



1953 - 2002

FIFTIETH ANNUAL  
**ROUND TABLE CONFERENCE**

---

*ON MATTERS PERTAINING TO RACING*

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Lexington: 821 Corporate Drive Lexington, Kentucky 40503-2794

Telephone: (859) 224-2700 • Fax: (859) 224-2710

New York: 40 East 52nd Street New York, New York 10022-5911

Telephone: (212) 371-5970 • Fax: (212) 371-6123

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FIFTIETH ANNUAL ROUND TABLE CONFERENCE  
ON MATTERS PERTAINING TO RACING

HOSTED BY  
THE JOCKEY CLUB

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## IN ATTENDANCE

- Donald Adam  
*Owner/Breeder*
- Warren Alber  
*Correspondent, Thoroughbred Times*
- Helen Alexander  
*Steward, The Jockey Club; Owner/Breeder*
- Dr. Douglas Antczak  
*James A. Baker Institute for Animal Health, Cornell University*
- Gregory Avioli  
*Deputy Commissioner & COO, National Thoroughbred Racing Association*
- William M. Backer  
*Director, Grayson-Jockey Club Research Foundation; Owner/Breeder;*
- Laura Barillaro  
*Vice President/Controller, The Jockey Club*
- John Barr  
*Member, The Jockey Club; Owner/Breeder*
- James F. Barton  
*Vice President, American Quarter Horse Association*
- James E. Bassett III  
*Member, The Jockey Club; Retired Chairman, Keeneland Association*
- Stacy Bearse  
*Publisher, The Blood-Horse*
- W.B. Rogers Beasley  
*Director of Racing, Keeneland Association*
- Reynolds Bell  
*Owner/Breeder*
- Remi Bellocq  
*Executive Director, National Horsemen's Benevolent and Protective Association*
- Paul Berube  
*President, Thoroughbred Racing Protective Bureau*
- Jerry Billinski  
*Owner/Breeder*
- James Binger  
*Member, The Jockey Club; Owner/Breeder*
- Edward A. Bishop  
*Registrar, The Jockey Club*
- William T. Bishop III  
*Attorney, Stoll, Keenan & Park*
- Gary Biszantz  
*Member, The Jockey Club; Owner/Breeder*
- Jerry Black  
*President, American Association of Equine Practitioners*
- Ira Block  
*Senior Vice President and General Counsel, New York City Off-Track Betting Corporation*
- Richard Bomze  
*President, New York Thoroughbred Horsemen's Association; Owner/Breeder*
- Ellen R. Bongard  
*Owner/Breeder*
- Edward S. Bonnie  
*Member, The Jockey Club; Owner/Breeder*
- Lucy Young Boutin  
*Member, The Jockey Club; Board Member, Grayson-Jockey Club Research Foundation; Owner/Breeder*
- Edward L. Bowen  
*President, Grayson-Jockey Club Research Foundation*
- James C. Brady  
*Secretary-Treasurer, The Jockey Club; Owner/Breeder*
- Dr. Larry Bramlage  
*Vice President, American Association of Equine Practitioners; Rood & Riddle Equine Hospital*
- Dennis Brida  
*Executive Director, New York Thoroughbred Breeders, Inc.*
- Jack Brothers  
*Consultant*
- Terry Bry  
*Owner/Breeder*
- Cheryl Buley  
*Commissioner, New York State Racing and Wagering Board*
- Robert Burch  
*President, The Jockey Club Technology Services, Inc.*
- Michael Byrne  
*Member, The Jockey Club; Chief Steward, The Jockey Club of Canada*
- Alex Campbell  
*Member, The Jockey Club; Owner/Breeder*
- Chip Campbell  
*Senior Vice President, Television and Sponsorship, National Thoroughbred Racing Association*
- W. Cothran Campbell  
*Owner/Breeder*
- Ray Casey  
*President, New York City Off-Track Betting Corporation*
- Norman Casse  
*Chairman, Ocala Breeders' Sales Company*
- Keith Chamblin  
*Senior Vice President, Industry Relations & Marketing, National Thoroughbred Racing Association*
- Penny Chenery  
*Member, The Jockey Club; Owner/Breeder*

George Cheston  
*Member, The Jockey Club; Owner/Breeder*

Winifred Cheston  
*Owner/Breeder*

Sherwood C Chillingworth  
*Steward, The Jockey Club; Executive Vice President, Oak Tree Racing Association*

Eugene Christiansen  
*Chief Executive Officer, Christiansen Capital Advisors, LLC*

Jack Cohen  
*Editor, Sports Eye*

Leo Connolly  
*New York State Licensing and Wagering Board*

Cornelia Corbett  
*Owner/Breeder*

Dick Corbett  
*Owner/Breeder*

Joseph Cornacchia  
*Trustee, New York Racing Association; Owner/Breeder*

Steven Crist  
*Chairman and Publisher, Daily Racing Form*

Robert Curran  
*Vice President, Corporate Communications, The Jockey Club*

Van Cushny  
*steeplestakes.com*

Wendy Davis  
*University of Arizona, Race Track Industry Program*

Steve DiMauro  
*Trainer*

David Dizney  
*Owner/Breeder*

Donald Dizney  
*Steward, The Jockey Club; Owner/Breeder*

Mrs. Donald Dizney  
*Owner/Breeder*

Pam Stokes Donehower  
*Owner/Breeder*

Carmine Donofrio  
*Steward, New York State Racing and Wagering Board*

Allan R. Dragone  
*Member, The Jockey Club; Owner/Breeder*

C. Steven Duncker  
*Member, The Jockey Club; Trustee, New York Racing Association; Owner/Breeder*

Allaire duPont  
*Member, The Jockey Club; Owner/Breeder*

Robert Elliston  
*President, Turfway Park*

Richard Engel  
*Nottingham & Engel*

John Ertmann  
*President, Equibase Company*

Robert S. Evans  
*Member, The Jockey Club; Owner/Breeder*

William S. Farish, Jr.  
*Member, The Jockey Club; Owner/Breeder*

Dan Fick  
*Executive Director of Racing, American Quarter Horse Association*

Scott Finley  
*Attheraces.com*

Bertram Firestone  
*Owner/Breeder*

Diana Firestone  
*Owner/Breeder*

Hugh A. Fitzsimmons, Jr.  
*Member, The Jockey Club; Owner/Breeder*

Michael D. Flynn  
*Consultant*

Robert Flynn  
*Executive Director, New York Thoroughbred Horsemen's Association*

David L. Foley  
*Executive Director, American Association of Equine Practitioners*

Alan Foreman  
*Chairman, Chief Executive Officer, Thoroughbred Horsemen's Association*

Moustapha Fostock  
*Owner/Breeder*

Craig Fravel  
*Executive Vice President, Del Mar Thoroughbred Club*

Albert Fried, Jr.  
*Trustee, New York Racing Association; Owner/Breeder*

Jim Gallagher  
*Vice President, New York Racing Association*

Edward H. Gerry  
*Member, The Jockey Club; Owner/Breeder*

Martha F. Gerry  
*Member, The Jockey Club; Owner/Breeder*

Aline Goodman  
*Owner/Breeder*

John K. Goodman  
*Member, The Jockey Club; Board Member, Grayson-Jockey Club Research Foundation; Owner/Breeder*

Leonard C. Hale  
*Consultant, Agua Caliente Race Track*

Carl Hamilton  
*Chairman and CEO, The Jockey Club Information Systems, Inc.*

**Richard Hamilton**  
*Communications Officer, National Museum of Racing*

**Peter Hammell**  
*Director, National Museum of Racing*

**Arthur Hancock III**  
*Member, The Jockey Club; Owner/Breeder*

**Dell Hancock**  
*Member, The Jockey Club; Owner/Breeder*

**Richard Hancock**  
*Florida Thoroughbred Breeders' Association*

**Marquess of Hartington CBE**  
*Her Majesty's Representative and Chairman, Ascot Racecourse, Ltd.*

**Greg Hawkins**  
*Owner/Breeder*

**David Haydon**  
*President, InCompass*

**Charles Hayward**  
*President, Daily Racing Form*

**George Hearst**  
*Turf Writer, Albany Times Union*

**Matthew Hegarty**  
*Turf Writer, Daily Racing Form*

**Bill Heller**  
*Turf Writer, Thoroughbred Times*

**John Hettinger**  
*Member, The Jockey Club; Owner/Breeder*

**William Hettinger**  
*Owner/Breeder*

**James J. Hickey, Jr.**  
*President, American Horse Council*

**David Hicks**  
*Steward, New York Racing Association*

**Sally Hill**  
*Owner/Breeder*

**Dr. Ted Hill**  
*Racing Steward, The Jockey Club*

**Michael J. Hoblock**  
*Chairman, New York State Racing and Wagering Board*

**Carol Holden**  
*Owner/Breeder*

**David Hooper**  
*Executive Director, Texas Thoroughbred Association*

**Michael Hushion**  
*Trainer*

**Alexander Ingle**  
*Chief Financial Officer and Vice President, New York Racing Association*

**Hiroshi Ito**  
*Senior Manager, Japan Racing Association*

**Matt Iuliano**  
*Vice President, Registration Services, The Jockey Club*

**John Jacobs**  
*Owner/Breeder*

**Stuart S. Janney III**  
*Steward, The Jockey Club; Owner/Breeder*

**Corey Johnsen**  
*President, Lone Star Park*

**William J. Johnson**  
*Publisher, Saratoga Summer Magazine*

**Ann Jones**  
*Owner/Breeder*

**Patty Jones**  
*Executive Director, Nevada Parimutuel Association*

**Richard I.G. Jones**  
*Member, The Jockey Club; Owner/Breeder*

**Russell B. Jones, Jr.**  
*Member, The Jockey Club; Owner/Breeder*

**Mike Kane**  
*Turf Writer, Schenectady Gazette*

**John K. Keitt, Jr.**  
*Partner, Dewey Ballantine, LLP*

**Nancy Kelly**  
*Executive Director, The Jockey Club Foundation; Vice President, Development, Grayson-Jockey Club Research Foundation*

**Patrick Kelly**  
*Trainer*

**Kelly Kenney**  
*Production Coordinator, The Jockey Club*

**Martin Kinsella**  
*Executive Director, New York State Thoroughbred Breeding and Development Fund*

**Ken Kirchner**  
*Director of Simulcasting, NTRA/Breeders' Cup Ltd.*

**Dr. Cynthia Kollias-Baker**  
*Equine Pharmacologist, University of California-Davis*

**Bryan G. Krantz**  
*President, Fair Grounds Corporation*

**Peggy Vandervoort Kumble**  
*Trustee, New York Racing Association*

**Hon. Lawrence J. LaBelle**  
*Judge, Saratoga Springs*

**Tom Lamarra**  
*News Editor, The Blood-Horse*

**Frank Lamb**  
*Executive Director, North American Pari-Mutuel Regulator's Association*

**Deborah Landon**  
*Owner/Breeder*

**Elizabeth Lavin**  
*Owner/Breeder*

**Dr. A. Gary Lavin**  
*Member, The Jockey Club; Vice Chairman, Grayson-Jockey Club Research Foundation*

- Gerald Lawrence  
*Consultant, Autotote*
- Dr. Robert Lawrence  
*Director, Equine Industry Program, University of Louisville*
- Robert W. Lee  
*Commissioner, New York State Racing Commission*
- Dr. Thomas Lenz  
*President-Elect, American Association of Equine Practitioners*
- Robert Levy  
*Owner/Breeder*
- James S.J. Liao  
*Executive Vice President, Finance and Administration, The Jockey Club*
- Jack F. Liebau  
*Member, The Jockey Club; President, Bay Meadows Race Course*
- Bennett Liebman  
*Coordinator, Staff Attorney, Racing and Wagering Law Program, Albany Law School*
- Larry Lucas  
*Youbet.com*
- Joe Lynch  
*New York State Racing and Wagering Board*
- Michele MacDonald  
*Executive News Editor, Thoroughbred Times*
- William C. Macmillen, Jr.  
*Member, The Jockey Club; Owner/Breeder*
- Robert Manfuso  
*Owner/Breeder*
- Frank Mansell  
*Member, The Jockey Club; Owner/Breeder*
- David Marshall  
*Chief Executive Officer, Youbet.com*
- Edward J. Martin  
*Executive Director, New York State Racing and Wagering Board*
- Alan Marzelli  
*Executive Vice President, The Jockey Club*
- George Maylin  
*Director, Equine Drug Testing Program, Cornell University*
- Jim McAlpine  
*President, Magna Entertainment*
- Chris McCarron  
*Jockeys' Guild, Inc.*
- Claude R. McGaughey III  
*Trainer*
- Timothy McGinn  
*Vice Chairman, New York Racing Association; Owner/Breeder*
- John Meriwether  
*Trustee, New York Racing Association; Owner/Breeder*
- Dan Metzger  
*President, Thoroughbred Owners and Breeders Association*
- Terence Meyocks  
*President, New York Racing Association*
- Linda Miller  
*Owner/Breeder*
- Ellen Moelis  
*Owner/Breeder*
- Herb Moelis  
*Owner/Breeder*
- Virginia Moens  
*Owner/Breeder*
- Steve Molnar  
*Consultant*
- John Mooney  
*President, Virginia Racing Circuit*
- Patricia Moseley  
*Chairman, Suffolk Downs*
- Ted Mudge  
*Vice President, Magna Entertainment*
- Ed Musselman  
*Publisher and Editor, Indian Charlie*
- Manabu Muto  
*Japan Racing Association*
- William Nader  
*Senior Vice President, New York Racing Association*
- Jerry Neilsen  
*Chairman, New York Breeders Association*
- Nick Nicholson  
*President, Keeneland Association*
- Ted Nicholson  
*Executive Vice President, New York City Off-Track Betting Corporation*
- Kenneth Noe, Jr.  
*Trustee, New York Racing Association*
- John M.B. O'Connor  
*Board Member, Grayson-Jockey Club Research Foundation; Owner/Breeder*
- Dr. Joseph O'Dea  
*Owner/Breeder*
- J. Michael O'Farrell, Jr.  
*Member, The Jockey Club; Owner/Breeder*
- Judith O'Farrell  
*Owner/Breeder*
- Paul Orefice  
*Trustee New York Racing Association; Owner/Breeder*
- Debby Oxley  
*Owner/Breeder*
- John Oxley  
*Member, The Jockey Club; Owner/Breeder*
- Robert Palumbo  
*Director of Off-Track Betting Relations, New York Racing Association*

**Ray Paulick**  
*Editor-in-Chief, The Blood-Horse*

**Virginia Kraft Payson**  
*Owner/Breeder*

**John Peace**  
*Member, The Jockey Club; Owner/Breeder*

**Stanley D. Petter, Jr.**  
*Owner/Breeder*

**John Phillips**  
*Member, The Jockey Club; Owner/Breeder*

**Andrea Phipps**  
*Owner/Breeder*

**Daisy Phipps**  
*Owner/Breeder*

**Lilly Phipps**  
*Owner/Breeder*

**Ogden Phipps II**  
*Owner/Breeder*

**Ogden Mills Phipps**  
*Chairman, The Jockey Club, Owner/Breeder*

**Brooks Pierce**  
*President, Autotote Systems*

**Diana Pikulski**  
*Executive Director, Thoroughbred Retirement Foundation; Owner/Breeder*

**Clinton Pitts, Jr.**  
*Steward, Ohio Racing Commission*

**Dr. Hiram Polk**  
*Member, The Jockey Club; Board Member, Grayson-Jockey Club Research Foundation; Owner/Breeder*

**Anne Poulson**  
*President, Virginia Thoroughbred Association*

**Lonny Powell**  
*President, Association of Racing Commissioners International*

**Michael Reicher**  
*Publisher, Sports Eye*

**Dr. J. David Richardson**  
*Member, The Jockey Club; Owner/Breeder*

**Norman Ridker**  
*Publisher, Thoroughbred Times*

**Christian Riegle**  
*General Manager, Finger Lakes Racing Association*

**John Roark**  
*President, National Horsemen's Benevolent and Protective Association*

**Dr. Jack Robbins**  
*President, Oak Tree Racing Association*

**J. Mack Robinson**  
*Member, The Jockey Club; Owner/Breeder*

**Dolph Rotfeld**  
*Trustee, New York Racing Association; Owner/Breeder*

**David Ruffra**  
*Executive Vice President, Sales and Marketing, InCompass*

**Christopher Scherf**  
*Executive Vice President, Thoroughbred Racing Associations*

**Peter G. Schiff**  
*Steward, The Jockey Club; Trustee, New York Racing Association; Owner/Breeder*

**Karl Schmitt**  
*Senior Vice President, Corporate Communications, Churchill Downs, Inc.*

**Barry K. Schwartz**  
*Member, The Jockey Club; Chairman, New York Racing Association; Owner/Breeder*

**Andrew Schweigart**  
*Director, Industry Relations and Development, Thoroughbred Owners and Breeders Association*

**Mike Shagan**  
*Consultant*

**Joseph V. Shields, Jr.**  
*Member, The Jockey Club; Vice Chairman, New York Racing Association*

**Maury Shields**  
*Owner/Breeder*

**David Siegel**  
*President, TrackMaster*

**Tim Smith**  
*Commissioner, National Thoroughbred Racing Association*

**Harry D. Snyder**  
*Commissioner, New York State Racing Commission*

**Joseph Spadaro**  
*Deputy Executive Director, New York State Thoroughbred Breeding and Development Fund*

**Hans Stahl**  
*President, The Jockey Club*

**George Steinbrenner**  
*Trustee, New York Racing Association; Owner/Breeder*

**Gene Stevens**  
*Editor and Publisher, Post Time USA*

**Barbara Stevenson**  
*Stevenson & Associates Consultants*

**David Stevenson**  
*Stevenson & Associates Consultants*

**Dennis Swanson**  
*Executive Vice President, Viacom TV Stations*

**Stella Thayer**  
*President, Tampa Bay Downs*

**Mike Trager**  
*Consultant*

**Tommy Trotter**  
*Racing Steward*

**D.G. Van Clief, Jr.**

*Member, The Jockey Club; President, Breeders' Cup Ltd.;  
Vice Chairman, National Thoroughbred Racing  
Association*

**Jenifer Van Deirse**

*Assistant Director of Development, Grayson-Jockey Club  
Research Foundation*

**Michael Veitch**

*Turf Writer, The Saratogian*

**Charles E. Vickery II**

*Executive Director, National Association of  
Thoroughbred Owners*

**John von Stade**

*President, National Museum of Racing*

**Bonnie von Weisenthal**

*Owner/Breeder*

**Charles V. Wait**

*President, Adirondack Trust*

**Dr. Scot Waterman**

*Executive Director, NTRA Racing Integrity and Drug  
Testing Task Force*

**Richard Watson**

*President, Charles Town Horsemen's Benevolent and  
Protective Association*

**Janene Watson**

*Owner/Breeder*

**Charlotte Weber**

*Member, The Jockey Club; Owner/Breeder*

**Wheeloek Whitney**

*Member, The Jockey Club; Whitney Management  
Company*

**Robin Williams**

*Chairwoman, Virginia Racing Commission*

**Jess Yawitz**

*Owner/Breeder*

**Chris Young**

*Owner/Breeder*

**William T. Young**

*Member, The Jockey Club; Owner/Breeder*

**Hank Zeitlin**

*Executive Vice President, Marketing and Sales,  
Equibase Company*

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## WELCOME TO PARTICIPANTS AND GUESTS

*Ogden Mills Phipps:* Good morning, ladies and gentlemen.

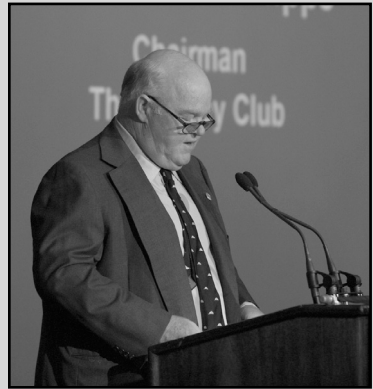
When the first Round Table Conference was held back in 1953, it consisted of only 18 people. I think it's safe to say that it has grown not only in size but in significance over the past five decades.

Many of our industry's most important initiatives can trace their roots - directly or indirectly - to a Round Table Conference: The McKinsey Report, the Bruskin Report, the National Economic Impact Study are but a few of these. And, of course, the Thoroughbred industry's largest and most widely supported initiative -- the National Thoroughbred Racing Association - was unveiled in 1997.

And while we're proud of the history of this event, and the contributions it has made to the industry, we know that there are still numerous and substantial challenges we need to overcome.

Even as we celebrate a milestone, we must look ahead, not back. I think you'll be interested by what you'll hear from all of our speakers this morning, and I would like to thank each and every one of them for their participation.

We'll get started with a report on the Activities of The Jockey Club from Alan Marzelli.



*Ogden Mills Phipps*

## ACTIVITIES OF THE JOCKEY CLUB

*Alan Marzelli:* Thank you Mr. Chairman, and good morning ladies and gentlemen.

Because of organizational changes that we first announced from this podium one year ago, we have a lot of activity to report on, but we've summarized most of it in the handout you'll find in the folder at your seat. I'll just touch on the highlights, and I'll try to stick to tradition by keeping it under 10 minutes.

Before I get to those highlights though, it seems appropriate to update you on something else that was major news in 2001: Mare Reproductive Loss Syndrome, or MRLS as it came to be known.

First observed in central Kentucky during the spring of last year, MRLS caused late-term abortions in mares scheduled to foal in 2001 and early-term abortions in

mares scheduled to foal in 2002.

We have been comparing this year's live foal statistics to 2001 and 2000. While we saw no discernible difference between live foals reported by Kentucky breeders at this time last year versus the same date in 2000, this year is another matter.

According to statistics provided by our Registry, The Jockey Club has received 7,765 Live Foal Reports from Kentucky breeders through August 5, compared with 9,447 through the same date last year...and I'll do the math...it's a decline of almost 1,700 foals.

Projecting these results over the entire year leads us to believe that the 2002 Kentucky foal crop will be down by about 2,000 foals, or 20 percent.

The good news in these statistics is that

they are not nearly as troubling as earlier estimates of as much as 30 percent based on surveys of central Kentucky farms taken late last year.

Further good news is that all indications are that the 2003 foal crop will return to pre-MRLS levels. Based on Reports of Mares Bred submitted thus far this year for the 2002 breeding season, we are estimating a 2003 North American foal crop of 37,000.

Turning to some highlights from the past year, I'd like to show you how some of our recent strategic initiatives and technological innovations have made life easier for owners, breeders, trainers, racetrack managers as well as new and long-time fans of the sport.

I'll start, naturally, with the Registry. *Jockey Club Interactive* has greatly facilitated the ease and efficiency with which our customers can conduct business and perform virtually all registration procedures.

Last year, 50 percent of Reports of Mares Bred and 73 percent of all names claimed were submitted electronically through our Internet-based service.

In addition, nearly one-quarter of the foal crop was registered via the Internet, including the submission of both the application for foal registration and digital photographs for purposes of identification.

Thus far this year, an amazing 73 percent of Reports of Mares Bred and 85 percent of all name claims have been submitted via the Internet, putting to rest once and for all the notion that the Thoroughbred industry is comprised solely of people who think computers make good paperweights.

Closely aligned with the Registry, *equineline.com* has become the premiere online information service for industry pro-

fessionals.

Whether it's new and innovative products like the catalogue supplement and update, which offers up-to-the-minute changes to catalogue pages, or our one-of-a-kind Portfolio Service, which features instant transmission of workouts, entries and results to owners on their personal computers or wireless devices, *equineline.com* has all the information industry professionals need to manage their equine investments.

In addition to enhancing its existing product lines, *equineline.com* has also introduced two new services this year. Our Internet-based Trainer Program, launched earlier this year, assists trainers in managing their entire operation, including maintenance of daily training charts, health records and automatic generation of detailed invoices which can then be printed out or e-mailed directly to customers.

And just this past week we introduced the Internet-based version of our popular Farm Management software. The program helps farms track breeding, foaling and health information - and is now fully integrated with *Jockey Club Interactive*, eliminating the duplicate entry of data for farm managers and their staff. Automatic generation of invoices is also part of the online version of the Farm Management package.

The news we have to report on the racing side of the business is every bit as exciting.

One of the principal features of the corporate re-structuring announced last year was the creation of a technology solutions company designed to integrate all data that is collected at racetracks into one centralized database and expand and enhance the services provided across the industry's existing data telecommunications network.

The natural platform from which to deliver these services is the company that was known as McKinnie Systems, Inc.

But because the new services will expand the scope of our existing business far beyond the racing office and horseman's bookkeeper departments from which McKinnie traditionally operated, we felt that a name change was in order. That name, announced late last year, is InCompass.

The first order of business for the new company is to rewrite McKinnie's existing Track Manager applications utilizing browser-based tools and a centralized database methodology. I am happy to report that this project is well underway and we expect to be testing the new software at racetracks later this fall.

Drawing directly from The Jockey Club and Equibase databases, the new InCompass applications will, for the first time, enable racetracks across the country to access official pedigree and racing information directly from the source and in real time.

We wrap up this report with a brief update on Equibase, the Thoroughbred industry's Official database of racing information.

The story of Equibase is one of industry cooperation and the marriage of information and technology for the betterment of the sport.

And one more chapter was written this year with the re-launch of our popular Virtual Stable as an event-, rather than horse-, based notification service.

With help from our friends from the NTRA, Breeders' Cup and Triple Crown racetracks, earlier this year we enhanced Virtual Stable to enable fans to track the leading contenders for the Visa Triple Crown and World Thoroughbred



*Alan Marzelli*

Championships.

In addition to workouts, entries and results for individual horses, fans are provided with a list of upcoming televised races and are only one click away from purchasing race programs, or accessing full result charts and other valuable information.

These daily notifications have increased fan participation in our sport by promoting recognition of our most visible equine athletes as they train and compete around the country leading up to our premier events.

One more piece of exciting news before I close. Since its inception, Equibase has continually investigated emerging technologies to improve the manner in which racing information is collected, stored and disseminated.

Recently, those technologies have developed to the point that it appears possible, in the not-too-distant future, to automate the collection of race data, such as timing, placing and distances. That initiative--which we call automated tracking--would revolutionize the way racing information is and has been collected for the past 100 years.

We are in the early stages of testing this technology, so we don't want to get too far ahead of ourselves. But we think that we

may be close to finding an answer. If so, this new technology will not only provide entirely new ways for handicappers to analyze races, but it will also provide broadcast enhancements and new media applications that will help make televised racing more compelling and open up additional distribution channels for the sport.

This is not a fantasy. Other major sports--football, baseball, and NASCAR being three prominent examples--are already enhancing their broadcasts using this technology, and the information generated by it, today.

At its Board meeting earlier this week, the Equibase Management Committee heard about the success of our initial tests conducted at Keeneland in July, and authorized

management to conduct further testing later this fall. So stay tuned for further news regarding this exciting initiative later this year.

Throughout our 108-year existence, the mission of The Jockey Club has remained the same - we are an organization dedicated to the improvement of Thoroughbred breeding and racing.

The only differences between the initiatives we speak of today and those that we spoke of 50 years ago when the first Round Table was conducted, are due to the rapid advances in technological innovation and the power of information that is enabled by it.

Thank you for your time, and enjoy the rest of the program.

## THE GREATEST GAME

Video prelude to The Greatest Game and introduction of Nick Nicholson

### INTRODUCTION

*Nick Nicholson:* The video you have just seen was produced through a new industry effort to promote Thoroughbred ownership. It's called The Greatest Game.

This panel will unveil the structure and future plans for this exciting new cooperative industry program. The objective is to attract investment for the purchase of Thoroughbreds from new owners, increase investment from existing owners and to reduce barriers and time to entry.

Now we should say at the outset, encouraging new investment in Thoroughbreds is certainly a complex undertaking and The Greatest Game certainly cannot solve all aspects of the puzzle.

There is no question that some elements of Thoroughbred ownership that, while important, are for the most part beyond the control of The Greatest Game. Three good examples that need the combined effort and the continued efforts of the

entire industry are:

One: The basic economics of Thoroughbred ownership. It is essential that we continue to focus on the growth of purses. Purses have increased over the last decade, but this needs to continue. This trend is a very serious economic indicator for the health of racing.

Also, the process of obtaining all of the state licenses necessary needs to continue to be simplified. And the third example is that tracks need to emphasize the hospitality aspects of Thoroughbred ownership... the enjoyment of a day at the races watching your horse run will always be one of the most special aspects of Thoroughbred ownership.

These areas will continue to require industry-wide attention but they alone are not enough. We also need to create an environment where someone interested in starting or increasing their investment with

Thoroughbreds can receive a proper introduction and an appropriate education to all of the aspects of Thoroughbred ownership.

It is this introduction and this education that are the focus of The Greatest Game.

So what is The Greatest Game and how is it structured?

It is a cooperative effort between Keeneland, NTRA, TOBA and *The Blood-Horse* -- and anyone else who is willing to help. It has been underway for approximately one year and, up until now, most of our efforts have been spent on research and on planning.

We have an executive director and we have funding. There was a pilot project conducted in April where a number of couples were flown into Lexington for a weekend of racing. They were hosted at a lovely dinner party at Darby Dan Farm on Friday night. On Saturday morning they went to Keeneland to watch workouts, and they met several prominent owners and trainers - among them Debby and Jack Oxley from whom they learned how easy it is to win the Kentucky Derby. Or at least they met a very nice couple that did win the race.

While at the races they met Wayne Lukas. Wayne Lukas was so excited about Proud Citizen's chances in the Coolmore Lexington that afternoon, that before the race he invited the entire group to join him in the winner's circle.

That night there was a wonderful dinner with several prominent owners including Jack and Debby, Carol and Tracey Farmer, and several others who came to host. It was a lovely weekend. We learned a lot that weekend. The guests learned, and we did too.

This weekend, there are 13 guests experiencing wonderful Saratoga. There has been a nice dinner at the Reading Room,



*Nick Nicholson*

trackside breakfasts, the Alabama, and this morning right while this meeting is going on, they are touring the backside and visiting trainer Rusty Arnold's barn. We hope to have more of these visits not only to Lexington and Saratoga, but also to Del Mar and other sites as well.

But most important and what will probably be the most important aspect of The Greatest Game is follow-up. After these weekends there will be communication with each guest. There will be an innovative new Mentoring Program that will be made available to each of them, which you will hear more about. It will be accompanied by a strong code of ethics that will be agreed to by all industry participants.

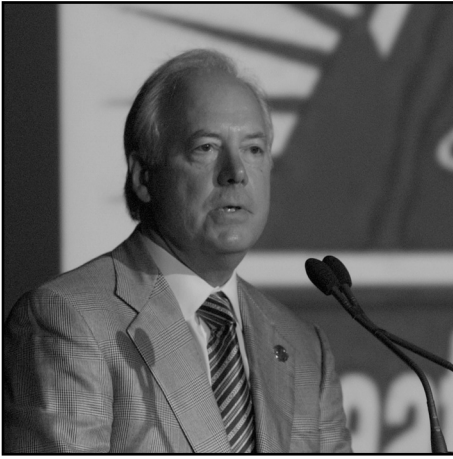
Two new aspects of the overall program are being launched this month. One is an outreach television advertising series unprecedented in the industry. You will hear more about that today too.

Another is a new web site, which you are invited to visit...[thegreatestgame.com](http://thegreatestgame.com). It is managed by *The Blood-Horse*. We would also like to acknowledge and thank TVG for airing our promotional video, as well.

*Nick Nicholson:* So this morning, to educate us on The Greatest Game we are fortunate to have two prominent Thoroughbred owners: Jack Oxley, president of Oxley Petroleum; and Steve Duncker, a recently retired managing director of Goldman Sachs.

Gentlemen, thank you for joining us to participate this morning. Mr. Oxley will lead off, and then immediately, Mr. Duncker will follow. Let's watch this introductory video and meet Mr. Oxley...

## THE MENTORING PROGRAM



*John C. Oxley*

*John C. Oxley:* Thank you, Nick. It certainly looked easy and I hope we can make it easy again, and I hope each and every one of you can if you wish. It's a pleasure to be with you this morning to share my racing experience and comment on aspects of The Greatest Game.

My wife Debby and I have and continue to share wonderful Thoroughbred experiences. Debby is from Louisville, Kentucky, home of the Kentucky Derby. She has enjoyed the Derby since childhood.

I am originally from Tulsa, Oklahoma where I became acquainted with and enjoyed riding Thoroughbreds as a child. Later, my parents, and dad particularly, introduced me to Polo - again involving the Thoroughbred.

I first became fascinated with racing as a nine-year-old upon hearing the call of the 1946 Kentucky Derby won by Assault. Later,

in my high school days, dad took our family to the Kentucky Derby - won in 1954 by a gray colt named Determine. I had a great time and, thrilled by the Derby, I think I decided that someday I wanted to own a racehorse.

Someday came for me at age 35 when I attended a two-year-olds in training sale with a polo friend and racing enthusiast. I purchased my first racehorse and discovered the joys of ownership and the winner's circle. Hooked on the greatest lifestyle on the planet... I've stayed with the game and, ironically, after 30 years in the business, I have been fortunate enough to win that Derby with another gray colt... Monarchos... Our thrill of a lifetime!

Today we thoroughly enjoy our lifestyle in the equestrian world. With 40 horses now in training and 50 broodmares at our Fawn Leap Farm in Midway, Kentucky, we are enjoying the experience more than ever.

We are especially thankful for the excellent dedication and performance of our trainers, John and Donna Ward, to whom much of our success is attributable. Additionally, we appreciate the enjoyment we share with our friends and associates in racing, which is such a nice benefit of this lifestyle.

Properly approached, we believe there are a multitude of people that can enjoy similar wonderful racing experiences. The Greatest Game represents an attractive

approach to these prospective owners.

One of the most important components to the Thoroughbred industry, and the primary focus of The Greatest Game, is recruiting new owners. From the research done by the Matrix Group in 2001 we know that our prospect is likely to be ushered into the business by others, often in partnership, and is likely to encourage others to join the ownership ranks.

Psychologically, the prospect enjoys the satisfaction of accomplishment, fun, excitement, competition and contact with the horses. Ownership gives people a sense of being part of the club. Forty-six percent of the group surveyed cite "love of the sport" as their primary reason for becoming owners.

The pilot project held in April demonstrated the value of this program. Jerry and Jana Klauer are a couple who were recommended by John Amerman and who made the trip from New York to Lexington and who have maintained contacts from their visit. They have remained friendly with Tracy and Carol Farmer who hosted them this past week in Saratoga.

Follow-up is an important component to The Greatest Game. The consultant program is designed to provide prospective new owners with as many qualified resources as possible so they may make educated and informed decisions. The program will provide new owners with up to three qualified "consultants" from which they can choose. All qualified consultants will have one opportunity to be teamed up with a prospect until the list of consultants

is exhausted, at which time the lottery process will begin with a fresh list. An accounting firm will conduct the lottery.

The consultants will have to become members of The Greatest Game. In carrying out their role of providing service to the Thoroughbred industry, members must recognize the need to do so in a professional manner and to deal with the public and colleagues with the highest degree of integrity. The consultants who agree to participate in this program agree to competent representation and full disclosure on all matters involving transactions between themselves and their principals. The membership will have an oversight committee to ensure the guidelines are being followed.

Consultants, hosts for the various Greatest Game weekends and industry leaders will take the lead in making sure prospects who funnel through The Greatest Game receive the follow-up and guidance they need to become involved and to be successful.

Finally, the web site... *thegreatestgame.com* has a new look. It is designed to focus on the fun of ownership while providing important information and links to industry information. The site will provide stories of ownership from all levels of the business. The web site will also act as a tool for prospective owners to contact The Greatest Game personnel to request information and guidance.

As I said before, this is the greatest lifestyle on the planet. Thank you and good luck in all of your racing endeavors.

## ADVERTISING AND MARKETING STRATEGIES

*C. Steven Duncker:* Every time I see *thegreatestgame.com* video with everybody jumping around it gets my blood boiling. Even at home, I tape it so I can play it over again when it is not on TV. I guess I am a little bit jealous, Jack, of your video when you are winning the Kentucky Derby and things like that. Although, I must say the Round Table Stakes and the Bernard Baruch Handicap were big thrills for me.

I just wanted to start, since The Greatest Game is about getting new owners in the business, by just briefly telling you how I got my start in the business.

I grew up in St. Louis, Missouri and the local tracks there are Fairmount Park and Oakview Downs... I trust that maybe not all of you have heard of [them]. But, at age 14, I found myself spending every Friday and Saturday night there. Many times, having to pay seniors in high school that could drive to take me over.

My best friend shared this passion with me and we decided at 17, that the next step was to buy a racehorse. So, we figured out how much money we had if we committed 95 percent of our net worth to the project, and realized that we had to get a few other people involved. So we talked a few of our other friends into it, and we had a theory that if you went to Kentucky and bought a horse and then brought it to Fairmount Park, no matter how poorly they had been running in Kentucky, they could do better in the St. Louis environment.

So we did that. We bought a horse in Kentucky. We realized we didn't have a trainer. We went over to Fairmount Park, my friend Ted and I. We took the program out and ran our fingers down it until we came to a name that we kind of recognized.

We paged the trainer over the PA sys-

tem, asked him to come to the racing secretary's office, stuck out our hand and said, "I'm Steve Duncker, I'd like you to train a horse for me."

The guy said, "Could you put up \$1,000 for bills? That's the way we do it."

Anyway, the big day came about three weeks later. We had been talking it up and I think half of our high school showed up. And when Informal Affair won the race by five lengths, with half of our high school going crazy, I think the hook was set about as deep as you can set it.

That day at Fairmount was a little bit notable for one other thing. They were breaking in a new track announcer that day, and as they said in the Racing Form the next day, "Twenty-eight-year-old Irishman Tom Durkin was especially well received by the fans." He's come a long way from Fairmount Park!

Obviously, our group had a burning desire to own a racehorse. What The Greatest Game is trying to do is not only find people who also have that desire, but find them and make it a little easier for them to own a racehorse.

The first step, and Jack mentioned this, was a study by the Matrix Group. What it showed was there was an extremely strong potential for new owner development through advertising and public relations. The first step in this was to get a specific profile for the candidates, and you can see it on the bottom there: males, late 40's, and early 50's. I won't go through it all.

The second part of that was finding: what are the hot buttons for these people? What is going to get them excited? What do we touch on?

Some of these things are: the contact with the horses, the fun and excitement of



the game, and the satisfaction of accomplishment.

One other thing that came out of this, and I think Nick mentioned this a little bit, is that it takes a long time from the time people start thinking about owning a horse until the time when they actually do. It is an average of five years from when you are interested until when you pull the trigger. One of the things all this can do is really, not only get people interested, but also just shorten that time. It is a complex process, so if we help them through it, it really helps.

The ad campaign that we are about to go through has a tag that really shows the passion for the game. Once again, I am sure this is as good as it gets in terms of showing that. The ads that you are about to see take a little bit different tack, but once again, they really do showcase the owner... something that is a little bit lacking in the sport.

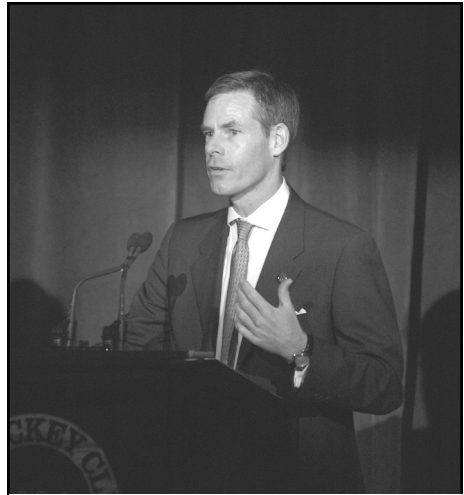
Really, where they go with this is to show that people who have been extremely successful in other businesses... how much passion and love they have for the Thoroughbred game... and how much whatever thrills they had in their career are matched or topped by the Thoroughbred game.

Once again, going back to the demographics that are targeted, we have a very specific group of spots and where we are going to run them. I think we have a tape that shows that.

*{Video of programs during which advertisements will air}*

I think if we are targeting a demographic of males age 40-to-50, certainly the Golf Channel and the "Squawk Box" are about as good as it gets for that.

Now, I would like to show a couple of examples of the ads that we are talking about. So let's roll that, please.



*C. Steven Duncker*

*{Video of advertisements}*

I think having seen those, you can see how the target audience could identify with the people in there, and look to have that same thrill that Gary [Bisanz] and Kenny [Trout] are talking about.

The second part of this focus is the public relations campaign. It has a few components to it. Certainly, pitching our story to magazines like "People" would be beneficial.

The second point... information on Thoroughbred sales and features on Thoroughbred sales is an interesting topic because anybody that goes to the sales knows there is an energy to it... there is an excitement to it that I don't think has really been captured much for people out there. You go and you watch this, but when you are there, I think it is really captivating. And I think if we can bring that to people, we can draw them into that world a little bit.

Biographies of owners and their recent purchases of the Thoroughbred... once again, this is an issue where we highlight the owner, not at the expense of the trainers or jockeys or horses, but show that these are important participants in the game.

We will also be sending out these TV spots and asking our track partners to help us promote all this. They are going to be an integral part of this whole process.

In finishing up, this is exciting stuff. This is the first time there has been a coor-

dinated effort over mass media to show the excitement of Thoroughbred ownership. I watch these commercials and I get excited and I've been doing it for 25 years!

Hopefully, it will catch on with the people we are trying to target.

*C. Steven Duncker:* Nick will now take over and talk a bit about how everyone else can help with this. Thank you.

## CONCLUSION

*Nick Nicholson:* Well you now know about the initial launch of The Greatest Game. Future programs hopefully will include new ways to participate as an owner...we will search for ways to become involved with Thoroughbred ownership without the substantial initial investment.

You may ask how you can help. Research tells us that the next new owners currently are sitting in our grandstands. Racetrack operators can assist by providing owner recognition and appreciation pro-

grams. There is a track kit that contains video spots you can run on your in-house network and camera-ready copy in varying sizes for your daily programs.

If you are an existing owner, perhaps you know of people who have the interest and means to become an owner. We will do our very best to assure that any new prospect you pass on to us will receive a solid basic education, fair and honest treatment and certainly a good time.

*Ogden Mills Phipps:* Thank you Nick, Steve and Jack for your report. The Greatest Game reminds all of us what really is our greatest game. We all share your optimism in the program.

## RACING MEDICATION AND TESTING CONSORTIUM

*Ogden Mills Phipps:* The issue of medication is one that we have addressed at this venue many times but it's doubtful that we've ever had as many organizations and individuals pulling in the same direction as we do now.

The next two speakers have devoted countless hours of their time and energies to the topic. Their work is truly a labor of love. Dr. Scot Waterman has been an important part of the NTRA Racing Integrity and Drug Testing Task Force for the past few years and, more recently, the Racing Medication and Testing Consortium. It is a pleasure to welcome him here for an update. Scot. . .

### PROGRESS REPORT

*Dr. Scot Waterman:* Thank you, Mr. Chairman.

One year ago, my predecessor Jim Gallagher stood before you and detailed the results of the NTRA Racing Integrity and Drug Testing Task Force's Supertest project. It was our hope that the results, along with the three years of research into the state of drug testing included in the report, would serve as a catalyst for an industry-wide movement towards better and more uniform testing procedures.

At the same time, the American Association of Equine Practitioners was well into the planning stages of the Racehorse Medication Summit, which brought 35 individuals representing 21 industry stakeholder groups together at the University of Arizona's Annual Symposium on Racing in order to build consensus on the most basic elements of a nationwide uniform medication policy.

The confluence of these two efforts led directly to the development of the Racing Medication and Testing Consortium, and it is my hope that 20 years from now they will be viewed as the defining moments in the industry's attempt to address these issues successfully.

The Racing Medication and Testing

Consortium, which is now the working title of the group originally brought together by the AAEP, has had two additional face-to-face meetings since December.

On May 1st in Louisville, the group divided into three task forces to work concurrently on key issues related to the development of a national organization and uniform medication policy. At Hawthorne Race Course on July 16th the group received progress reports from each of the three task forces and discussed and debated their work along with logical next steps.

This morning, I will outline the progress of each task force, and where the Consortium now stands.

The Business and Organizational Task Force, chaired by Hans Stahl of The Jockey Club, was given the mission of developing a permanent structure and governance for the Consortium as well as exploring both short- and long-term funding options. At the July 16th meeting, Alan Foreman of the Thoroughbred Horsemen's Association presented draft Articles of Incorporation and Bylaws. The group agreed in principle to the concepts presented in the documents, including the makeup of the governing board of directors and those issues requiring a supermajority vote. Both documents



*Dr. Scot Waterman*

will undergo minor revisions and should be filed officially by the end of the year.

The Business and Organizational Task Force has also developed an extensive first draft of a business plan for the Consortium. Because the business plan is still in draft form, it would be premature for me to discuss it in specifics today. However, one section of the business plan needs to be mentioned this morning, and that is the organization's funding.

While the long-term goal of the Consortium is to develop a funding mechanism that will ensure the ability to realize our goals and objectives, it was recognized early in our discussions that developing and implementing a mechanism that is equitable to all industry stakeholders would take time and effort.

Short-term funding is required, though, to maintain the Consortium's momentum by achieving initial strategic successes in identified high priority areas, such as the development and implementation of a model medication policy or the development of new tests and technologies for detecting novel, performance-altering drugs. Therefore, the Business Task Force

has asked prospective board members of the Consortium to make a three-year financial commitment that would be reduced as revenue from a permanent funding mechanism is realized.

I am happy to report to you this morning that our industry is responding to the call for bridge financing. At this point, we have a total of \$625,000 committed by the Thoroughbred Owners and Breeders Association, the Thoroughbred Horsemen's Associations, the New York Racing Association, The Jockey Club, the Kentucky Thoroughbred Association, Thoroughbred Owners of California, NTRA/Breeders' Cup, the American Quarter Horse Association and their member tracks and the American Association of Equine Practitioners. I would like to take this opportunity to publicly thank those who have already committed, and those who plan to contribute, for their support as we work towards our target of one million dollars.

In order to put that money to the best possible use, it was necessary for the Consortium to establish short-range priorities. This job was assigned to the Research Priority Task Force, led by Dr. Rick Arthur of the American Association of Equine Practitioners and Dr. Rick Sams of The Ohio State University. A draft list of priorities was presented to and agreed on by the Consortium at the July 16th meeting.

In addition, this Task Force also developed a system for the Consortium to accept and evaluate grants based on the model currently being used by the Grayson-Jockey Club Research Foundation. The projects that we will attempt to fund in the initial year will reflect a balance between our goals of developing new tests for substances of no therapeutic value to the horse that are said to be in use--such as erythropoietin--

and research on drugs of known therapeutic value to the horse--such as procaine penicillin--so that we can understand how they best fit into a model medication policy and, most importantly, have the scientific data to support us when the policy is taken to state regulators.

That leads me to the final Task Force update: the Model Medication Policy Task Force. Chaired by Jim Gallagher, now with the New York Racing Association, the Model Policy Task Force has the mission of preparing a model medication policy that the Consortium can unanimously endorse and advocate to state regulators - resulting in a single, national set of medication rules.

Using the Tucson consensus document as a template, the Task Force prepared a nine-page draft policy that was discussed on July 16th. While it would be unrealistic to think that we could work through all of the difficult issues related to a uniform policy in three short meetings, I believe that in the end a consensus can be reached.

*Dr. Scot Waterman:* It is now my pleasure to introduce Gary Biszantz, the chairman of the Thoroughbred Owners and Breeders Association, and a passionate and inspirational force with the Racing Medication and Testing Consortium. Gary...

### A PLEA FOR UNIFORM MEDICATION

*Gary Biszantz:* Thank you Mr. Chairman and distinguished guests.

I'm pleased and very proud to be asked to present my views on uniform medication and why it is critical and essential to enhance the integrity of Thoroughbred racing and thereby support the NTRA's effort to elevate Thoroughbred racing to major league status.

Last week I had the opportunity to spend a day with my daughter in Northern California and on Sunday morning we journeyed to church and I listened to a Baptist minister give a little talk on "common sense as it applies to religion." It impressed

me so much that it made me think that might be a good topic for me to discuss this morning as it applies to medication given to the race horse in a very appropriate way.

However, it is clear to me that this consensus can only be achieved through a patient and methodical approach that merges the findings of unbiased scientific research with realistic views of the issues involved.

For a group only eight months old, we have covered an extraordinary amount of ground. The Racing Medication and Testing Consortium will hold its fourth meeting in October to build on what has already been accomplished. A passionate dedication to this issue has gotten us this far. It's certain to be sternly tested in the future, but the alternative - the status quo - is unacceptable.

We have already seen several examples this year of how badly a sport's image and reputation can be tarnished in the eyes of its fans by a "bury-your-head-in-the-sand" attitude. The Consortium is, slowly but surely, developing the framework to prevent that from happening to our sport.

So let's take sort of a common sense approach to some of the obvious questions and problems I think owners and the industry face.

The first one would be: does it make sense for trainers and owners to ship and race horses all over the United States and be confronted with figuring out the existing medication rules which apply in the state that they're running in, but are totally dif-

ferent from the state that they came from or where they're going? Does this confusion cause unnecessary positives to occur, unnecessary bad publicity and create a bad image for Thoroughbred racing when it's really not necessary?

Does it make sense to race horses on therapeutic medications under the impression that these medications do not improve performance? I personally believe that we were led astray years ago by some - just some - in the scientific community who made us believe that increased medication usage would increase field sizes, allow horses to race longer, and make more starts per year, when the facts today clearly show the reverse is true of every promise. An old expression that I grew up with "Well intentioned, but misdirected" may well apply to some in the veterinary community.

Interestingly, Webster defines therapeutic very simply: to heal an injury or illness. Interestingly, the veterinary community, or advisory committee, rewrote that definition as follows: therapeutic medications administered by or under the supervision of a veterinarian that support the health, welfare and fitness of horses during training and racing or facilitate their safe and humane handling during routine procedures.

That sounds pretty good but I question, myself, the veterinary community to explain to me, this audience or any audience how a horse that has an injury or an illness -- suffering from a conceivable stress fracture, possibly a chip or maybe a soft tissue injury -- treated with therapeutic medications and asked to run six furlongs in 1:10.1 with 10 horses chasing it around the track, is in the healing process. It's hard for me to understand how that healing of the injury is occurring during that program.

I believe the truth is just the opposite! I believe that permissive and injudicious use

of medications get you to the next race, with less pain, but the long-term results are generally disastrous for the horse.

Common sense also tells us to look at some critical statistics -- and statistics relatively don't lie although we hate to accept them sometimes -- on horse starts per year, which are down nearly 50 percent over the last 20-to-25 years. Where they used to race 12 or 13 times a year on a regular basis, we're now down to 6 or 7 times per year.

Interestingly, horse careers have shortened from four years to two years. So we've lost again another 50 percent over the last 30 years...and in the last three years they have gone down to just two years as their length.

The trend is down in every five-year period that we look at as far as the opportunity for the horse to race. Field sizes have diminished. Veterinary bills have escalated to record heights, at the expense of owners, in an industry that I believe desperately needs the owner to fare better if you're going to ask them to reinvest and stay in the game.

These graphs really do not lie, and some in the veterinary community have a difficult time accepting reality at the risk of giving up income. The dollars do speak loud. Owners are paying for the services.

Owners listen to trainers, many of whom rely too much, in my judgment, on veterinarians to help them make the next race.

Economic decisions outweigh the horse's health, fairness, and safety for both the horse and the rider. A playing field which is level for all participants is all we all ask for.

The drug task force, which I am proud to be a member of, has worked really hard the past 1 ½ years to analyze testing, drug

performance and what constitutes an unfair advantage medicinally.

Many meetings have been held and much progress has been accomplished, but we continually face difficulty in arriving at defining a policy for uniform medication that all jurisdictions would accept and comply with.

Part of the delay is the call for more research, and who could be opposed to more research? I hope - and I'm sure you do - that research goes on forever and new factual data is provided to us so we can adjust whatever policy we start with and agree to. We should always be a work in progress - always changing something that's better.

Some people spend their focus on race day - what should happen to the Thoroughbred on race day? Should horses really be clean on race day and free of medication or should they be allowed to race on medications? We know enough today, in my judgment, to approve the medications that we know do not improve the performance of the horse.

Some argue, knowledgeably, that withdrawal times for medication are appropriate. Some argue that decision levels and threshold levels are appropriate. And some argue that we have to have both.

For me, I am confident in a simpler philosophy: less is better than more. More medication, in my judgment, has all the arrows that we've looked at in the charts pointing the wrong way. I cannot defy the charts and I cannot defy the logic that's true to them.

The breed essentially may well be weakening. The distance of our races are continually shortening. Being a member of the Graded Stakes Committee I get to see the opportunity consistently of tracks reducing the length of many of the great



*Gary Biszantz*

races in America. The racing life of the horse is half what it used to be, two years instead of four. Starts per year are down from 12 or 13 times to six and still falling. Field sizes are smaller and tracks struggle to fill the races. And too many horses at the end of their competitive careers are useless, primarily, in my judgment, from overuse of medication. And those of you in the audience, like myself, who are involved in Thoroughbred retirement centers see that vividly when the horses show up at our farms.

Medicine, technology and science have significantly lengthened the life of humans. I heard just the other day that we are at a point where the average age of a woman has been extended to 79 years of age and a man to 74 which is phenomenal. Why are the statistics so opposite for the horse? What is it about medicine, technology and science that tells us just the opposite figures for the animal? They don't last as long. They don't race faster. But they are more brittle and they run less.

In just this past year though, we have made some great progress on developing some new concepts, called "Prohibited Practices" which Scot mentioned. Under

this guide, Epogen and Darbepoietin have been outlawed, a drug that increases blood cell counts, but can also cause disastrous results for the horse.

We've taken a good position, I believe, on shock-wave therapy so that it is used judiciously to do what it is supposed to do in the healing process but not used to disguise pain so a horse can perform on race day.

And we are now discussing, as some of you probably read in today's Racing Form, anabolic steroids, which are being outlawed in all major league sports and which, in my opinion, horseracing cannot afford to continue the use of and have the public know that it's illegal for all other sports, but okay for Thoroughbreds and we're going to give it to them and it does enhance performance. These are difficult things but we're making progress here.

I don't want you to be dismayed again about the progress. NTRA is making great progress, and it is my hope that solid thinking horsemen, supported by all owners, will work together to blend a uniform medication policy for Thoroughbred racing in America that everyone can comply with. We just can't know what's right. We have to do what's right. It's the responsibility, in my opinion, of those who have custody of these great animals to know what's right and to do it.

When instituted, and if approved eventually, lab testing can concentrate on what it should be looking for and owners and trainers will know the field is level. The benefits of uniform drug testing are enormous: health and welfare of the horse will be improved; integrity for the sport will be bolstered; fans trust that they do not need two forms for handicapping, one for the performance of the horse and one for

the performance of medications; hopefully we'll have fuller fields; we'll have longer life cycles of the horse; we'll get more starts per year when horses are sound and race reasonably free of medications on race day; probably we'll have reduced costs in overall national drug testing which should be comfortable for many because the labs and chemists for the first time will be in sync on something that we've presented to them.

America has many, many quality veterinarians who endorse uniform medication. They recognize that their income may be a little bit less or reduced in some cases, but owner's costs are also reduced and honesty and fairness will be enforced in the sport. Long term it's a win-win for everybody.

I grew up believing that the horse was first, the trainer was in charge and the veterinarian was there if we had injury or illness. I can still remember years and years ago when if a horse was sick or had an injury, you had to call on the loud speaker and say, "Jack Robbins, would you go to Barn 37" because there were only three veterinarians on the grounds and it was serious. Today, on the backstretch of most tracks, you can't find a place to park your car because there are so many veterinary trucks--there's one for every barn.

I never believed that the vet in many cases was more important than the horse and the trainer, unless we had an injury or illness. Times have changed a lot today and owners are paying a huge price for many medications, in my judgment, some of which are given for the wrong purpose, and some of which are given to just get an edge.

I'm hopeful we can go back to thinking that the horse, safety, and fairness are more important. I hope all of you in the audience



can endorse these views and help move this great sport forward. This year 2002 is showing some significant signs of improvement in attendance and handle...Saratoga's having a great meet...Del Mar's having a great meet. We have a chance to move Thoroughbred racing to a major league status.

Uniform medication across America can only help our great sport. I urge all of you to encourage your representative to get the job done. The country is crying for uniform medication. We can't stall or delay any longer. We need to move ahead and develop a best practice that will complement the great sport. Thank you.

*Ogden Mills Phipps:* Thank you, Scot and Gary. Your hard work, and the work of the task forces, seems to be paying dividends. We've talked about it a long time and I hope you'll be able to report next year on a lot of progress.



## THE PROMISE OF EQUINE GENOMICS

*Ogden Mills Phipps:* In recent years, we've read and heard much about The Horse Genome Project. We're honored today to have with us Dr. Doug Antczak of Cornell University, who will give us a glimpse at what the future may hold in this area.

Before Doug comes up, our good friend Dr. Larry Bramlage, who always does such a good job of making scientific and veterinary terms a lot easier for us to understand, will give you a brief introduction. Larry.

### GENES, GENETICS AND GENOMICS

*Dr. Larry Bramlage:* Thank you, Mr. Chairman.

Last century was the century of physics. We went from the horse to the space shuttle in transportation and from the quill pen to the computer by unraveling the laws of physics.

The upcoming century is going to be the century of biology. We're not really sure where we'll go by the end of the century but we do know what's going to take us there and that's the study of that molecule DNA.

DNA contains the genetic code of every individual in the center of every cell in the body. We recognize this shape as being DNA when it's clumped up in the form of a chromosome but it only does that for reproduction. During most of the cell's life it is unwound, untwisted and unraveled into what is sort of a spiraling ladder.

Now, the entire genetic code is written in an alphabet of four letters - A, T, C and G. If you flatten out this ladder you'll see that A and T are always combined and C and G are always combined and they can occur as a T and then an A, or a G and then a C, but they're always in combination.

DNA is uniquely positioned to preserve the genetic code because once you need a new cell, you just split the ladder along the long axis and reconstruct the appropriate

half and you have an exact copy. If you then separate the copied chromosomes into two parts, you get two daughter cells that are exactly alike. If you separate them into four parts and recombine half of the parts from a male and a female you get reproduction, or inheritance, the study of which is called genetics. That's an old science.

The rest of this is new science happening along here in the recent past. Now, in order to understand genes, you have to have a cursory understanding of protein synthesis because every cell does its work by the production of a protein which it sends out to accomplish a goal.

DNA is too valuable to risk outside the nucleus of a cell because if you disturb the DNA, you've changed the genetic code for the rest of that individual's life. So it stays in the cell at all times.

It's translated by this molecule called RNA which is sort of like half of the ladder of the DNA. That code goes to the manufacturing centers in the cells and each of the sequential triplicates of those letters of the DNA code codes for one amino acid. An amino acid is represented by these little balls in this sequence. When the amino acids are chained up, they form a protein. We all know about amino acids from nutrition. A protein is just a combination of amino acids from that sequence.

So, conceptually, we've got the master plans in the nucleus...they never leave. The job blueprints go out to the manufacturing site. We have a delivery system. When they come together a protein is produced and it goes out of the cell to do its job.

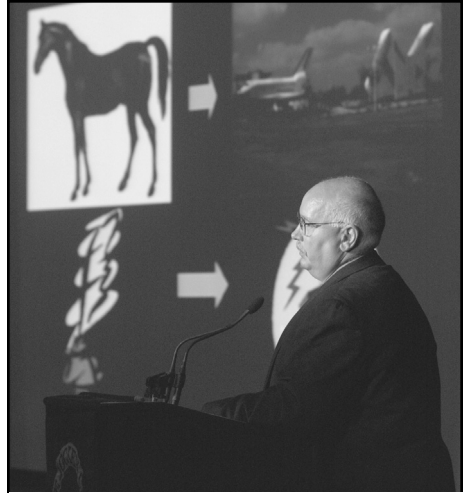
So what is a gene?

A gene is nothing but a segment of DNA that codes for the production of one protein. It has the order of assembly for each of these amino acids represented by those geometric shapes and the instructions for assembling that protein. It's one segment of DNA, one gene, one protein, one effect. And everything gets done in the body in that manner.

Now, you can manipulate genes and that process results in a science called gene therapy. This is a very busy slide to show that viruses are the number one manipulator of genes. Viruses can't reproduce themselves. They insert their own little segment of DNA into the nucleus of a cell which, when it's translated, causes the cell production mechanism to produce viruses instead of whatever protein might have been intended at that time.

In fact, they produce so many viruses that they actually rupture the cell and liberate the viruses again to wreak havoc on the next cell. This process going on in multiple cells at the same time causes the cell death that you associate with the fever and chills of a virus.

Now, the viruses are kept in check by the immunity of the body...and the Grayson-Jockey Club Research Foundation has been involved in many immunity projects, as have all research foundations...but a new area is to attempt to produce immunity to DNA. Viruses are very effectively neutralized by immunity but bacteria and some other disease carriers are not. The reason



*Dr. Larry Bramlage*

is that their DNA is protected in the middle of the organism just like it's protected in a cell.

So we have three projects underway right now attempting to expose this DNA and tag an antibody to it which stops the reproductive process and one of the places where this would have a lot of benefit is an instance like *Rhodococcus pneumoniae* in the foal where the treatment is very difficult.

Now, other funded research, and this is the prime crux of gene therapy, is to trick a virus into working for you. You assemble a DNA sequence which would be a gene, insert it into the virus, let the virus insert it into the cell and then that DNA will tell the cell to produce something you need... something like an anti-arthritis. This will be the frontier where the first gene therapy becomes practical.

There are two funded projects from the Grayson-Jockey Club Research Foundation going on right there. This is biologic treatment targeted exactly at the disease process with a very efficacious treatment method that has few by-products. It's much more desirable than chemical or pharmacologi-

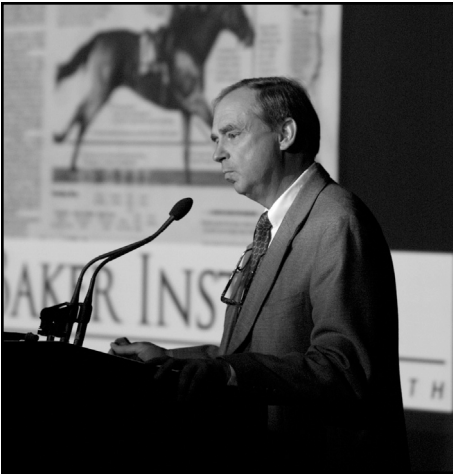
cal treatment which we use today. That's how your grandchildren will treat their horses. How fast and how well we get there

depends upon how well we fund the research and how fast we make the progress.

*Dr. Larry Bramlage:* Now if you study all of the genes in all of the chromosomes, you're studying the genome...or you have genomics. Dr. Doug Antczak is an expert in that area and he's going to tell us about that field. He's a Cornell graduate...a Penn veterinary school graduate...a Cambridge Ph.D.

Besides being a polo player at Cornell, he is now the director of the Baker Research Foundation and the Havemeyer professor of surgery. Dr. Antczak...

## CURRENT RESEARCH



*Dr. Douglas Antczak*

*Dr. Douglas Antczak:* Good morning. It's a great pleasure to be here and I want to thank The Jockey Club for inviting me to represent my fellow scientists who work on the Horse Genome Project.

Racing, breeding and science itself are governed by a series of probabilities and, in many cases, improbabilities. This article came out in the Science section of *The New York Times* in May of 2001 and if you had asked geneticists how likely it was that the Horse Genome Project would be featured in *The New York Times* in January of that year, they'd say it's about as likely as Monarchos breaking Secretariat's record in winning the Derby a couple of months later in May. But things like this happen.

Now, I reckon the Oxleys and the Wards were believers and they thought their horse could do it...and the people who work on the Horse Genome Project have had that same kind of belief and they've worked with a very small budget on a very large project and I want to tell you something about our successes over the last seven years.

When a mouse or a fruit fly geneticist thinks about studying horse genetics this is what they think about...*{slide}* an animal like this throwing off a rough stock rider...Horses are very large, they're expensive, they have a long gestation, they have no litters, they kick, they bite...there are a dozen reasons why you'd never want to study horse genetics if you're a geneticist.

But if you're a horseman, there are a thousand reasons why you'd want to study horse genetics, and they're embodied in this slide right here which shows the three foundation sires which led in a couple hundred years to Carson Hollow and You in that wonderful battle in the Test Stakes a couple of weeks ago.

Now this is a plug for New York-breds because Carson Hollow was foaled about two miles from my house at the Purdy Farm, and I can tell you the Purdy's have been working in genomics for the past 10

or 15 years. They're breeding horses, making crosses to select for characteristics that are determined by multiple genes. They're considering all the genes of the organism at the same time. And any of you out there who've bred horses, you're doing the same thing...we're working in the same field...we just don't call it the same name.

The Horse Genome Project consists of about 20 laboratories around the world and this {slide} is their locations...about 120 scientists altogether who are collaborating. And collaboration for scientists is unusual. Scientists are about as competitive as owners, trainers and jockeys...but the Horse Genome Project is such a large undertaking and it's so complicated that we've banded together and divided ourselves up and have taken bits of the project and have broken it up so that we can make faster progress...and that's what we've done.

In the same way, some funding agencies have banded together to provide us with the initial funding that's been necessary. It was kick-started by the Dorothy Russell Havemeyer Foundation which provided an umbrella grant and a challenge grant in 1995 and this has been supplemented by funds from the Department of Agriculture, Grayson-Jockey Research Foundation Club, the New York State Zweig Memorial Fund and other agencies around this country and around the world and it's working really well so far.

Now, this slide shows the difference between genetics and genomics. Genetics is a relatively simple subject these days and it relates to the inheritance of single genes, like the kind that cause eye color or, in most cases, coat color, or some of the blood groups. Genomics considers the action of all the genes of the genome at the same time...{slide} and here's a cell, as

Larry spoke to you about so well a few minutes ago...here are the chromosomes...and here's an unraveled chromosome which has its DNA strand out here and there's a gene down in this part right here.

The Horse Genome Project's goal is to understand all of the genes of the horse so that we can study them and consider their effects in single experiments and single undertakings.

To do this, we've tried to parse the genome, or reduce it, to a manageable size, and we've done it by breaking it down by chromosome. {slide} These are all the horse chromosomes...a picture or photomicrograph of the chromosomes...there are about 30 of them. And in the horse genome there are about 30,000 genes and they're encoded in three billion bits of information.

Now three billion is too big a number for most of us to understand...only people like Bill Gates can understand those numbers with his financial resources. If you take a single horse chromosome, it'll contain about 100 billion bits of information and only about 1,000 genes...and that's a very manageable number. It's not billions and billions, it's just 1,000.

A single horse gene might occupy a tiny little line on that chromosome and it would take only about 5,000 of these bits of DNA information. So the Horse Genome Project scientists are parsing and reducing the horse genome to manageable bits of information that we can understand.

In 1995 there were only about 20 genes identified and mapped. There was no understanding of the overall organization of the horse genome and no comparisons possible with gene maps of other species. Now in 2002, we can take each horse chromosome and tell you that there are a number

of linkage markers on each chromosome. And if you think of a chromosome like an interstate highway, the linkage markers are like the exit signs...and the genes, the bits of the DNA which actually perform tasks and make proteins...we also know the location of some of those. And they're linked to these anonymous markers which you don't really need to know about for this project but they're important for having us make our maps of the horse genome.

There are over 500 mapped markers in the horse genome...many on every chromosome...many, about 500 more, being characterized. There are about 300 physical genes that are mapped and that number increases weekly. There are about 3,000 genes that have been sequenced and that number is increasing daily.

We've also developed a comparative map which compares the organization of genes in the human and the horse chromosomes. That's shown here {slide} and it's very hard to see because it's so small but you can see the different colors, I think. This shows all of the horse chromosomes and the different colors represent genes of the human genome that are found together on single horse chromosomes.

And the important thing is that most horse chromosomes are not a mosaic like this one. This one has genes from four or five different human chromosomes. Most of the horse chromosomes have only a single color on them which means the genes on that horse chromosome can be found together on a comparative, or homologous, equivalent human chromosome. That means that the gene order has been maintained between horses and humans for over 20 million years. And we can use much of the information from the Human Genome Project to study the horse genome...and

that's been very important for us.

This is the kind of magazine you buy when you're in the checkout line at the grocery store. This is August 18, 1992, and it's their predictions and prophecies issue of *The Sun*. Now, if you'd read that the Horse Genome Project was going to make great strides in the next decade and that there'd be genetic tests available for severe combined immuno-deficiency of Arabians...for HYPP, the muscle disease of Quarter Horses...and for lethal white of Paint Horses...you'd believe that about as much as you'd believe all the other prophecies that they'd make in that same issue.

But right now, horse owners in these breeds can test for those simple genetic diseases. You've got to suspend your disbelief and believe that science is making enormous progress and that rate of progress is continuing faster than we can comprehend.

There's a promise in equine genomics but it's going to be relatively hard to fulfill because the problems that are left for us are difficult ones. There are very few simple genetic diseases in horse breeds and, in particular, in the Thoroughbred. Most Thoroughbred traits that we're interested in are determined by multiple genes acting together and that's why we need to know all about the genes of the horse...the genomics of the horse in order to study them.

But genomics can be applied to infectious diseases through studies of vaccines and making better vaccines...West Nile Virus is a current threat. In lameness we can work on arthritis...and Larry spoke a bit about gene therapy and its use in getting horses back to racing form earlier once they've been injured. There are applications in cancer...and this is a condition in horses called sarcoid which many of you may have

seen in your horses. In reproduction there are many applications including Mare Reproductive Loss Syndrome...and, on a more global scale, there are the areas of nutritional genomics and physiological genomics of performance which can help us understand how to condition and train horses better to keep them sounder for longer. You might recognize that horse in the picture too...some of you might.

My own research is involved with how the fetus escapes destruction by the mother's immune system during pregnancy and it involves a consideration of gene regulation in the placenta, that interface between the mother's uterus and the fetus.

A second area of interest in my laboratory is the maternal grandsire effect. We're trying to understand why certain stallions, like Secretariat, are known more for siring daughters that can produce runners than for producing a first generation runner. Princequillo, as you probably know, was one of the leading sires of broodmares in the early 1970's...he produced Somethingroyal who was the dam of

Secretariat and of course Secretariat's daughters now are sought over throughout the world.

We don't understand the genetic basis for this...how a performance trait can skip a generation and flip-flop back and forth between the male and female line...but we have some hints as to how this might occur.

So finally, in closing, I just want to say three things about the promise of equine genomics.

First of all, genomics holds the potential to help us breed sounder horses. This can decrease wastage in the Thoroughbred industry...it can increase our economic bottom line...and it can increase our image with the public.

Second, genomics can help us develop better therapeutics and medicines that can help us treat the horses who do get injured along the way.

And the third thing I want to say is that we scientists can't do it alone. We've had a lot of help from the industry and we're going to need more. Thank you.

*Ogden Mills Phipps:* Thank you, Larry and Doug. We're going to show our traditional video from the NTRA and then we're going to take a very quick five-minute break.

## INTERMISSION



1953 - 2002

## THE GLOBALIZATION OF RACING

*Ogden Mills Phipps:* The NTRA, in five short years, has made immense progress in marketing our sport. Tim Smith and his staff are to be commended for these efforts.

And while they continue to make important strides in this country, they are also looking abroad. Emerging technology continually makes this a smaller planet...and cooperative global initiatives can and will benefit Thoroughbred racing the world over.

To tell us about some of those international efforts, and to update us on the NTRA's domestic progress as well, it's a pleasure to welcome back to the Round Table the Commissioner of the NTRA, Tim Smith.

### NTRA/BREEDERS' CUP LTD. OVERVIEW

*Tim Smith:* Thank you, Dinny.

As you can see, the NTRA and Breeders' Cup now spend just under \$60 million per year, mostly on marketing -- and, of course, purses -- along with other industry priorities like legislation.

Fundamentally, the industry's strategy of raising the profile of Thoroughbred racing is working. With increased and improved television exposure, public interest in horseracing, predictably, has grown. To turn interest, which is good, into revenue, which is essential, a range of marketing tactics is used...from co-op advertising, with our members, to promotions like charity wagering with Don Imus, to direct mail programs.

We are now adding corporate sponsors at an encouraging pace, and two or three more should be joining this list in coming weeks. As you'll hear in a few minutes, the NTRA's legislative efforts also remain very active. NTRA Purchasing is growing steadily, saving our members real money while producing new sales to our marketing partners.

It bears repeating from time to time, that really all of this progress links to the

same, rather unusual level of industry cooperation that led to the formation of the NTRA. As demonstrated by our combination with the Breeders' Cup last year, much more can be accomplished if this big, important industry--and resurgent sport--sustains its commitment to working together.

As part of this update, I'd like to highlight two of the most important lessons we've learned--or re-learned--during our young life.

First is the multi-faceted power of national television. You've just seen the inter-related results of more visibility and new public interest. Increasingly, we're also seeing that nationally televised races result in higher handle and, thus, in related purse growth.

So we're especially pleased with two recent agreements. First, we will be expanding our summer racing tour on CBS next year to four straight weeks, running from mid-June on consecutive Saturday afternoons from 5-6 p.m. Eastern time until mid-July.

Earlier this month, we also reached an important agreement in principle with



ESPN that extends its significant programming commitment to Thoroughbred racing through 2008, their longest commitment to any sport besides the NFL.

Happily, I can also report that our summer ESPN ratings are significantly up this year, as much as 50 percent. And, with news of TVG's recent ratings in connection with Fox Sports, this pattern also is holding true for regional coverage, which is good news to our sponsors.

The second major lesson learned is the strategic importance and untapped potential of the Breeders' Cup and the related races that directly connect to it. Together, they provide context and continuity, giving our fans both a much-needed road map to follow the game and then, of course, a terrific conclusion.

As you'll recall, tactics were launched last June to help stake out the Breeders' Cup's rightful territory: In short, the best single day of horseracing anywhere in the world.

So what happened? The national and international media responded as we hoped. Sponsor interest increased, as we expected. World championships are inherently compelling. Global events appeal to global brands.

*Tim Smith:* To discuss the first of these, the global marketing picture, it's my pleasure to introduce D.G. Van Clief.

## MARKETING OPPORTUNITIES FOR THE BREEDERS' CUP

*D.G. Van Clief, Jr.:* Thank you, Tim, and good morning everyone.

We have undeniably arrived at a point where the combination of a shrinking world and the value of racing's premier events presents us with a global marketing opportunity.

During its initial 19 years, the Breeders' Cup has developed assets and



*Tim Smith*

All of which leads to our assigned topic this morning. In racing and breeding, like most other industries today, the world is becoming a much smaller place. Horse-racing is one of those sports, like golf and a few others, that crosses national boundaries with relative ease... plainly a potential strategic advantage.

In our time this morning, we'll touch on just two aspects of the globalization of racing:

- New marketing opportunities; and
- New wagering opportunities... or, more precisely, what we see as some removable barriers to the ladder.

relationships that now allow our joint operation with the NTRA to capitalize on this opportunity.

The partnership with NBC Sports, extended through 2005, has expanded to carry the World Thoroughbred Championships to more than 150 countries annually. And our partnership in the World Racing Series puts us in regular touch with



*D.G. Van Clief, Jr.*

major racing events and authorities around the world.

Our simulcast signal has taken the event live to Europe, South Africa and South America, with France's Pari Mutuel Urbain offering commingled pool wagering for the past five years.

Breeders' Cup sponsors historically have included corporations with global reach, such as DeBeers, Piaget, Anheuser-Busch, Mumm Champagne, Delta and Emirates Air Lines. And, of course, we have had great support for the event itself from owners, breeders, and racing fans around the world.

Re-branding the event last June as the Breeders' Cup World Thoroughbred Championships was a first step. We have since rolled out Phase Two of the re-branding, which was announced early this summer. It includes:

World Thoroughbred Rankings, prepared by an international panel of handicappers and racing secretaries. These rankings of the world's top 10 Thoroughbreds in each of the Breeders' Cup divisions appear weekly in leading newspapers, including *USA Today* as well

as our industry trades. They're also used during NTRA's "Road to the World Thoroughbred Championships" telecasts to help fans make sense of who's who in each division.

We've integrated new wagering products into our overall strategy, particularly for our televised races, as well as Equibase's new handicapping product, the Virtual Stable, which Alan Marzelli discussed this morning. Breeders' Cup will offer a new wager this year, Head2Head, challenging fans to pick which of two horses will finish ahead of the other. Our Head2Head bets on Breeders' Cup day will feature "Europe versus America" in at least one of the three turf events - a mini Ryder Cup within the race.

We're also pleased to announce an agreement in principle with "At the Races," the new racing television network and wagering service for the United Kingdom. It will provide television coverage and commingled pari-mutuel wagering on the World Thoroughbred Championships. "At the Races" will broadcast all eight Championship races via Sky Digital Television. The Sky programming will be augmented by Channel 4's "Morning Line," Britain's horseracing show that airs to an audience of one million viewers. It will spotlight the Breeders' Cup in programs airing on October 19 and on Breeders' Cup Championship day.

With thanks particularly to Lord Hartington and his management team at Ascot, we've also cemented a strategic marketing alliance with Ascot Racecourse and Longchamp Racecourse in Paris. This new relationship enables us to cross-promote world-class racing, beginning with Royal Ascot in June and concluding with the Breeders' Cup.

Selected Group races from Ascot will be linked with the relevant Breeders' Cup World Thoroughbred Championships races through the newly created Ambassador's Cup. The owner of any winner of a designated race at Ascot, which, in the same year, wins a World Thoroughbred Championships race will be presented a trophy by the United States Ambassador to the Court of St. James. That presentation is planned to take place at Royal Ascot the following June.

Additionally, key European races that have traditionally produced Breeders' Cup runners, such as the Arc de Triomphe and the Queen Elizabeth II Stakes, will be integrated into the "Road to the World Thoroughbred Championships" broadcasts on ESPN, CBS and NBC. This year, our telecasts include 16 races from England, Ireland, Germany, France, Hong Kong, Singapore and Canada. Our weekly ESPN magazine show, "Wire to Wire," also features international races and the World Thoroughbred Rankings.

The races from Ascot and Longchamp, which are featured on our "Road to . . ." telecasts, serve two roles. First, they help us educate American audiences about our sport as it's played in other parts of the world. Second, they help reduce what we refer to as "the Johannesburg effect," which occurs when top-class runners from overseas come into the Breeders' Cup as a virtual unknown to many of our American racing fans.

Most importantly, the alliance allows us

to provide corporate partners with accommodations, exposure, and sales opportunities, both here and abroad. As we reach out to sponsors, it's essential that we provide a true global presence through packaged media and on-site hospitality. We also must deliver a global consumer audience.

With horseracing in 53 countries, our sport has widespread popularity as entertainment. It's the second-most popular sport by attendance in Australia, the third-most popular spectator sport in Japan and draws cumulative audiences of more than 450 million for telecasts in England.

As a whole, racing offers an excellent prospect for global sponsors. Already, we're exploring the possibility of extending NTRA's group purchasing through our affiliates in other countries, including the British Horseracing Board.

Worldwide, we have an enormous infrastructure of owners, breeders and other industry personnel. In England alone, horseracing and wagering support 100,000 jobs. Through the Breeders' Cup and, now more broadly, through the NTRA-Breeders' Cup-Ascot-Longchamp alliance, we can reach a global audience of world-class consumers: our own industry members.

Over the course of the next few months, we expect to announce several new marketing partnerships in which we link Breeders' Cup, NTRA and their international partners in sponsorship and group purchasing programs to benefit our industry and our partners.

*D.G. Van Clief, Jr.:* And now to provide his perspective on the globalization of racing is Lord Hartington. He is a former Senior Steward and Chairman of the British Jockey Club, served as the first chairman of the British Horseracing Board, and currently serves as her Majesty's Representative and Chairman of the Ascot Authority. He is no stranger to many of you in this room and, it is a great pleasure to welcome him back to this conference. . . Lord Hartington.

## THE ASCOT PERSPECTIVE ON GLOBAL MARKETING

*Marquess of Hartington CBE:* Thank you, D.G. Good morning ladies and gentlemen. And may I say what a great honor it is for me to be here again at The Jockey Club Round Table...what a pleasure it is to be back in Saratoga...and how good it is to be with so many old friends.

I am here as your guest, of which I am extremely grateful, and on behalf of Ascot Racecourse. I am here to add the Ascot perspective on the globalization of racing.

Why do we need to globalize? It's very expensive; it takes time, money and resources; it has all sorts of language and cultural problems; and anyway, it worked quite well before, didn't it? The sport of kings...open the gates, preferably made of gold, and let the customers roll on in.

Do we really need this globalization? Does it mean transporting horses in unsuitable climates on different surfaces with different rules on medication, ridden by either their familiar jockey who does not know the track or by a local champion who does not know the horse or understand the trainer's instructions?

With a few exceptions, most of whom will have already won at Royal Ascot...last year we had Johannesburg...we had Banks Hill...we had Fantastic Light. There is not yet a proven route to stardom. And stardom? Global champs? Sheikh Mohammed understands...Coolmore understands... Mr. Yoshida understands...George Strawbridge and a few other of your countrymen understand.

But how many trainers feel they need this globalization? They want their own domestic Group One's and the prizes that go with them. There is no international ranking for trainers, owners or jockeys.

Only very recently, as we've just heard...and at last we do have a global classification of horses, but that's all so far.

But it is, at least, a start.

Or, ladies and gentlemen, does this globalization mean grabbing headlines in overseas media? Interviews with Jerry Bailey when he has won at Royal Ascot, or Frankie Dettori in Dubai, or, most memorably, Lester Piggott at Belmont. These and other similar excitements take racing into the news pages. Even, occasionally, onto the front pages.

Godolphin, Ambassador Farish, Sunline, Sir Alex Ferguson...these and other international names help and we're getting there, but racing doesn't have its Tiger Woods yet.

I can't talk for British or European racing except through the eyes of Ascot Racecourse.

We don't have a D.G. or a Tim Smith. We don't even have Les Benton from Dubai. But I am glad to say that we do have Peter Savill. Peter Savill is the Chairman of British racing's governing body, the British Horseracing Board. And Peter Savill does have a globalization vision and an itty-bitty central marketing budget to promote horseracing nationally. We've had it for two years only.

We at Ascot do also believe in the globalization of horseracing. Not because it will get tens of thousands of Americans paying to come into the racecourse, welcome as you all will be. We want racing to be seen as an international sport for two main reasons...

Firstly, we wish to attract international sponsors...stronger, bigger, better sponsors than hitherto.

At Ascot we have DeBeers, the South African diamond trading and mining conglomerate. DeBeers have been sponsoring our championship 1 ½ mile all-aged race for 31 years. This sponsorship started because the late Sir Philip Oppenheimer was a great race fan and involved as an owner-breeder. Now it is serious business for DeBeers.

When I told Anthony Oppenheimer, who runs sponsorship for DeBeers, about the Emirates sponsorship of the Emirates World Series Racing Championship, I was worried that he might think that his "ownership" of "Diamond Day" that his family company had invented and nurtured, might be diluted. Not at all...he couldn't wait to call his marketing director who was as thrilled as Anthony.

DeBeers saw this as a wonderful piggy-back into eleven other major International races and a higher global profile for "their" race. I instantly realized we should have been charging them rather more!

The next year they took a fabulous display of Millennium Diamonds to Dubai and showed them off at a wonderful party the night before the Dubai World Cup. That evening I was well aware of the benefit that Ascot was getting from its close association with DeBeers. DeBeers would not have been hosting that party in Dubai at that time without their association with a leg of racing's World Series. Both parties were winners.

Six weeks ago, at Royal Ascot, D.G. Van Clief, Louis Romanet and I announced a tripartite alliance among Breeders' Cup/NTRA, Longchamp and Ascot. The three events will now be linked closer than ever and form part of the "Road to the World Thoroughbred Racing Championships." I know that benefits will



*Marquess of Hartington CBE*

accrue to the three parties in all sorts of ways and, in fact, there are already two international businesses talking seriously to the three of us...which is not bad going in just six weeks.

The excellent work that NTRA is doing to raise awareness of the Thoroughbred industry here in the U.S. and the work being similarly done by Peter Savill's team at home is important to us at Ascot. We cannot afford a continuing national campaign, although we do promote our own race days pretty energetically to our domestic market.

Don't forget that our income stream is very different from, say, Saratoga's. Only six percent of our total annual turnover comes from the off-course betting handle. Put another way, Ascot gets under one percent of the off-course betting turnover for which we are responsible...not much, I know, but over the years we have learned to live with it. It has, at least, forced British racecourses to look for other and additional revenue streams.

So these national marketing campaigns are important to us because they make horse racing worldwide desirable, attrac-

tive, "the thing to do," "the place to go," "the sport to watch." We like to think that racing at Ascot strongly reinforces these messages. That brings me to the second reason why Ascot is so supportive of globalization of the Thoroughbred industry.

Ascot's brand, our ethos, our image, whatever, is to a degree known in the U.K. and we are working on that. Here, or in New York, or in Tokyo, in Milan, Los Angeles... I'm not so sure. Ascot, isn't that something you tie around your neck?

So we are working on this lack of awareness. We want to expand the Royal Ascot brand into markets beyond those who wish to go to a field in Berkshire to watch beautiful horses race from the dim distance to a funny little red stick.

As I have said we do not benefit directly from wagering on our product to a significant degree, so expanding the wagering market is not a high priority for us. Our brand, however, belongs to us and we see potential to earn from that brand. The luxury market is not at its best just now but we do believe that over time and with the right advice and commitment from ourselves it is a market we should be and will be in.

But to the shoppers on Bond street, on Madison Avenue, on the Faubourg St. Honore, in the Ginza district, when they see a window of "Royal Ascot Since 1711" products, we want them to know that label means smart, stylish, maybe a little conservative but certainly aspirational, and definitely top quality.

This brand extension is going to be a long process and a difficult one. Just have a look next time you are in a major city, see how many shops sell perfume, watches, hand bags, ties and ask yourself how long it would take to establish a brand to compete with these household names.

But we do believe that we can succeed.

We think that the Royal Ascot brand is a really strong one and we intend to establish it gradually all over the world. We intend to become a global luxury brand but we will never lose sight of our core business, and that is the racehorse.

Since Royal Ascot, our flagship meeting held in June every year and this year attracting over 300,000 racegoers during just five days, we have launched the plans for our major redevelopment of the track and facilities, which will be by far the most significant and extensive ever seen on a European racecourse.

Ascot is investing £180 million to create the finest arena possible for the sport. As the action on the track becomes global, it is essential that the facilities for horses, jockeys, owners, sponsors and, of course, racegoers, meet the expectations of the next generation of global sports fans.

There are plenty of reasons for us to be optimistic for the future of racing at and in the ever-shrinking world in which we operate. The sport is played on a truly international stage now and it is Ascot's intention to ensure that it remains a major player on it.

The efforts of Breeders' Cup/NTRA are a significant pillar supporting the rapidly expanding edifice that is global racing. I am sure that our recent alliance is only a beginning.

Globalization of horseracing is happening, and we want to be a part of it. The obstacles are formidable but not so great in reality as they appear in some people's minds. With the leadership you have here and we too at home... with the greater awareness of the tangible benefits of internationalization... we are pushing at an increasingly open door.

Thank you.

*D.G. Van Chief, Jr.:* Stoker, thank you. Even though our industries do have different betting infrastructures, it's obvious that horseracing on both sides of the Atlantic needs to diversify and strengthen its revenue streams.

Ascot's commitment to gaining new sponsors and extending the Ascot brand globally are very much in line with what the NTRA is working to accomplish on behalf of American racing. No doubt there are more than a few in this room who would welcome new revenues to supplement the pari-mutuel income stream.

However, as long as handle remains the key indicator for the North American industry's health, we have to pay close attention to the laws and regulations which govern it. In particular we are focusing on the potential to access what is now a \$100 billion annual betting market for horseracing, of which 85 percent lies offshore.

Here to give you an update on the legislative challenges and opportunities for expanding global wagering is NTRA Deputy Commissioner Greg Avioli who does our heavy lifting in the legislative arena.

Greg...

## GLOBAL WAGERING OPPORTUNITIES

*Greg Avioli:* Thank you, D.G. and Lord Hartington. Good morning everyone.

Over the past year, we have focused our efforts in Washington on passing new legislation to allow for the export of American racing to the world market.

Remarkably, while the U.S. runs twice as many races as any other country and offers some of the highest quality racing in the world, of the \$85 billion international U.S. racing gets less than one percent of that.

We believe there are two primary reasons for this. The first is an IRS requirement that U.S. racetracks withhold 30 percent on all winning bets placed outside the United States. This tax is a direct disincentive to wager into U.S. betting pools, as the foreign bettor receives 30 percent less on any wager placed into American pools than he would otherwise receive.

For example, last year Canadians bet \$700 million on American races. However,

none of that money came into U.S. betting pools. Instead, the Canadians created their own wagering pools with smaller participation and less attractive odds and payouts than would be available had they wagered into American pools without the 30 percent withholding. To address this issue, our lobbying team in Washington has successfully introduced new legislation, H.R. 4474, which would eliminate the 30 percent withholding for all countries.

We have received bipartisan support in both the House and Senate for this legislation and remain optimistic that it can be included with other tax legislation that's expected to pass Congress most likely in the lame duck session after the November election.

We believe this legislation will have an immediate and positive impact on wagering into U.S. pools. For example in France, which currently has a special tax treaty with the U.S. that eliminates the 30 percent with-



*Greg Avioli*

holding requirement, wagering on U.S. racing has steadily increased. Last year's Breeders' Cup...\$2.2 million came into the pool from France, with more than two percent of the overall handle on the event.

But, as I noted before, there is an even more significant barrier to international wagering that also must be addressed. Many of the world's major racing markets currently have laws that prohibit wagering on horse races in other countries. Wagering in these countries that prohibit wagering on U.S. races currently accounts for well over half of the total world market.

Changing these protectionist policies and laws will require a multi-year commitment by the U.S. racing industry, as well as by the U.S. government, through trade envoys and trade missions. It will also involve working closely with our partners at

other international racing authorities to develop mutually beneficial solutions to expand worldwide wagering. We do not expect that this will be easily done, but consider...if over the next decade we are able to capture five percent of the international market, that would increase U.S. wagering pools by at least \$4 billion, 25 percent of the entire handle domestically, right now.

An important corollary of this entire issue is the continuing need to educate members of Congress and the administration on the importance of the Thoroughbred racing and breeding industry to the U.S. economy. We have grown the Congressional Horse Caucus, announced at this conference last year, to more than 30 representatives from 15 states. We hold regular meetings to brief members of Congress and their staffs on our issues. And with funds raised through the NTRA ¼ percent voluntary auction program and the recently announced NTRA Political Action Committee, we are now in the position to make necessary contributions to federal candidates and parties to put racing on a more equal footing with our competition in the gaming and entertainment industries.

In closing, I would like to thank those of you who have participated in the NTRA's voluntary programs. Your continued support will enable the NTRA to move forward with these international initiatives. Thank you very much.

## SUMMARY AND CONCLUDING COMMENTS

*Tim Smith:* Films, popular music, a number of consumer brands and several other sports all share some common traits with Thoroughbred racing: They require large capital investments; they face lots of competition for the entertainment dollar; and, thus, they've come to increasingly rely on

non-domestic revenue to help cover their high costs.

Racing, for these same reasons, has little choice but to embrace the global marketplace.

As we've heard, American racing interests must work together to remove the U.S.



tax barriers to new international revenue growth, then expand efforts to remove the foreign trade barriers that also restrict the development of American horseracing as an export product.

Starting with the Breeders' Cup and our partners at Ascot and Longchamp, and our friends at the World Racing Series, the leading events in the world need to work together -- even more closely than they do now -- to boost worldwide media, sponsor and fan interest in a game whose appeal is most definitely global.

When the Irish fans at Belmont jumped onto the track waving their country's flag after the Bessemer Trust Breeders' Cup Juvenile last year, we saw, I think, a glimpse of what racing can look like at the highest levels of quality, competitiveness and friendly rivalry.

Now, Lord Hartington would tell you that the result of that race and several others on the day easily could have been foretold... simply by following Ascot earlier in

the year. Well, fair enough.

But we're in New York today, not Newmarket, so naturally we'll end with another race on that wonderful card-- indeed, the final race that chilly afternoon-- and Tom Durkin's unforgettable call. *{Video of Tiznow's victory in the 2001 Breeders' Cup Classic}*

That one was so good, we had to show it to you twice today. I also want to mention that there is a particularly interested spectator in row 8 that I think we ought to acknowledge... Tiznow's rider and all-time great, Chris McCarron.

Fans and customers--including the new ones we all seek--want to invest their scarce time and entertainment budgets in events that matter and connect to each other... in competitors they've heard of and seen before... in the best a sport has to offer, preferably, in world championships. As you've heard, we're on the cusp of new and better ways to give them exactly that, and extending the benefits to the industry as a whole. Thank you.

## CLOSING REMARKS

*Ogden Mills Phipps*: Thank you, Tim.

Today, we've heard reports on a wide range of industry topics. In some respects, they are very different but in another, they are very much the same. Each of them reflects a sincere "commitment" by organizations and individuals, people who appreciate and believe in our sport, people who believe they can and will make it better.

I would ask each of you in this room to lend support to their efforts in any way you can. When these programs mature and succeed, our sport will flourish and we will all benefit.

There could be no better legacy for the 50th Round Table Conference.

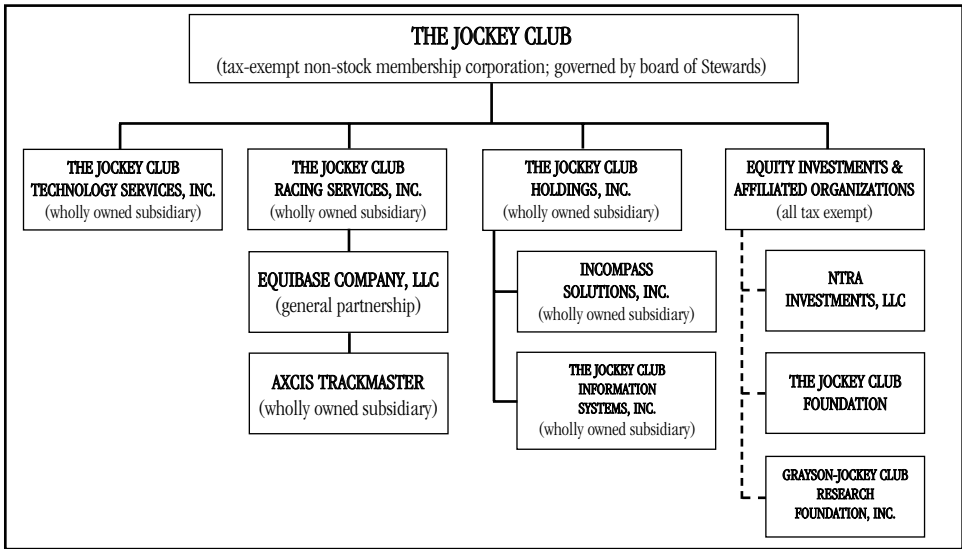
Thank you all for coming. We'll see you at the 51st conference next year.

*108<sup>th</sup> Annual Report of*  
**THE JOCKEY CLUB**  
 & Related Organizations



For more than a century The Jockey Club has pursued its goal as an organization dedicated to the improvement of Thoroughbred racing and breeding, earning recognition as an industry leader through its competence and, in recent years, technological expertise.

[www.jockeyclub.com](http://www.jockeyclub.com)



**Registry**

*The primary responsibility of The Jockey Club is to maintain The American Stud Book in a manner which ensures the integrity of the breed in North America.*

<http://home.jockeyclub.com>

**TECHNOLOGY CREATING  
EFFICIENCIES**

Following the successful transition to DNA typing for parentage verification with the foal crop of 2001, which required the additional re-typing of some 70,000 stallions and mares, the Registry seeks to create additional efficiencies in foal registration for owners and breeders throughout North America.

With more than 14,700 users, *Jockey Club Interactive™* enables completion of the entire registration process, except for DNA typing, over the Internet. The service eliminates several manual processing steps that can affect turnaround times, as well as the time lag inherent to traditional mail, resulting in quicker issuance of Certificates of Foal Registration.

As the user base has grown, so too has utilization. In 2001, *Jockey Club Interactive™* was used to submit 58% of name claims; 48% of mares bred; 43% of Live Foal/No Foal Reports; and 17% of applications.

In addition, digital foal identification

photos for more than 3,500 horses were submitted through the service in 2001 after the capability was added earlier in the year. To encourage submission of digital photos, the Registry, in conjunction with the NTRA, is testing digital cameras with farms in Central Kentucky to determine the best model(s) for use by breeders.

Regardless of the method of submission, all foal identification photos beginning with the 2002 foal crop will be stored electronically, which will improve processing times and reduce storage space and cost.

Utilization of *Jockey Club Interactive™* is expected to grow as more owners and breeders become comfortable with the technology and also as a result of the service's integration with the recently launched *equineline.com* Farm Program. Through a seamless interface, farms can communicate pertinent breeding and foaling information to the Registry while simultaneously updating their Thoroughbred portfolios.

## The Jockey Club Information Systems, Inc.

*The Jockey Club Information Systems, Inc. (TJCIS), incorporated in 1989, is a wholly owned subsidiary of The Jockey Club Holdings, Inc. All profits from TJCIS activities are re-invested in the Thoroughbred industry, helping to stabilize registration fees and fund industry projects.*  
[www.tjcis.com](http://www.tjcis.com)

### PROVIDING INFORMATION & MANAGEMENT TOOLS

As a leader in the provision of technology and information services to industry professionals, The Jockey Club Information Systems, Inc. (TJCIS) effectively serves the breeding, racing and sales communities through its three divisions - Information Services, Cataloguing and Software Sales and Consulting.

The primary focus of Information Services continues to be expansion of serv-

ices offered through *equineline.com* (profiled below).

In support of its ongoing commitment to provide *equineline.com* customers and the industry at large with the most comprehensive information, TJCIS augmented its international database in April with detailed racing and breeding information from Brazil. In addition, several new products have been added to the equineline Reports service, including a Premium Edited Pedigree which more closely resembles a sales catalogue page.

The Cataloguing Division once again wrote more than 27,000 catalogue pages for client sales last year, despite a decline in sales entry levels due to MRLS.

The Software Sales and Consulting Division has spent much of the past 12 months developing the *equineline.com* Trainer and Farm Programs. The Division has also re-designed the national HBPA's web site in a manner that provides affiliates with a low-cost entry point for having their own site under the national's banner.

## *equineline.com*

*equineline.com, launched by TJCIS in December 2000, is an Internet-based information and communication network for owners, breeders, trainers and farms.*

[www.equineline.com](http://www.equineline.com)

### TRAINER & FARM PROGRAMS LAUNCHED

Established as a comprehensive Internet-based information network that would revolutionize how industry professionals manage their equine interests, *equineline.com* has taken several important steps toward fulfillment of its vision in 2002.

Already featuring a Portfolio Service for owners and breeders and the full slate of equineline Reports for Thoroughbreds and American Quarter Horses, *equineline.com*

expanded this year to include a Trainer Program and Farm Program. Both provide an extensive set of management tools that simplify the many business-related details of training and breeding operations.

The Trainer Program, launched in February, contains progressive and innovative features that allow trainers, along with their assistants and bookkeepers, to streamline and in many cases automate the administrative tasks of their profession, including billing, accounts receivable, charting and owner communication. Based on the information entered for each horse, the program will automatically calculate and produce a variety of reports upon request, including billing statements and percent-of-earnings reports.

The Farm Program, launched earlier this month, operates similarly and is suitable for farms which want an online management tool to organize all of the billing, health care, breeding and foaling records upon which successful operation of their business depends. The program calculates board and allocates charges to the appropriate owner(s) for billing and accounts receivable and interfaces with *Jockey Club Interactive™* to allow simultaneous communication with the Registry.

*equineline.com* utilizes a secure central server which allows account holders to view and update their account from multiple locations.

The monthly subscription fees for the Trainer Program and the Farm Program are \$29.95 for up to 20 horses, and \$10 per month for 10 additional horses. The Portfolio Service is available for a flat monthly fee of \$2.49 per horse.

## Equibase Company, LLC

*Equibase Company is a partnership between the TRA and The Jockey Club founded in 1990 to provide the Thoroughbred racetracks of North America with a uniform, industry-owned database of racing information and statistics. That goal was achieved in 1998 when Equibase became the industry's sole data collection agency and provider of racing data to the Daily Racing Form.*

[www.equibase.com](http://www.equibase.com)

### USING INFORMATION IN NEW WAYS

As the Official database for racing information and statistics, Equibase Company LLC utilizes its information in ways that benefit its partner tracks and the Thoroughbred racing industry at large.

One example of leveraging proprietary information for the industry's benefit is Virtual Stable™, the free e-mail notification service that helps fans follow designated horses and participate in the sport. The concept was expanded this spring when Equibase, in conjunction with the NTRA and the host tracks of the Triple Crown, created the Virtual Stable™ Triple Crown notification service. More than 14,000 fans signed up for the unique service and received a once-daily e-mail of entry, result, workout and broadcast information for the leading Triple Crown contenders.

As a result of the service's popularity among fans and effectiveness in building consumer awareness of the Triple Crown and its leading contenders, Equibase created the Virtual Stable™ Breeders' Cup World Thoroughbred Championships notification service. Launched in July, this newest service updates users on the progress of top contenders in every division leading up to Breeders' Cup Day.

Ever-increasing traffic on *equibase.com* represents a cross-section of industry fans and participants, currently accounting for more than two million visits per month. *equibase.com* has more than 45,000 unique visitors and approximately 850,000 page

views daily.

Equibase is leveraging its information to expand awareness of horseracing in other ways as well. The Company serves as the Official supplier of Thoroughbred racing information and statistics to the NTRA, TVG, *Youbet.com*, *Xpressbet.com*, *ESPN.com*, the Associated Press and other value-added data resellers.

The Company has also utilized technology to enhance the quality and timeliness of data collection and dissemination. Through its eBase™ field collection system, Equibase has eliminated the dual collection of workout data at tracks. Similarly, implementation of an Internet File Delivery system allows tracks, simulcast outlets and value-added data resellers to log onto a secure web site and download complete simulcast, workout and result files according to their individual production schedules.

In 2001, Equibase Company distributed dividends totaling \$1.65 million to its partners – Equibase Holding Partners LP and The Jockey Club Racing Services.

## TrackMaster

*Founded in 1989, TrackMaster in 1993 became the first electronic distributor to sell handicapping products using Equibase® data. Equibase acquired TrackMaster in July 2000.*

[www.trackmaster.com](http://www.trackmaster.com)

### ***trackmaster.com* RE-LAUNCHED**

As the only company to provide a line of handicapping products for all three major racing breeds – Thoroughbred, American Quarter Horse and Standardbred – TrackMaster furnishes the highest quality data to handicappers of every skill level.

Facilitating this capability was the complete re-design of *trackmaster.com* in March 2002. The new site reflects the look and feel of *equibase.com* and, through a quick-download menu on the home page, provides easy access to the company's com-

plete line of handicapping products, many of which have been enhanced or introduced in the past year.

TrackMaster continues to work with the leading interactive wagering providers to deliver information-rich products and services to their subscriber bases in support of their production schedules.

## InCompass

*InCompass, a wholly owned subsidiary of The Jockey Club Holdings, Inc., was created as part of The Jockey Club's corporate restructuring in November 2001 when leading racetrack software solutions provider McKinnie Systems was re-named and re-focused as InCompass.*

[www.incompass-solutions.com](http://www.incompass-solutions.com)

### **BUILDING FOR THE FUTURE**

Formerly known as McKinnie Systems, InCompass is a technology solutions company that is implementing a centralized database strategy for racetracks. Leveraging the power of a centralized database will allow InCompass to deliver a wide array of re-engineered solutions designed to help racetracks achieve operational efficiencies, reduce costs and increase revenue.

The first phase of the re-engineering project is expected to be complete in the 4th quarter of 2002 at which time the initial suite of products will be rolled out. Services will include state-of-the-art web browser-based racing office and horsemen's book-keeper applications that interface directly with the central database, as well as information management products and reports designed to meet the needs of executive management at a facility.

Achieving its vision as the centralized information database for racetracks in the 21st century would be virtually impossible were it not for InCompass' leadership position in the racing marketplace. In 2001, InCompass software products were utilized at 66 racetracks that represented 93% of

the total handle in North America. In an effort to serve the entire market, the new scalable applications are being developed so they can be utilized by tracks of any size which want to realize resource savings from this unified approach to the management of data and technology.

### TJC Technology

*The Jockey Club Technology Services, Inc. was created as part of The Jockey Club's corporate restructuring in November 2001 when the business unit known as the Information Technology Group was re-named and spun-off into a wholly owned subsidiary.*

[www.tjctechnology.com](http://www.tjctechnology.com)

### **SUPPORTING COMPANY-WIDE INITIATIVES**

The Jockey Club Technology Services, Inc. (TJCTS) provides infrastructure support services for the Registry and The Jockey Club's commercial subsidiaries as well as software design and programming services for the industry at large.

The unit's professional resources play a pivotal role in helping The Jockey Club family of companies achieve internal efficiencies, enhance services and, in the case of the commercial subsidiaries, generate revenue through the application of new technologies.

Significant time and resources have been deployed over the past year in support of the ongoing development of InCompass' centralized database strategy for racetracks and the related re-engineering of InCompass applications.

Major application development projects have also included the continued expansion of services offered through *equineline.com*; expansion of the Equibase Virtual Stable™ to allow fans to track the daily progress of Triple Crown and Breeders' Cup World Thoroughbred Championships contenders; and implementation of a new digital imaging system for

the Registry which has reduced image retrieval time dramatically, enabling greater processing capacity and faster phone call resolution with customers.

To facilitate the continued growth in corporate-wide online services, TJCTS has also expanded Internet capacity to support consumer traffic that is doubling every year.

### Grayson-Jockey Club Research Foundation, Inc.

*Established in 1940 to raise funding for equine veterinary research, The Grayson Foundation was combined with the similarly chartered Jockey Club Research Foundation in 1989*

[home.jockeyclub.com/grayson.html](http://home.jockeyclub.com/grayson.html)

### **\$8 MILLION SINCE THE MERGER**

With the allocation of more than \$800,000 for grants in 2002, the total which the Grayson-Jockey Club Research Foundation has provided since the merger in 1989 approaches \$8 million.

The Foundation has responded to the mare reproductive foal loss emergency of the second year, bringing its total commitment to the problem to more than \$250,000 for seven projects. One of the projects, developed under urgent time restraints during the spring of 2002, has been recognized as a potentially important step in identifying tent caterpillars specifically as a cause of the fetal losses.

Also illustrative of funding research on current and developing topics, the Foundation in early 2001 had solicited projects to evaluate the analgesic properties of Extracorporeal Shock Wave Therapy and the Research Advisory Committee selected a proposal from Iowa State University, where the project is nearing completion.

Other projects currently being funded include understanding how the suspensory

apparatus might link to condylar fracture; how diet influences existence of gastric ulcers; use of new DNA technology to develop vaccines; and work at Colorado State University which seeks to refine use of serum markers to flag pending bone and joint damage in time to avoid major injury.

Contributions in support of the Foundation may be addressed to:  
Grayson-Jockey Club Research Foundation, Inc.  
821 Corporate Drive  
Lexington, KY 40503-2794

### The Jockey Club Foundation

*Established in 1943, The Jockey Club Foundation provides assistance to needy individuals and their families involved in the Thoroughbred industry.*

[home.jockeyclub.com/tjcf.html](http://home.jockeyclub.com/tjcf.html)

### **OVER \$760,000 DISBURSED IN CHARITABLE SUPPORT**

Grants from The Jockey Club Foundation totaled \$761,125 in 2001.

Approximately half of that total went to help meet the daily living expenses of monthly assistance program recipients. These include retired industry employees, terminally ill racing personnel and those paralyzed as a result of occupational hazards.

Individual grants for medical and funeral expenses were also made, as were grants and lump sum distributions to other benevolent industry organizations, including many of the various divisions of the Race Track Chaplaincy of America, the Backstretch Employees Assistance Team and the Thoroughbred Horsemen's Health and Retirement Fund.

Distributions from the Cavanagh Trust amounted to \$65,357.

Contributions in support of the Foundation may be addressed to:  
The Jockey Club Foundation  
40 East 52nd Street  
New York, NY 10022



1953 - 2002

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