exotic wagers	<u><u>\$10,135,448</u></u>	<u><u>\$10,095,291</u></u>	(\$40,157)	-0.40%
	2010 TOTAL	2011 TOTAL		
Win	\$8,796,794	\$8,782,955	(\$13,839)	-0.16%
Place	\$4,323,442	\$4,282,463	(\$40,979)	-0.95%
Show	\$4,054,411	\$4,166,518	\$112,107	2.77%
Total Win, Place and Show wagers	<u><u>\$17,174,647</u></u>	<u><u>\$17,231,936</u></u>	\$57,289	0.33%
Double	\$834,747	\$864,998	\$30,251	3.62%
Exacta	\$7,943,960	\$7,971,266	\$27,306	0.34%
Trifecta	\$5,725,928	\$5,614,292	(\$111,636)	-1.95%
Superfecta	\$2,672,376	\$2,976,012	\$303,636	11.36%
Pick 3	\$1,264,792	\$1,239,533	(\$25,259)	-2.00%
Pick 4	\$961,953	\$960,610	(\$1,343)	-0.14%
Pick 6	\$97,660	\$376,615	\$278,955	285.64%
Super Hi-Five	<u>\$87,647</u>	<u>\$114,728</u>	\$27,081	30.90%
Total Exotic wagers	<u><u>\$19,589,063</u></u>	<u><u>\$20,118,054</u></u>	\$528,991	2.70%
Total Wagers	\$36,763,710	\$37,349,990	\$586,280	1.59%

Keeneland

Total All Sources on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$25,108,934	\$26,033,767	\$924,833	3.68%
Place	\$8,978,648	\$9,668,981	\$690,333	7.69%
Show	<u>\$5,702,078</u>	<u>\$5,719,961</u>	\$17,883	0.31%
Total Win, Place and Show wagers	<u><u>\$39,789,660</u></u>	<u><u>\$41,422,709</u></u>	\$1,633,049	4.10%
Double	\$4,221,235	\$5,114,205	\$892,970	21.15%
Exacta	\$25,847,286	\$28,298,409	\$2,451,123	9.48%
Trifecta	\$17,988,614	\$18,880,094	\$891,480	4.96%
Superfecta	\$8,576,835	\$10,245,846	\$1,669,011	19.46%
Pick 3	\$5,494,821	\$6,018,869	\$524,048	9.54%
Pick 4	\$5,214,396	\$5,226,357	\$11,961	0.23%
Pick 6	\$381,448	\$1,683,404	\$1,301,956	341.32%
Super Hi-Five	<u>\$239,157</u>	<u>\$335,951</u>	\$96,794	40.47%
Total Exotic wagers	<u><u>\$67,963,792</u></u>	<u><u>\$75,803,135</u></u>	\$7,839,343	11.53%
	2010 Fall Meet	2011 Fall Meet		
Win	\$25,450,100	\$27,111,182	\$1,661,082	6.53%
Place	\$9,776,697	\$10,128,353	\$351,656	3.60%
Show	<u>\$6,245,226</u>	<u>\$6,361,686</u>	\$116,460	1.86%
Total Win, Place and Show wagers	<u><u>\$41,472,023</u></u>	<u><u>\$43,601,221</u></u>	\$2,129,198	5.13%
Double	\$4,815,651	\$5,607,960	\$792,309	16.45%
Exacta	\$28,663,366	\$31,839,151	\$3,175,785	11.08%
Trifecta	\$19,801,355	\$20,600,415	\$799,060	4.04%
Superfecta	\$11,234,820	\$12,367,926	\$1,133,106	10.09%
Pick 3	\$5,851,881	\$6,693,897	\$842,016	14.39%
Pick 4	\$5,259,570	\$5,746,104	\$486,534	9.25%
Pick 6	\$260,143	\$1,804,414	\$1,544,271	593.62%

Super High-Five	<u>\$274,250</u>	<u>\$272,846</u>	(\$1,404)	-0.51%
Total Exotic wagers	<u>\$76,161,036</u>	<u>\$84,932,713</u>	\$8,771,677	11.52%
	2010 TOTAL	2011 TOTAL		
Win	\$50,559,034	\$53,144,949	\$2,585,915	5.11%
Place	\$18,755,345	\$19,797,334	\$1,041,989	5.56%
Show	\$11,947,304	\$12,081,647	\$134,343	1.12%
Total Win, Place and Show wagers	<u>\$81,261,683</u>	<u>\$85,023,930</u>	\$3,762,247	4.63%
Double	\$9,036,886	\$10,722,165	\$1,685,279	18.65%
Exacta	\$54,510,652	\$60,137,560	\$5,626,908	10.32%
Trifecta	\$37,789,969	\$39,480,509	\$1,690,540	4.47%
Superfecta	\$19,811,655	\$22,613,772	\$2,802,117	14.14%
Pick 3	\$11,346,702	\$12,712,766	\$1,366,064	12.04%
Pick 4	\$10,473,966	\$10,972,461	\$498,495	4.76%
Pick 6	\$641,591	\$3,487,818	\$2,846,227	443.62%
Super High-Five	<u>\$513,407</u>	<u>\$608,797</u>	\$95,390	18.58%
Total Exotic wagers	<u>\$144,124,828</u>	<u>\$160,735,848</u>	\$16,611,020	11.53%
Total Wagers	\$225,386,511	\$245,759,778	\$20,373,267	9.04%

Kentucky Downs

Contact Information

Corey Johnsen, Owner & President

P.O. Box 405

Franklin, KY 42135

(270) 586-7778

For Additional information regarding Keeneland, go to:

www.kentuckydowns.com

2010 Takeout Rates:

Win, Place, Show: 17.5%

Exotics: 22.0%

2011 Takeout Rates:

Win, Place, Show: 17.5%

Exotics: 22.0%

PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Kentucky Downs 2010	\$785,000						\$785,000
Kentucky Downs 2011	\$769,000						\$769,000
Difference	(\$16,000)						(\$16,000)
Percentage	-2.04%						-2.04%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75% of money wagered on live races at a thoroughbred track on live races and 2% from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Kentucky Downs

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Fall Meet	2011 Fall Meet	Difference	Percentage
Win	\$73,260	\$79,733	\$6,473	8.84%
Place	\$29,965	\$36,875	\$6,910	23.06%
Show	<u>\$23,883</u>	<u>\$29,242</u>	\$5,359	22.44%
Total Win, Place and Show wagers	<u><u>\$127,108</u></u>	<u><u>\$145,850</u></u>	\$18,742	14.74%
Double	\$7,172	\$8,359	\$1,187	16.55%
Exacta	\$64,423	\$63,611	(\$812)	-1.26%
Trifecta	\$55,480	\$57,539	\$2,059	3.71%
Superfecta	\$24,787	\$22,039	(\$2,748)	-11.09%
Pick 3	\$9,938	\$11,440	\$1,502	15.11%
Pick 4	\$5,561	\$4,724	(\$837)	-15.05%
Pick 6	<u>\$0</u>	<u>\$0</u>	\$0	
Total Exotic wagers	\$167,361	\$167,712	\$351	0.21%
Total Wagers	\$294,469	\$313,562	\$19,093	6.48%

Kentucky Downs

Total All Sources on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Fall Meet	2011 Fall Meet	Difference	Percentage
Win	N/A	\$754,908		
Place	N/A	\$288,238		
Show	N/A	<u>\$160,977</u>		
Total Win, Place and Show wagers	<u>\$0</u>	<u>\$1,204,123</u>	\$1,204,123	
Double	N/A	\$147,121		
Exacta	N/A	\$979,169		
Trifecta	N/A	\$724,272		
Superfecta	N/A	\$405,688		
Pick 3	N/A	\$151,761		
Pick 4	N/A	\$63,320		
Pick 6	N/A	<u>\$0</u>		
Total Exotic wagers	<u>\$0</u>	<u>\$2,471,331</u>	\$2,471,331	
Total Wagers	\$4,458,395	\$3,675,454	(\$782,941)	-17.56%

Turfway Park

Contact Information

Bob Elliston, President and CEO

7500 Turfway Rd.

Florence, KY 41042

(859) 371-0200 or (800) 733-0200

For Additional information regarding Turfway Park, go to:

www.turfway.com

2010 Takeout Rates:

Win, Place, Show: 17.5%

Exotics: 22.0%

2011 Takeout Rates:

Win, Place, Show: 17.5%

Exotics: 22.0%

PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Turfway Park 2010	\$7,776,971		\$1,275,557	\$50,000	\$176,075		\$9,278,603
Turfway Park 2011	\$8,881,961		\$1,489,233		\$171,900		\$10,543,094
Difference	\$1,104,990		\$213,676	(\$50,000)	(\$4,175)		\$1,264,491
Percentage	14.21%		16.75%	-100.00%	-2.37%		13.63%

Association purses: derived from a portion of the Association's takeout percentage & added money

KTDF Purses: added to purses from KTDF (derived from 0.75% of money wagered on live races at a thoroughbred track on live races and 2% from simulcast races)

Breeders' Cup: contribution from the Breeders' Cup Association

Horsemen's fees: derived from entry fees

Turfway Park

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$1,307,206	\$1,355,460	\$48,254	3.69%
Place	\$576,668	\$625,075	\$48,407	8.39%
Show	<u>\$422,352</u>	<u>\$493,257</u>	\$70,905	16.79%
Total Win, Place and Show wagers	<u><u>\$2,306,226</u></u>	<u><u>\$2,473,792</u></u>	\$167,566	7.27%
Double	\$143,643	\$146,677	\$3,034	2.11%
Exacta	\$1,150,777	\$1,144,284	(\$6,493)	-0.56%
Trifecta	\$950,950	\$1,011,275	\$60,325	6.34%
Superfecta	\$466,838	\$522,060	\$55,222	11.83%
Pick 3	\$183,127	\$206,824	\$23,697	12.94%
Pick 4	\$98,045	\$133,915	\$35,870	36.59%
Pick 5	\$0	\$0	\$0	
Pick 6	\$6,802	\$3,533	(\$3,269)	-48.06%
Super Hi-Five	<u>\$5,161</u>	<u>\$5,242</u>	\$81	1.57%
Total Exotic wagers	<u><u>\$3,005,343</u></u>	<u><u>\$3,173,810</u></u>	\$168,467	5.61%
	2010 Fall Meet	2011 Fall Meet		
Win	\$401,085	\$410,716	\$9,631	2.40%
Place	\$183,569	\$167,855	(\$15,714)	-8.56%
Show	<u>\$134,972</u>	<u>\$123,581</u>	(\$11,391)	-8.44%
Total Win, Place and Show wagers	<u><u>\$719,626</u></u>	<u><u>\$702,152</u></u>	(\$17,474)	-2.43%
Double	\$42,230	\$50,103	\$7,873	18.64%
Exacta	\$337,091	\$335,138	(\$1,953)	-0.58%
Trifecta	\$289,790	\$281,306	(\$8,484)	-2.93%
Superfecta	\$156,909	\$153,512	(\$3,397)	-2.16%
Pick 3	\$57,140	\$66,724	\$9,584	16.77%
Pick 4	\$28,997	\$40,963	\$11,966	41.27%
Pick 5	\$0	\$9,028	\$9,028	
Pick 6	\$1,326	\$0	(\$1,326)	-100.00%
Super Hi-Five	<u>\$1,656</u>	<u>\$1,565</u>	(\$91)	-5.50%
Total Exotic wagers	<u><u>\$915,139</u></u>	<u><u>\$938,339</u></u>	\$23,200	2.54%

	2010 Winter Meet	2011 Winter Meet		
Win	\$429,365	\$489,661	\$60,296	14.04%
Place	\$202,297	\$224,411	\$22,114	10.93%
Show	<u>\$148,298</u>	<u>\$178,465</u>	\$30,167	20.34%
Total Win, Place and Show wagers	<u><u>\$779,960</u></u>	<u><u>\$892,537</u></u>	\$112,577	14.43%
Double	\$60,658	\$62,767	\$2,109	3.48%
Exacta	\$404,206	\$414,589	\$10,383	2.57%
Trifecta	\$372,414	\$369,191	(\$3,223)	-0.87%
Superfecta	\$222,160	\$178,238	(\$43,922)	-19.77%
Pick 3	\$84,459	\$85,926	\$1,467	1.74%
Pick 4	\$51,113	\$54,498	\$3,385	6.62%
Pick 5	\$0	\$6,272	\$6,272	
Pick 6	\$1,299	\$0	(\$1,299)	-100.00%
Super Hi-Five	<u>\$2,041</u>	<u>\$2,414</u>	\$373	18.28%
Total Exotic wagers	<u><u>\$1,198,350</u></u>	<u><u>\$1,173,895</u></u>	(\$24,455)	-2.04%
	2010 TOTAL	2011 TOTAL		
Win	\$2,137,656	\$2,255,837	\$118,181	5.53%
Place	\$962,534	\$1,017,341	\$54,807	5.69%
Show	\$705,622	\$795,303	\$89,681	12.71%
Total Win, Place and Show wagers	<u><u>\$3,805,812</u></u>	<u><u>\$4,068,481</u></u>	\$262,669	6.90%
Double	\$246,531	\$259,547	\$13,016	5.28%
Exacta	\$1,892,074	\$1,894,011	\$1,937	0.10%
Trifecta	\$1,613,154	\$1,661,772	\$48,618	3.01%
Superfecta	\$845,907	\$853,810	\$7,903	0.93%
Pick 3	\$324,726	\$359,474	\$34,748	10.70%
Pick 4	\$178,155	\$229,376	\$51,221	28.75%
Pick 5	\$0	\$15,300	\$15,300	
Pick 6	\$9,427	\$3,533	(\$5,894)	-62.52%
Super Hi-Five	<u>\$8,858</u>	<u>\$9,221</u>	\$363	4.10%
Total Exotic wagers	<u><u>\$5,118,832</u></u>	<u><u>\$5,286,044</u></u>	\$167,212	3.27%
Total Wagers	\$8,924,644	\$9,354,525	\$429,881	4.82%

Turfway Park

Total All Sources wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$19,378,026	\$19,497,188	\$119,162	0.61%
Place	\$6,715,158	\$6,793,861	\$78,703	1.17%
Show	<u>\$3,477,903</u>	<u>\$3,713,723</u>	\$235,820	6.78%
Total Win, Place and Show wagers	<u>\$29,571,087</u>	<u>\$30,004,772</u>	\$433,685	1.47%
Double	\$2,208,435	\$2,696,295	\$487,860	22.09%
Exacta	\$24,604,212	\$24,352,505	(\$251,707)	-1.02%
Trifecta	\$19,928,941	\$20,543,606	\$614,665	3.08%
Superfecta	\$11,214,114	\$11,577,950	\$363,836	3.24%
Pick 3	\$2,683,417	\$3,221,433	\$538,016	20.05%
Pick 4	\$1,729,568	\$2,417,853	\$688,285	39.80%
Pick 5	\$0	\$0	\$0	
Pick 6	\$76,316	\$44,553	(\$31,763)	-41.62%
Super Hi-Five	<u>\$122,863</u>	<u>\$185,949</u>	\$63,086	51.35%
Total Exotic wagers	<u>\$62,567,866</u>	<u>\$65,040,144</u>	\$2,472,278	3.95%
	2010 Fall Meet	2011 Fall Meet		
Win	\$5,627,768	\$5,697,297	\$69,529	1.24%
Place	\$2,069,443	\$1,968,095	(\$101,348)	-4.90%
Show	<u>\$1,108,378</u>	<u>\$1,021,049</u>	(\$87,329)	-7.88%
Total Win, Place and Show wagers	<u>\$8,805,589</u>	<u>\$8,686,441</u>	(\$119,148)	-1.35%
Double	\$766,063	\$828,764	\$62,701	8.18%
Exacta	\$7,293,153	\$6,662,229	(\$630,924)	-8.65%
Trifecta	\$6,058,463	\$5,641,484	(\$416,979)	-6.88%
Superfecta	\$3,633,903	\$3,309,851	(\$324,052)	-8.92%
Pick 3	\$986,527	\$1,031,254	\$44,727	4.53%
Pick 4	\$647,693	\$843,570	\$195,877	30.24%
Pick 5	\$0	\$128,800	\$128,800	
Pick 6	\$18,920	\$0	(\$18,920)	-100.00%
Super Hi-Five	<u>\$63,630</u>	<u>\$40,279</u>	(\$23,351)	-36.70%
Total Exotic wagers	<u>\$19,468,352</u>	<u>\$18,486,231</u>	(\$982,121)	-5.04%

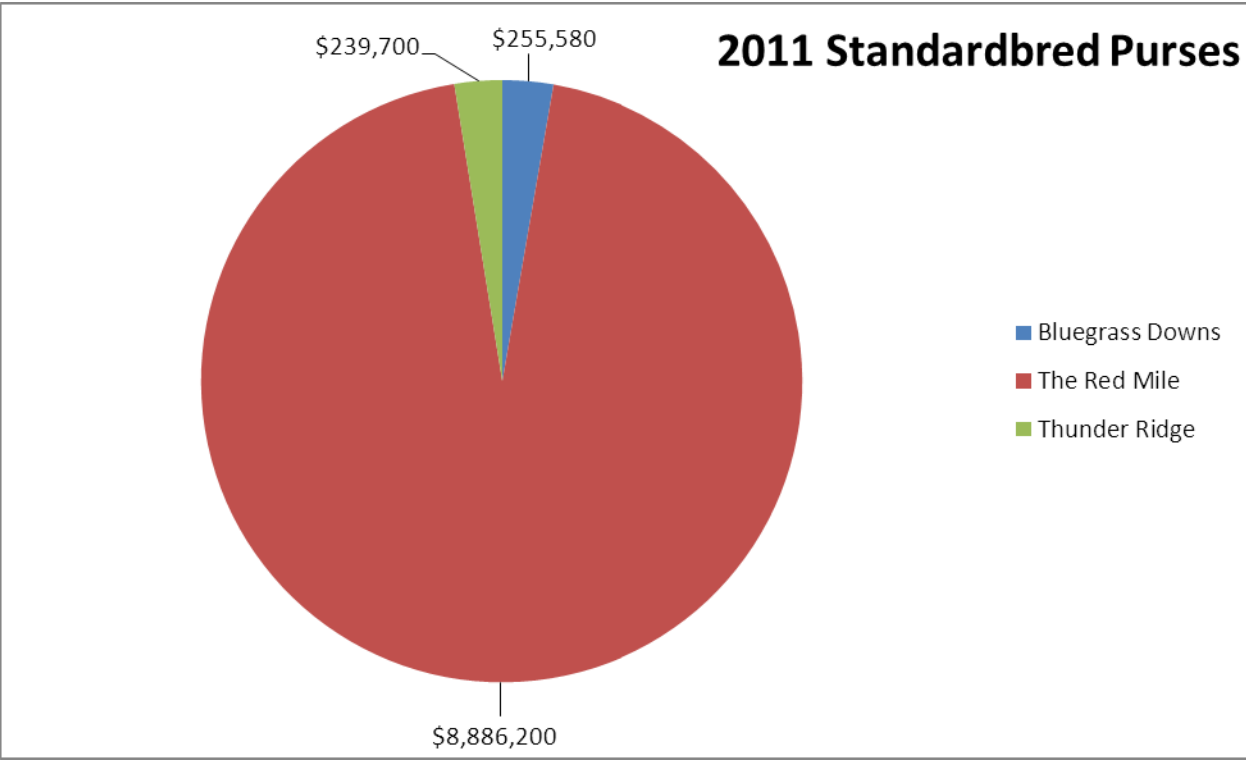
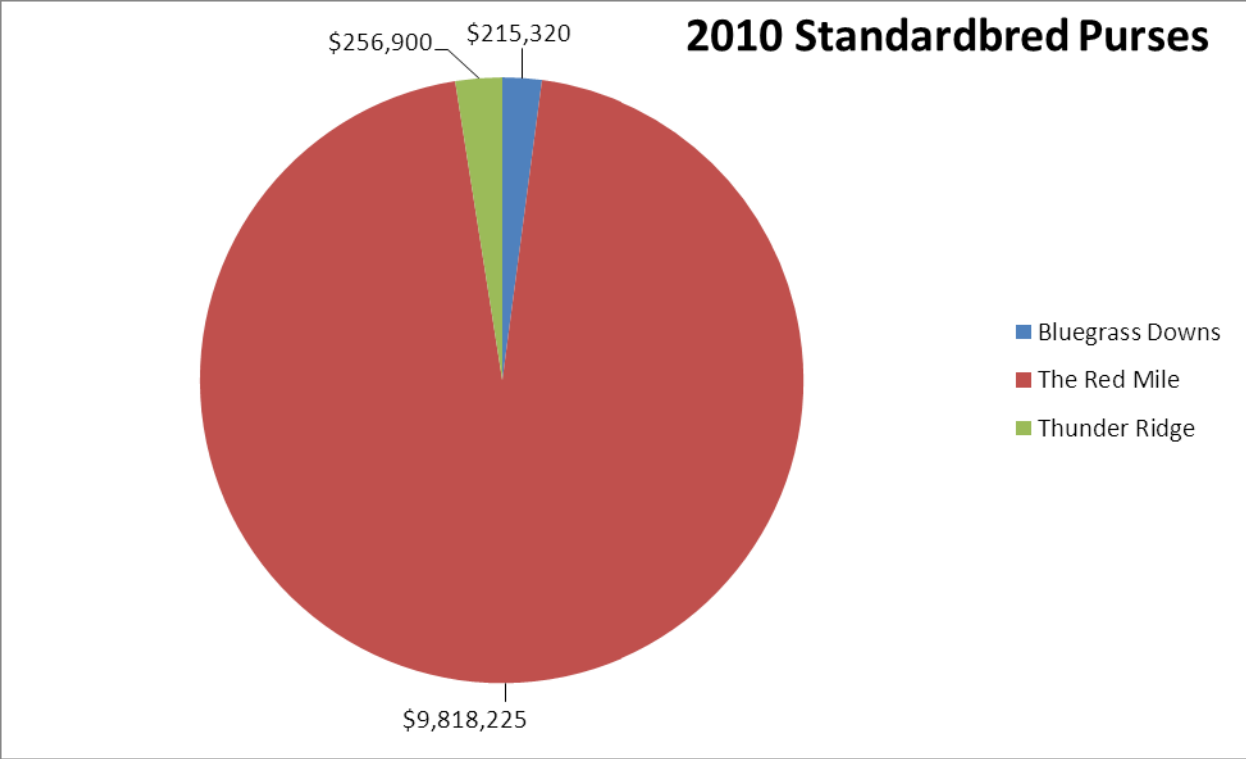
	2010 Winter Meet	2011 Winter Meet		
Win	\$7,726,775	\$8,586,835	\$860,060	11.13%
Place	\$2,811,002	\$3,087,004	\$276,002	9.82%
Show	\$1,553,741	\$1,660,696	\$106,955	6.88%
Total Win, Place and Show wagers	<u>\$12,091,518</u>	<u>\$13,334,535</u>	\$1,243,017	10.28%
Double	\$1,265,459	\$1,310,309	\$44,850	3.54%
Exacta	\$10,693,820	\$11,045,722	\$351,902	3.29%
Trifecta	\$8,383,983	\$9,038,951	\$654,968	7.81%
Superfecta	\$5,263,233	\$5,373,743	\$110,510	2.10%
Pick 3	\$1,515,201	\$1,522,170	\$6,969	0.46%
Pick 4	\$1,054,869	\$1,167,126	\$112,257	10.64%
Pick 5	\$0	\$121,760	\$121,760	
Pick 6	\$16,738	\$0	(\$16,738)	-100.00%
Super Hi-Five	\$52,771	\$143,492	\$90,721	171.91%
Total Exotic wagers	<u>\$28,246,074</u>	<u>\$29,723,273</u>	\$1,477,199	5.23%
	2010 TOTAL	2011 TOTAL		
Win	\$32,732,569	\$33,781,320	\$1,048,751	3.20%
Place	\$11,595,603	\$11,848,960	\$253,357	2.18%
Show	\$6,140,022	\$6,395,468	\$255,446	4.16%
Total Win, Place and Show wagers	<u>\$50,468,194</u>	<u>\$52,025,748</u>	\$1,557,554	3.09%
Double	\$4,239,957	\$4,835,368	\$595,411	14.04%
Exacta	\$42,591,185	\$42,060,456	(\$530,729)	-1.25%
Trifecta	\$34,371,387	\$35,224,041	\$852,654	2.48%
Superfecta	\$20,111,250	\$20,261,544	\$150,294	0.75%
Pick 3	\$5,185,145	\$5,774,857	\$589,712	11.37%
Pick 4	\$3,432,130	\$4,428,549	\$996,419	29.03%
Pick 5	\$0	\$250,560	\$250,560	
Pick 6	\$111,974	\$44,553	(\$67,421)	-60.21%
Super Hi-Five	\$239,264	\$369,720	\$130,456	54.52%
Total Exotic wagers	<u>\$110,282,292</u>	<u>\$113,249,648</u>	\$2,967,356	2.69%
Total Wagers	\$160,750,486	\$165,275,396	\$4,524,910	2.81%

2010-2011 Comparative Standardbred Statistics

TRACK	Race days		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Bluegrass Downs	15	15	0	0.00%
The Red Mile	30	29	(1)	-3.33%
Thunder Ridge	24	24	0	0.00%
TOTAL	69	68	(1)	-1.45%

TRACK	Purses		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Bluegrass Downs	\$215,320	\$255,580	\$40,260	18.70%
The Red Mile	\$9,818,225	\$8,886,200	(\$932,025)	-9.49%
Thunder Ridge	\$256,900	\$239,700	(\$17,200)	-6.70%
TOTAL	\$10,290,445	\$9,381,480	(\$908,965)	-8.83%

TRACK	Attendance		Difference	Percentage
	<u>2010</u>	<u>2011</u>		
Bluegrass Downs	5,474	2,418	(3,056)	-55.83%
The Red Mile	13,082	13,256	174	1.33%
Thunder Ridge	2,693	1,788	(905)	-33.61%
TOTAL	21,249	17,462	(3,787)	-17.82%



Players Bluegrass Downs

Contact Information

Jerry Bradley, President & Chief Executive Officer
P.O. Box 7907
Paducah, KY 42002
(270) 444-7117

2010 Takeout Rates:

Win, Place, Show: 18%
Exotics: 25%

2011 Takeout Rates:

Win, Place, Show: 18%
Exotics: 25%

PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Bluegrass Downs 2010	\$215,320						\$215,320
Bluegrass Downs 2011	\$255,580						\$255,580
Difference	\$40,260						\$40,260
Percentage	18.70%						18.70%

Association purses: derived from a portion of the Association's takeout percentage & added money

Bluegrass Downs

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Spring Meet	2011 Spring Meet	Difference	Percentage
Win	\$9,327	\$10,332	\$1,005	10.78%
Place	\$5,396	\$5,137	(\$259)	-4.80%
Show	<u>\$4,937</u>	<u>\$5,675</u>	\$738	14.95%
Total Win, Place and Show wagers	<u><u>\$19,660</u></u>	<u><u>\$21,144</u></u>	\$1,484	7.55%
Double	\$764	\$541	(\$223)	-29.19%
Exacta	\$11,120	\$10,342	(\$778)	-7.00%
Trifecta	\$9,310	\$7,506	(\$1,804)	-19.38%
Total Exotic wagers	<u><u>\$21,194</u></u>	<u><u>\$18,389</u></u>	(\$2,805)	-13.23%
Total Handle	\$40,854	\$39,533	(\$1,321)	-3.23%

The Red Mile

Contact Information

Joe Costa, President & Chief Operating Officer
1200 Red Mile Road
Lexington, KY 40588
(859) 255 0752

For additional information regarding the Red Mile, go to:

www.theredmile.com

2010 Takeout Rates:

Win, Place, Show: 18%
Exotics: 25%

2011 Takeout Rates:

Win, Place, Show: 18%
Exotics: 25%

PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
The Red Mile 2010	\$9,818,225						\$9,818,225
The Red Mile 2011	\$8,886,200						\$8,886,200
Difference	(\$932,025)						(\$932,025)
Percentage	-9.49%						-9.49%

Association purses: derived from a portion of the Association's takeout percentage & added money

The Red Mile

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Summer/Fall Meet	2011 Summer/Fall Meet	Difference	Percentage
Win	\$269,850	\$280,176	\$10,326	3.83%
Place	\$93,182	\$90,513	(\$2,669)	-2.86%
Show	\$70,409	\$69,297	(\$1,112)	-1.58%
Total Win, Place and Show wagers	<u>\$433,441</u>	<u>\$439,986</u>	\$6,545	1.51%
Double	\$19,035	\$22,099	\$3,064	16.10%
Exacta	\$315,350	\$327,808	\$12,458	3.95%
Trifecta	\$423,176	\$407,688	(\$15,488)	-3.66%
Superfecta	\$202,076	\$213,974	\$11,898	5.89%
Pick 3	\$19,892	\$26,529	\$6,637	33.37%
Pick 4/5*	\$41,433	\$65,208	\$23,775	57.38%
Total Exotic wagers	<u>\$1,020,962</u>	<u>\$1,063,306</u>	\$42,344	4.15%
Total Handle	\$1,454,403	\$1,503,292	\$48,889	3.36%

*Pick 5 added in 2011

**The Red Mile ran one day of Quarter Horse racing in 2010 on which \$50,362 was wagered live, on-track. This is not included in the live, on-track figure listed above and there were no wagers made off-track on the Quarter Horse races.

The Red Mile

Total All Sources wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010	Summer/Fall Meet	2011	Summer/Fall Meet	Difference	Percentage
Win		\$1,510,493		\$1,428,339	(\$82,154)	-5.44%
Place		\$542,168		\$494,546	(\$47,622)	-8.78%
Show		\$549,918		\$498,554	(\$51,364)	-9.34%
Total Win, Place and Show wagers		<u>\$2,602,579</u>		<u>\$2,421,439</u>	(\$181,140)	-6.96%
Double		\$117,536		\$95,289	(\$22,247)	-18.93%
Exacta		\$2,225,542		\$2,004,683	(\$220,859)	-9.92%
Trifecta		\$2,609,625		\$2,467,805	(\$141,820)	-5.43%
Superfecta		\$1,404,555		\$1,671,995	\$267,440	19.04%
Pick 3		\$89,129		\$108,001	\$18,872	21.17%
Pick 4/5*		\$130,132		\$214,763	\$84,631	65.03%
Total Exotic wagers		<u>\$6,576,519</u>		<u>\$6,562,536</u>	(\$13,983)	-0.21%
Total Handle		\$9,179,098		\$8,983,975	(\$195,123)	-2.13%

*Pick 5 added in 2011

**The Red Mile ran one day of Quarter Horse racing in 2010 on which \$50,362 was wagered live, on-track. This is not included in the live, on-track figure listed above and there were no wagers made off-track on the Quarter Horse races.

Thunder Ridge

Appalachian Racing, LLC dba Thunder Ridge

Contact Information

Anita Ratliff, General Manager

164 Thunder Road

Prestonburg, KY 41653

2010 Takeout Rates:

Win, Place, Show: 18%

Exotics: 25%

2011 Takeout Rates:

Win, Place, Show: 18%

Exotics: 25%

PURSE ANALYSIS

Track	Association Purses	Steeplechase	KTDF Purses	Breeders Cup	Horseman's Fees	Other (specify)	Total Purses
Thunder Ridge 2010	\$256,900						\$256,900
Thunder Ridge 2011	\$239,700						\$239,700
Difference	(\$17,200)						(\$17,200)
Percentage	-6.70%						-6.70%

Association purses: derived from a portion of the Association's takeout percentage & added money

Thunder Ridge

On-track wagering on live product

Wagering data provided by the licensed associations & CHRIMS

Type Bet	2010 Summer Meet	2011 Spring Meet	Difference	Percentage
Win	\$3,219	\$1,796	\$1,005	10.78%
Place	\$564	\$229	(\$259)	-4.80%
Show	<u>\$620</u>	<u>\$849</u>	\$738	14.95%
Total Win, Place and Show wagers	<u><u>\$4,403</u></u>	<u><u>\$2,874</u></u>	\$1,484	7.55%
Double	\$80	\$97	(\$223)	-29.19%
Exacta	\$2,885	\$937	(\$778)	-7.00%
Trifecta	\$1,297	\$866	(\$1,804)	-19.38%
Total Exotic wagers	<u><u>\$4,262</u></u>	<u><u>\$1,900</u></u>	(\$2,805)	-13.23%
Total Handle	\$8,665	\$4,774	(\$1,321)	-3.23%

HISTORICAL RACING

At the July 2011 Kentucky Horse Racing Commission meeting, the Commission approved Kentucky Down's request to begin offering Wagering on Historic Races. From September 1, 2011 to December 31, 2011 the handle was \$29,343,452.

Kentucky Off-Track Betting, LLC

Kentucky Off-Track Betting, LLC owns and operates four off-track betting sites in various parts of Kentucky. The locations of the sites are Corbin, Jamestown, Maysville and Pineville. One percent of the handle goes back to the city and county in the communities where they are located.

Analysis of handle

	<u>Corbin</u>	<u>Jamestown</u>	<u>Maysville</u>	<u>Pineville</u>	<u>Total</u>
2010 Handle on Kentucky Races	\$988,911	\$953,139	\$797,740	\$188,874	\$2,928,664
2011 Handle on Kentucky Races	\$1,066,371	\$900,867	\$731,314	\$0	\$2,698,552
Difference	\$77,460	(\$52,272)	(\$66,426)	(\$188,874)	(\$230,112)
Percentage	7.83%	-5.48%	-8.33%	-100.00%	-7.86%
	<u>Corbin</u>	<u>Jamestown</u>	<u>Maysville</u>	<u>Pineville</u>	<u>Total</u>
2010 Handle on Out of State Races	\$4,160,913	\$2,672,757	\$2,345,858	\$676,117	\$9,855,645
2011 Handle on Out of State Races	\$4,251,750	\$2,456,266	\$2,117,724	\$0	\$8,825,740
Difference	\$90,837	(\$216,491)	(\$228,134)	(\$676,117)	(\$1,029,905)
Percentage	2.18%	-8.10%	-9.72%	-100.00%	-10.45%
	<u>Corbin</u>	<u>Jamestown</u>	<u>Maysville</u>	<u>Pineville</u>	<u>Total</u>
2010 Total Handle	\$5,149,824	\$3,625,896	\$3,143,598	\$864,991	\$12,784,309
2011 Total Handle	\$5,318,121	\$3,357,133	\$2,849,038	\$0	\$11,524,292
Difference	\$168,297	(\$268,763)	(\$294,560)	(\$864,991)	(\$1,260,017)
Percentage	3.27%	-7.41%	-9.37%	-100.00%	-9.86%

Pineville was closed in May of 2010