

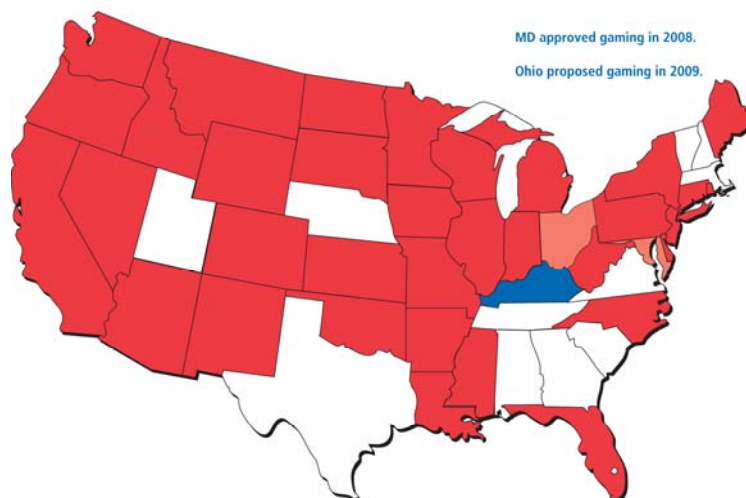
Helping Kentucky Remain Competitive

Kentucky racing competes with casino gaming forces on two fronts. Riverboat casinos line Kentucky's border with Indiana, Illinois and Missouri. Six Indiana casinos are situated to take advantage of Kentucky's major population centers along the Ohio River, including the nation's largest riverboat, the newly refurbished Hollywood Casino (formerly the Argosy Casino) near Lawrenceburg. These riverboats compete directly with Ellis Park, Churchill Downs and Turfway Park.



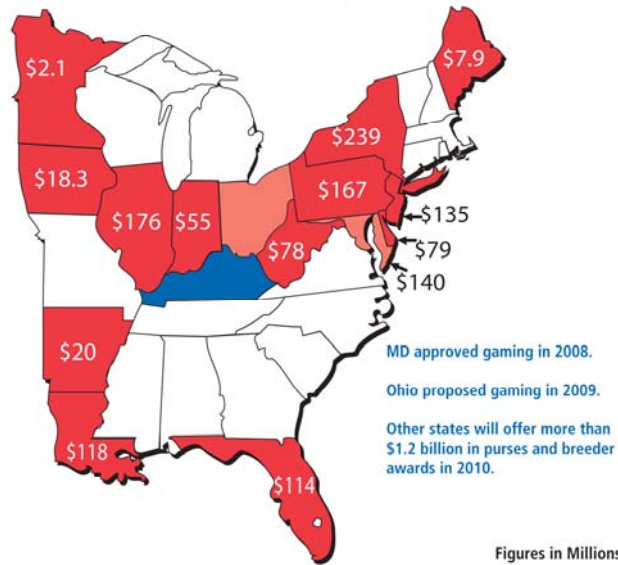
Kentucky's horse industry also competes with an explosion of casino gaming nationwide. Today, **36 states** in the continental U.S. permit commercial, Indian and/or race track casinos.

Many of these states offer alternative gaming at the race track, or "racinos." Each of the 12 racing states nearest to Kentucky—Arkansas, Illinois, Indiana, West Virginia, Louisiana, Florida, Maryland, Delaware, Pennsylvania, New Jersey, New York and Ohio—are attempting to strengthen their horse industries through alternative gaming revenue.



In total, racing states within Kentucky's region that permit alternative gaming (indicated in red below) will offer more than \$1.2 billion in purses and breeder awards in 2010.

Racing and Gaming Working Together



States with alternative gaming at race tracks are vying for a greater share of Kentucky's equine business. Pennsylvania, Louisiana, Indiana and West Virginia are already attracting Kentucky horsemen. Additionally, new gaming initiatives in New York, Maryland, Florida and Ohio (proposed in 2009) will further and substantially alter Kentucky racing by siphoning horses out-of-state.



Here are some examples of what Kentucky racing faces:

In Pennsylvania, purses increased nearly 40 percent from 2007 to 2008. The new Presque Isle Downs and Casino opened its 2009 race meet in direct competition with Churchill Downs. Purses there are projected to climb from \$30 million in 2008 to \$35 million in 2013. Turfway Park will compete with Philadelphia Park, where gaming is anticipated to boost purses to a staggering \$75 million in 2010.

In terms of breeding, Kentucky is the world's leading exporter of Thoroughbreds. However, states such as Pennsylvania are striving to rival Kentucky's status, reinvesting gaming revenues in rich breeder awards programs. In 2006, before gaming, Pennsylvania paid \$7.8 million in breeder incentives. In 2008, it paid more than \$23 million.

Projected Purses Through 2013
(In Millions)

Track	2008	2009	2010	2011	2012	2013
Turfway Park	\$14.7	\$13.4	\$12.2	?	?	?
Philadelphia Park	\$68.0	\$72.0	\$75.0	\$76.6	\$82.0	\$85.0
Hoosier Park	\$11.0	\$15.0	\$18.0	\$21.0	\$24.0	\$28.0
Mountaineer	\$32.0	\$31.0	\$30.0	\$29.0	\$27.0	\$25.0
Presque Isle	\$30.0	\$31.0	\$32.0	\$33.0	\$34.0	\$35.0

Source: Thoroughbred Racing Associations, Comparative Study, November 2008

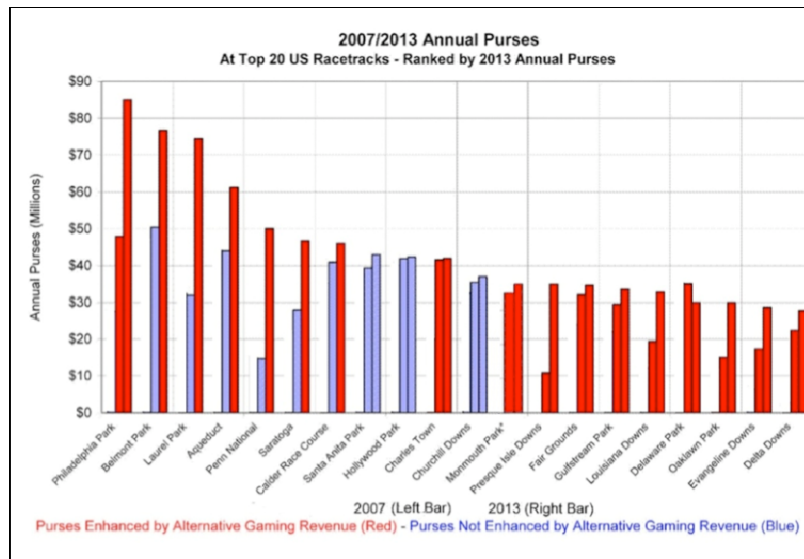
Indiana's two race tracks—both of which offer slot machines—are in direct competition with Ellis Park. Purses at Hoosier Park are projected to be \$28 million in 2013, while purses at Indiana Downs are anticipated to grow to \$25 million. In contrast, purses at Ellis are projected to decline from \$5.3 million in 2008 to \$2.2 million in 2013.

Projected Purses Through 2013
(In Millions)

Track	2008	2009	2010	2011	2012	2013
Ellis Park	\$5.3	\$3.4	\$3.3	\$3.0	\$2.5	\$2.2
Hoosier Park	\$11.0	\$15.0	\$18.0	\$21.0	\$24.0	\$28.0
Indiana Downs	\$8.0	\$11.0	\$15.0	\$18.0	\$22.0	\$25.0
Mountaineer	\$32.0	\$31.0	\$30.0	\$29.0	\$27.0	\$25.0
Presque Isle	\$30.0	\$31.0	\$32.0	\$33.0	\$34.0	\$35.0

Source: *Thoroughbred Racing Associations, Comparative Study, November 2008*

Kentucky is currently losing the fight for horses as other racing states grow their purses while Kentucky's continue to decline. By 2013, all but three of the nation's top 20 race tracks will supplement their purses with gaming revenue.



Out-of-state competition has led to reduced race days at Churchill Downs, Ellis Park, Turfway Park and Kentucky Downs. Keeneland was forced to lower stakes purses for its 2009 spring and fall race meets. Directors of The Red Mile have made deep cuts at that race track and may possibly eliminate Quarter Horse racing in 2010. With a reduction in race days, Kentucky stands to lose its year-round racing circuit, forcing local trainers to move to other states where purses are higher and the racing is less competitive.

Kentucky is on the verge of being overtaken by other states. They are out-spending us, they are out-building us, their purses are higher and they are creating new jobs for their citizens.

Other state governments recognize the wisdom of spending aggressively to take what we have.

Kentucky's horse industry is worth fighting for. We're asking you to help us fight back.