



**FORTY-FOURTH ANNUAL
ROUND TABLE CONFERENCE**

On Matters Pertaining to Racing

**GIDEON PUTNAM HOTEL & CONFERENCE CENTER
SARATOGA SPRINGS, NEW YORK**

Sunday, August 11, 1996

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ON MATTERS PERTAINING TO RACING

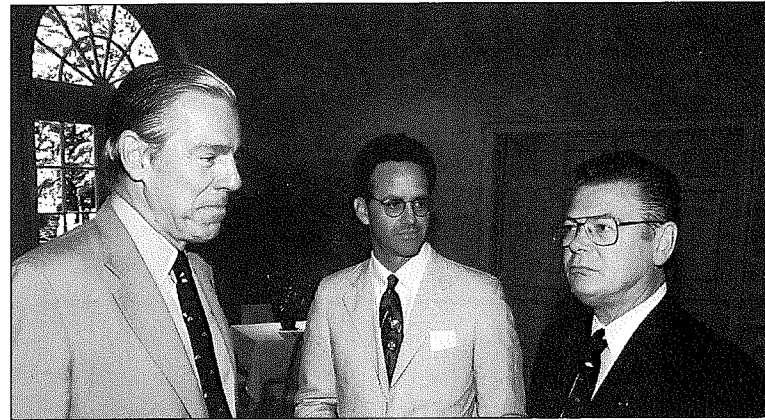
HOSTED BY

THE JOCKEY CLUB

Gideon Putnam Hotel & Conference Center
Saratoga Springs, New York

10:00 a.m.
August 11, 1996

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John Hettinger, John Phillips, Hans Stahl



Joseph Walker, Jr., Frank Bonsal, Jr.



Barry Schwartz, Kenneth Noe, Jr.

IN ATTENDANCE:

- Dr. Richard Abbott
Veterinarian; Owner/Breeder
- Helen C. Alexander
Member; The Jockey Club; Owner/Breeder
- Thomas L. Aronson
President, Racing Resource Group
- Dr. Rick Arthur
President Elect, American Association of Equine Practitioners
- H. Douglas Barclay
Trustee, NYRA; Owner/Breeder
- Laura Barillaro
Vice President/Controller; The Jockey Club
- Norm Barron
Past Chairman, American Racing Commissioners International
- James Barton
Treasurer, American Horse Council
- James E. Bassett III
Steward, The Jockey Club; Chairman, Keeneland Association; President, Breeders' Cup Ltd.
- Howard Battle
Racing Secretary, Keeneland Association; Racing Secretary, Saratoga Racecourse
- Stacy V. Bearse
Publisher, The Blood-Horse
- W. B. Rogers Beasley
Director of Sales, Keeneland Association
- Stanley Bergstein
Exec. Vice President, Harness Tracks of America
- Paul Berube
President, Thoroughbred Racing Protective Bureau
- Dr. Jerry Bilinski
Former Chairman, New York State Racing & Wagering Board
- James H. Binger
Member, The Jockey Club; Owner/Breeder
- Edward A. Bishop
Registrar, The Jockey Club
- William T. Bishop III
Attorney, Stoll, Keenon & Park
- Ellen Bongard
Owner/Breeder
- Edward S. Bonnie
Member, The Jockey Club; Owner/Breeder
- Mrs. Edward S. Bonnie
Owner/Breeder
- Frank Bonsal, Jr.
Member, The Jockey Club; Owner/Breeder
- Peter Bournias
National Director, The Jockey's Guild
- Edward L. Bowen
President, Grayson-Jockey Club Research Foundation
- Dr. Lawrence R. Bramlage
Orthopedic Surgeon, Rood & Riddle Equine Hospital
- Alexander G. Campbell, Jr.
Member, The Jockey Club; Owner/Breeder
- W. Cothran Campbell
Owner/Breeder
- Tim Capps
Executive Vice President, Maryland Horse Breeders' Association
- Gary Carpenter
Executive Director, American Association of Equine Practitioners
- Jerry L. Carroll
Chairman, Turfway Park Racing Assoc., Inc.
- Norman Casse
Owner/Breeder
- R. Anthony Chamblin
President, American Racing Commissioners International
- Helen B. Chenery
Member, The Jockey Club; Trustee Emeritus, TOBA; Owner/Breeder
- George M. Cheston
Member, The Jockey Club; Owner/Breeder
- Sherwood C. Chillingworth
Member, The Jockey Club; Executive Vice President, Oak Tree Racing Association
- Robert N. Clay
Member, The Jockey Club; Owner/Breeder
- Mrs. Robert N. Clay
Owner/Breeder
- Jack Cohen
Publisher/President, Sports Eye
- Charles Colgan
Executive Vice President, Nat'l Steeplechase Assoc.
- Terence Collier
Senior Vice President, Fasig-Tipton Company
- William J. Condren
Owner/Breeder
- Joseph Cornacchia
Owner/Breeder
- Steven Crist
Vice President of Communications & Development, NYRA
- Bernard Daney
Commissioner, Delaware Racing Commission
- Mrs. Bernard Daney
Owner/Breeder
- Douglas Donn
President, Gulfstream Park Racing Association

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Allaire duPont
Member, The Jockey Club; Owner/Breeder

William duPont III
Member, The Jockey Club; Owner/Breeder

Mrs. William duPont III
Owner/Breeder

Joseph Durso
Columnist, New York Times

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Mrs. Robert S. Evans
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Owner/Breeder*

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Trainer; Owner/Breeder

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Martha F. Gerry
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Los Angeles Turf Club*

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General Manager, Japan Racing Association, NY

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Owner/Breeder

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Steward, New York Racing Association

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Mrs. James M. Hill
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Racing Steward, The Jockey Club

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Executive Director, TRC

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Vice President, NYRA

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Owner/Breeder

Herbert Miller
Owner/Breeder

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Chief Operations Officer, Laurel Racing Assoc.

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Suffolk Downs; Owner/Breeder*

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Authority; Chairman, TRC*

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Cindy Nicholson
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Executive Assistant, The Jockey Club

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Owner/Breeder

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

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Owner/Breeder*

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President, United Thoroughbred Trainers Assoc.

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David Stevenson
Stevenson & Associates, Consultants

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Whitney Tower
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Joseph Walker, Jr.
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John Walzak
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Charlotte Weber
Member, The Jockey Club; Owner/Breeder

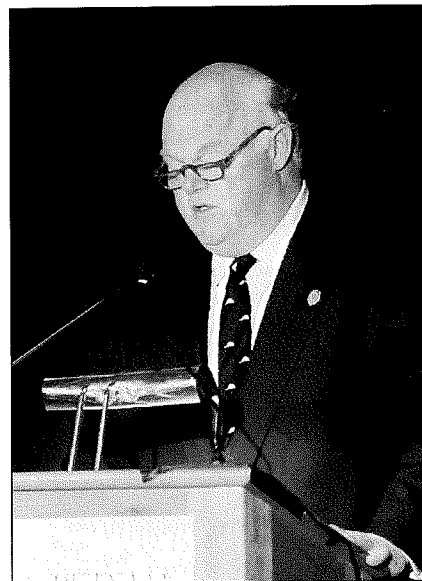
Barry Weisbord
President, MediaVista, Inc.

William H. Welch
*Executive Administrator, New York State
Thoroughbred Breeding and Development Fund*

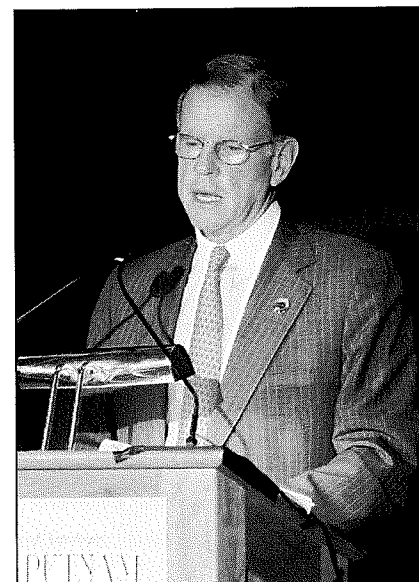
Wheelock Whitney
Member, The Jockey Club; Owner/Breeder

Clifford W. Wickman
*Former President, Thoroughbred Racing and
Protective Bureau*

Jacques D. Wimpfheimer
Member, The Jockey Club; Owner/Breeder



Ogden Mills Phipps



William S. Farish

WELCOME BY OGDEN MILLS PHIPPS

Ogden Mills Phipps: Good morning ladies and gentlemen, and welcome to our 44th Round Table Conference.

Last year we looked into the future, and examined some of the directions open to racing, for us to move forward positively and aggressively into the 21st century.

This year's program, for which we are again indebted to the efforts of John Hettinger, brings us up-to-date with how we've addressed some of those opportunities during the last twelve months.

It is, I believe, a positive and encouraging report ... and an overwhelming confirmation that, with sound business planning ... strategic alliances ... and cooperation ... anything is possible in the way racing faces the challenges of the future.

We open as usual with our annual report on the activities of The Jockey Club, presented by our vice chairman, Will Farish.

Will ...

ACTIVITIES OF THE JOCKEY CLUB IN 1996

William S. Farish: Thank you, Dinny.

Our sport contrary to popular belief has a lot of optimism out there today. We have a superstar on the track who has caught the fancy of the general, non-racing public, as perhaps no horse since Secretariat.

On the breeding side, recent select yearling sales results from Keeneland and Saratoga have shown major increases - 35, 37 percent. The North American Thoroughbred continues to be sought after from people all over the world and, although our market to Japan has been a large factor in some of these results, that isn't the full story.

We've had encouraging support from our domestic buyers, who are reflecting the fact that our purses are going up, particularly at our major racetracks. In fact, it now looks like 1996 will break the all time record for purses paid.

These are positive economic indicators. It is also relevant that our foal crop is no longer in decline.

Now all of this doesn't mean that

everything is rosy. But there are grounds to feel optimistic. As an industry we continue to research new options to make our sport more competitive. One such is the recently announced Pope plan or the NTA, which, if full industry cooperation can be achieved and a business plan including all segments of the industry in its formation can be worked out, a major addition to our sport can be achieved.

Last year I summarized the focus of The Jockey Club as "looking forward." This past year we've done more than look forward. We've taken a hold of it.

Our technical people have been moving ahead with installing a new state-of-the-art computer system to keep our industry database and its operation up-to-date.

All the 1995 foal crop is being registered with the new system, as well as the Equibase operations, so we are making good progress.

The Jockey Club's data base is now the largest in the horse world. The

pedigree records of 2,235,000 Thoroughbreds are recorded along with all current racing and sales records.

Later in the program we'll be showing just one of the examples of what the new system can do to make the lives of every owner and breeder easier ... our new interactive remote registration system.

Another development you'll hear about in greater detail later is Equibase. During 1996, Equibase has become a real partner in every sense of the word. It has been truly gratifying and exciting to see the way the company has blossomed and gained maturity during the last 12 months. We need no better example of what can be achieved with strategic alliances than the success of Equibase.

Another example of successful cooperation is the Grayson-Jockey Club Research Foundation. Since the two foundations merged, both the amount of research and the size of the Foundation's corpus are at record levels.

From a long-term standpoint, certainly one of the highlights of this year is the American Horse Council's Economic Impact Study. This project will serve as the primary source of cumulative economic statistics concerning the horse in the United States for many years. We will receive more data on this report later on.

This project never would have gotten off the ground without the cooperation ... in this instance between several thoroughbred groups and The American Quarter Horse Association. Here we have a good example that strategic alliances need not be limited to just one breed, but can and often should be across the board. For, when the Council approaches government on our behalf, it is virtually never just Thoroughbreds but rather all horses.

We had another example this year of how important the Horse Council is to

us when, in a spur of the moment incident, we almost lost the first year expensing deduction that every business has. This would have been a serious setback to horse ownership, especially new owners. It was quick action by the American Horse Council and cooperation from all aspects of the horse industry that saved the day.

Last year I told you about a new product The Jockey Club Information Systems was about to launch ... the ElectroniCatalogue ... a sales catalogue on computer disk that was available some weeks before the printed book was out. This product and modern approach to our information needs has been extremely well received. This year we took the concept even further.

Starting with the Keeneland July Sale and then with this week's Fasig-Tipton Sale, entire catalogues have been made available, at no cost to the consumer, on the Internet.

By this we mean the actual pages which will appear in the printed version are fully displayed exactly as they will appear in the book. There are the same indexes by sires, the same indexes by dams, and the same consignor's indexes. As you can see, it is virtually in all senses of the word, the catalogue.

But what makes it even more exciting, and a real demonstration of just what this new medium can do, is the fact that this is all available before the presses even begin to roll to print the sales catalogue. So now these catalogues' details can be seen from the four corners of the earth ... from Newmarket, England, to Tokyo, Japan ... from Sydney Australia, to Dubai in the United Arab Emirates. And the catalogue has not yet been printed.

As a matter of fact, the Keeneland September yearling sale - all 3,901 hips of it - is already on the Internet. And the book isn't even out.

Speaking of the Internet, a transcript of this morning's proceedings will again be accessible through any of The Jockey Club's World Wide Web sites early this week.

Earlier we mentioned the escalating growth of our data base in the area of foreign data. As the shipping of horses around the world for racing and breeding becomes more and more commonplace, we recognize that there is a greater need for more foreign information than ever before. This year we have added complete racing information from Germany and Italy to go with the European information already carried from England, Ireland, and France.

Currently we are meeting with several important countries about information exchange. The Jockey Club is proposing, along with our English, Irish, and French colleagues, a worldwide data hub of racing and breeding

information which would set up an international structure for all current racing entries and results.

In this important area of foreign information I am pleased to announce today that, following lengthy discussions with the JRA, an agreement will be reached that will allow full up-to-date racing information, including results, to be available in this country on all JRA races. We are pleased with this agreement and appreciate the cooperation of the JRA to make this breakthrough possible. This is a major step in our efforts to bring you all relevant industry data worldwide.

I have spoken longer than usual this morning, but there are still areas not covered which you will find summarized in the pamphlet you have in the Conference packet. I encourage you to take the time to look it over.

Thank you.

Ogden Mills Phipps: Thank you, Will.

Ogden Mills Phipps: Last year at this time Bob Mulcahy, who is president of New Jersey Sports and Exposition Authority, shared with us many of the varied activities of Thoroughbred Racing Communications.

As chairman of TRC, he made a strong plea for more support for the organization's efforts and for recognition that TRC, from a proven record, had the potential to become a key national communications center to lead us on the technological battleground of the 21st century.

Bob is here today to give us an update and tell us how it's done over the last twelve months.

THE ROLE OF THOROUGHBRED RACING COMMUNICATIONS IN SERVING THE INDUSTRY

Robert E. Mulcahy III: Good Morning. Thank you very much Dinny. It is my privilege to be before you again representing the Thoroughbred Racing Communications Board that includes Dinny, Mike Letis, John Nerud, Kenny Dunn, Ted Bassett, Nick Nicholson, Brian Cranston and now director emeritus Jim McKay.

Also before we get going, you'll notice in your packets this little brochure that we've put out as an introductory piece to use all over for new fans to Thoroughbred racing and you'll notice the buttons that are there. Just another little technique to remind you of our role.

Last year I presented to you a summary of the extensive media support functions of the TRC that provide broadcast and print journalists nationwide with story material on our great sport. The *TRC Media Update* and the TRC Notebook along with our video news features provide newspapers, magazines and television stations many easy opportunities to write and broadcast about us.

Of course, the polls keep top horse names on the sports pages and Thoroughbred World gives us television program presence. We also are a leader in educational outreach programs.

Frankly, I was surprised by the lack of awareness these many good works of the TRC had among Thoroughbred leaders. Which is why since last year I have regularly communicated with many of you, especially the TRA members, about our on-going efforts.

Heywood Hale Broun wrote that sports do not build character, they reveal it. And you know from the names I read of our board members that Thoroughbred Racing Communications is led by people of great character.

My message this year to you will be short and hopefully to the point. 1996 into 1998 will test the character of our industry and its leaders possibly like no two-year period in our collective careers.

I asked you last year to make available to TRC the power of your ideas. Have your top people communicate with us and work with us. We spend plenty of time talking in the Thoroughbred community about working together, about bringing seemingly disparate interests under one roof for the good of the game.

I want to point out again this morning that one clear shining example of true racing coordination for the common good is Thoroughbred Racing Communications.

Here the TRA, The Jockey Club and

the Breeders' Cup are productive partners. The results are there in black and white and on the air.

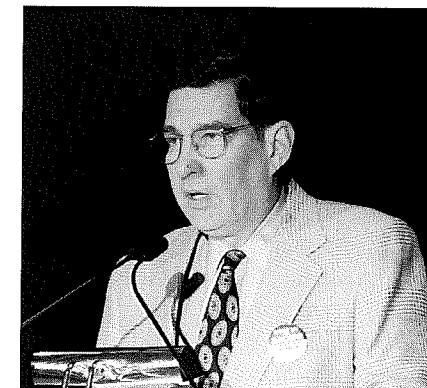
As we continue to debate the obvious, that racing needs a coordinated well-funded national marketing plan, perhaps not in the traditional way that we envisioned it. As you know, racing missed the television age so it must take advantage of the next generation of communications technologies because our competitors certainly will. Remember that the staff, programs, results and major industry group coordination needed to pull that plan off are already in place at TRC.

The great opportunity for us is to use TRC as the communications and media development arm of that national marketing strategy. The potential tragedy is that by the end of 1998, if we are still all talk and no action on a national marketing plan, the window of opportunity that currently exists with TRC may go the way of other well-intentioned failures of our industry.

As the operator of two racetracks coming off a weekend where the Hambletonian and the Haskell attracted over 60,000 people on-track betting nearly fourteen-million dollars, I know that we have a good message to sell the public.

Let me close by saying you can expect to hear from the TRC Board this year as we head into this crucial two-year period in our history. The time for action on a national strategy is now and the vehicle to help us coordinate it already exists. Let's use it. Thoroughbred Racing Communications with you must forge an effective strategic plan that keeps racing as a sports page and Internet staple.

Let us adopt and adapt the same type of successful, modern-day industry communications strategies that have been so successful for the Nation-



Robert E. Mulcahy III

al Basketball Association, among others, and finally gives us a fighting chance in the gaming technology battleground of the 21st Century.

I would like to think that we would try one great opportunity to re-market racing over the next few years, taking advantage of the new technology that allows us to directly communicate with the consumer.

As racetracks become casinos, take it from a New Jersey guy who has dealt with Atlantic City for seventeen years, that we better take advantage of our communications and marketing opportunities because those folks are the best.

I remember being scorned by some racing purists for entering into simulcasting and marketing deals with casinos. Some of those very same purists are now a few years later begging state legislatures for slot machines at their tracks.

I guess there is a certain irony that today I am the purist and my message is let us not let the beautiful story of American racing be told solely by gaming executives in the years ahead. As of today the fate of our message is still in our hands. Let's use TRC to get that message out.

Thank you Dinny, for affording us these few minutes and thank you all for your attention.

Ogden Mills Phipps: Equibase is not quite six years old. But I believe, in years to come, 1996 will be seen as the year when this trail-blazing partnership came of age.

In the midst of his many other responsibilities and duties, Ted Bassett has been there since the beginning, for which we thank him most sincerely. We now ask him to step up and introduce this, our report on "Equibase Today."

EQUIBASE TODAY INTRODUCTION

James E. Bassett III: Good morning, ladies and gentlemen. Welcome to the Equibase portion of the program.

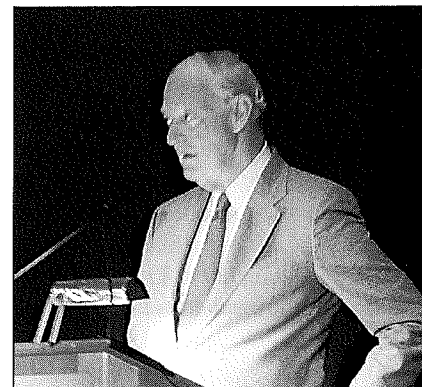
On such a special occasion as this, one cannot help but harken back six years - almost to the day - to that tiny, crowded, stifling little room in Saratoga's old racing office, when a group of us met together to try to determine what new direction racing should take to attract a new generation of fans.

The group consisted of representatives of the TRA, The Jockey Club and executives of the *Daily Racing Form*. It was felt then, as it is today, that one of the major keys in attracting new fans, and particularly younger fans, was to try to make the art of handicapping less intimidating and more informative.

We sought a development plan to utilize and present racing's past performances in such a way to encourage the younger generation - a generation born in the age of technology and exposed to the information highway - to encourage that generation to participate in the thrills, the excitement and the spectacle of the sport of racing.

The meeting was called to determine whether the *Daily Racing Form*, which was owned at that time by Rupert Murdoch's News America Corporation, and the TRA and The Jockey Club, would join together in a cooperative venture to pursue this bold new industry opportunity.

It has been a matter of continuing



James E. Bassett III

regret that those former owners of the *Daily Racing Form*, and their successors, felt that it was not in their best corporate interest to participate in this cooperative venture.

The TRA and The Jockey Club then accepted the challenge to forge ahead by developing a plan to provide past performances in the tracks' daily programs at a cost of 25 cents per program.

That decision signaled the beginning of six turbulent, often contentious, frequently frustrating years. Six years in which The Jockey Club's initial commitment of \$2 million soared as high as \$4.8 million. Six years in which the landscape of racing was dramatically changed, as we struggled with new advances in technology and the challenging explosion of full-card simulcasting with its monumental demands for instant, understandable and reliable wagering information.

During these six years it has been my frequently challenging task to chair the Equibase Management Committee, and I must confess to you, that not all of our meetings have been harmonious nor laced with conviviality. Our industry is so steeped in traditional methodology and individual perceptions that sometimes we become our own worst enemy. A sad industry commentary which has frequently made the rounds is that when racing has a problem, it organizes a firing squad - and often it starts with a circle.

Those early painful, struggling days of Equibase are now behind us. There

is a new constructive and purposeful direction in which the management committee is composed of five regional directors of the TRA, and representatives of The Jockey Club. And they are working in a cooperative and constructive manner in which they are transforming a vision of the future into a dynamic reality called Equibase.

Finally, I would be remiss if I failed to pay tribute to the Equibase staff. They are highly motivated and dedicated individuals, whose tireless and selfless efforts have made Equibase the industry's vital source of statistical data.

James E. Bassett III: It is now my pleasure to introduce Alan Marzelli, the President of Equibase, and the Executive Vice President and Chief Financial Officer of The Jockey Club.

It's Alan's perseverance, his integrity, his initiative, his intelligence and his incisive business acumen, that has provided the leadership which has made Equibase one of the great success stories of racing today.

Alan Marzelli . . .

EQUIBASE TODAY

Alan Marzelli: Thank you, Ted for those kind words, and for your guidance and counsel these past six years.

It gives me great pleasure to speak at this gathering, and to speak about a Company that I am proud of, and that everyone in this room can be proud of. Equibase is doing what it set out to do, and it's doing it well. And because of that, for the first time in history, Thoroughbred racing has an industry-owned database of racing information.

Equibase Company, as Ted mentioned, was formed in 1990 as a partnership between the TRA and The Jockey Club to provide the Thoroughbred industry with its own source of racing information . . . information which for

almost 100 years had been maintained and controlled by third parties.

Determining that it was not sufficient for its racing records merely to exist, the partners set forth the following goals and objectives:

First to establish and maintain an industry-owned database of historical Thoroughbred racing records; and, secondly to enhance the promotional capabilities for the industry and raise the level of fan education, so that even first-time visitors to a race track could participate and enjoy themselves, rather than be intimidated by the complexities of a sport they didn't understand.

How did we fare after those lofty ideals were put in place?

In the Fall of 1990 we began to assemble a nationwide collection network, putting a group of hand-picked chart-callers through a special training school, and setting up the computer systems to handle the information they would generate. Throughout 1991, our technicians developed the systems that would store and eventually disseminate the information.

To say the least, it was a daunting task. 8,000 racing days per year covering 68,000 races at 145 different locations.

Collecting more than 150 data elements for each of the 558,000 starters that run each year - a total of more than 80 million individual pieces of information to be collected, properly stored and made available to disseminate. It was no surprise that there were a lot of people who thought it couldn't be done.

A little more than twelve months later, in January, 1992, at Beulah Park, we went out with our first past-performance enhanced program. I have to admit, things did not go smoothly. But the folks at Beulah stuck with us. And we should all be grateful to them for it.

Progress came quickly. Driven by a new freedom in the availability of what was, after all, their own information, supportive partner tracks joined us in what came to be known as "the program revolution."

(VIDEO BEGINS)

After Beulah came Remington, then Delaware Park, who changed their scratch time so that their racing program could be sent out into the general marketplace ahead of race day. One by one the race tracks of America adopted the concept.

Each using the information in slightly different ways. NYRA got together with Playbill to produce a whole new concept of a program, one which for the first time could match the programs of other profes-

sional sports. The revolution gathered momentum. And a past performance program became the norm at race tracks across the continent.

(VIDEO ENDS)

Before going any further, let me echo Ted's comments about our relationship with the *Daily Racing Form*, both then and now.

We all agree that our industry would be best served by having just one database of racing information. From the outset, however, we have been consistent in our position that racing should rightfully determine how its own information is collected, and have complete freedom in the use of that information.

But we recognize that the *Daily Racing Form* and its current owners, KIII, have a different set of business priorities. And to date their position has been that it is against their corporate interest to give the industry complete freedom in the use of its own data. That position is a matter of record.

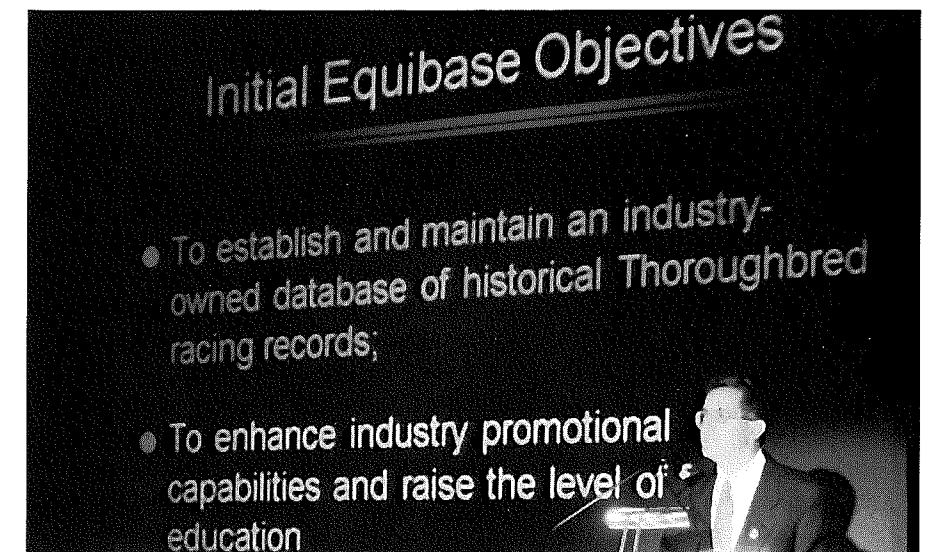
And unless it changes, we can never expect to reach the goal of having one database of racing information.

But enough of the past. Let me fast-forward and talk about the Equibase of 1996 and beyond. We are partners in an exciting company with a significant contribution to make towards the betterment of our sport.

First, Equibase is a financially sound company. In fact it's better than sound. It's been profitable each year since its first full year of operation in 1993. The initial start-up loan from The Jockey Club will soon be retired.

Our racetrack partners will begin to receive dividends. And we will have capital rather than debt, enabling us to take advantage of the many opportunities that lie ahead.

As I've mentioned before, it's now taken for granted at race tracks across



Alan Marzelli

North America, that programs include past performance information. In fact, Equibase information will be seen in more than 23 million programs in 1996.

And we're just beginning to develop new ways of presenting the information.

Our *Bettor Times*® program pages show handicapping information in a visual and easy-to-understand format.

It's a product we're still refining, but a recent independent survey came up with some interesting facts about it.

Carried out earlier this year by The Matrix Group during Keeneland's Spring meet, the survey found that *Bettor Times*® pages were most appealing to racegoers who wager less than \$50 per day at the track or attend live racing fewer than six times per year.

In addition, the survey found that more than 52 percent of all females questioned preferred *Bettor Times*® to traditional program pages.

The survey concluded, and I quote, "*Bettor Times*® is fulfilling an educational role, providing information especially helpful to those who are less knowledgeable of Thoroughbred racing and wagering."

My own personal survey conducted in the Marzelli household found that 100% of the younger males aged 9 and 13 and 100% of the females, age withheld by request, prefer *Bettor Times*®!

Those of you who were here at last year's conference may remember that the Matrix Group's profile almost exactly fits the market the Japanese Racing Association targeted so successfully when they set out to reverse their own decline in on-track attendance. I believe *Bettor Times*® has a real contribution to make in that direction in North America.

But don't take my word for it. Listen to what the fans are telling us.

(VIDEO BEGINS)

At Arlington in July Cigar was on everyone's lips. Dick Duchossois' people had set up a special Newcomers Program. And Equibase and Bettor Times® were part of it.

Michael Wrona (Arlington International Announcer): *The feature prize for today's newcomer giveaway will be a framed portrait of racing's reigning Horse of the Year*

Cigar, signed by the entire dream team. This special memento comes courtesy of Equibase Company, providing Bettor Times®.

We asked some of the fans what parts of the Bettor Times® program they found useful.

Fan A: *This is the second time I've ever been to a racetrack and it lays it out clearly for me because I don't know anything about it.*

Fan B: *I'm actually just learning about racing but it's pretty clear. I understand how it's laid out. It makes sense.*

Fan C: *What helps is to know who the owners and trainers are, where the horse has raced previously and what their track records have been. Whether or not they do well when it's nice outside like the beautiful day we have today or if they're better when it's a little bit sloppy.*

Marzelli: *We did the same thing at Del Mar.*

Tim Conway: *If you come to the track for the first time or you've been here for 40 years or whatever, incidentally, I only come when they're open. But whenever you come this is really something to pick up.*

Fan D: *Well I look at who the favorites are, the selections. I look at the Trackmaster. That's the first thing I look at. Go down and just pick one out.*

Fan E: *I like the little blurbs here, the little tidbits. I like to see how many races and how many wins they have, and how often they race helps me. This one is a little confusing for me, but for the pros I'm sure it's all right.*

Conway: *You've got to be really simple-minded if you can't pick the horses from this chart because they actually give you a picture*

here of the chart. Look here. How can you miss with something like that. I had no money when I came here and now I'm a millionaire and I've only used this one time.

Fans F and G: *It's got all the jockey's statistics and how the horses did in their last couple of races and the track conditions and what conditions they perform well under. If it's moving up in class or if it's had the same rider in the last couple of races. It covers everything.*

Fan A: *The bar graph gave me a real good way to summarize the whole thing. It's real easy to understand. I showed it to my daughter who's nine and she thought that was a real easy way to figure it out.*

Conway: *This is invaluable, it really is. Put it up in the back of the car when you go home and it will turn brown. It's marvelous. Be sure and get it. Bettor Times®. So happy with this!*

Marzelli: *I honestly don't know how he got in there. But in any event, Bettor Times® isn't the only thing we've been up to. We've expanded the scope of our services in other ways.*

Last year, Equibase opened new markets for racing with development of the Winner's Circle, in association with ABC Sports and America Online.

And we followed that up by establishing a presence on the Internet's World Wide Web, providing racing fans with a gateway to the sport on the fastest growing communications link in the world today.

We're consistently getting more than 5,000 hits a day on the Winner's Circle, which is an online news and statistical service. Our Internet site which generates more

than 14,000 hits a day recently recorded it's five-millionth hit. Some of the leading organizations in the industry call the Equibase Web site their Internet home. So do a wide variety of tracks. They're putting out entries, results, news releases. Promoting special events. Anything and everything to do with racing. A casual surfer can go from a locator map to a specific track to basic information about the track. Then straight to entries and results at that track.

(VIDEO ENDS)

Nobody - and I mean nobody - knows just where this medium is going. But one thing is for sure. It's here to stay. And Equibase is there, giving the sport an affordable way of speaking to a market measured in millions.

We're using racing's information in other ways as well, ways designed to satisfy the discerning needs of the more sophisticated handicapper as well as the beginner.

Very selectively, we have formed key strategic alliances with what we refer to as Value Added Re-sellers. Some of these are people with the knowledge, expertise and background in more refined handicapping techniques ... people who, for want of a better term, put a spin on the information creating handicapping products and aids.

These are people like Axcis, who offer an array of handicapping products under the TrackMaster brand name; Thoroughbred Sports Network; Jerry Brown of Thorograph, Tom Brohamer of Modern Pace Handicapping, and Dick Mitchell of All-in-One, to name but a few.

These high end handicappers and their customers are, without a doubt, the industry's most demanding customers where quality of data is con-

- Racing should determine how its information is collected
- Racing should have complete freedom in the use of that information

cerned. And the fact that they're coming to us is a sign that Equibase data meets their quality standards.

That same regard for the quality of our data, and our ability to satisfy the ever increasing demand for electronic data dissemination, is reflected in another group of alliances.

At last year's Round Table we heard that one of the keys to racing's future lay in electronic interactivity ... that if we were to attract the MTV generation and beyond we had to give them the means to participate in our sport in real time electronically, exploiting all of the benefits that the convergence of the personal computer and television would eventually offer.

I am pleased to tell you that the future is now. Equibase is currently supplying data to three leaders in the field of interactive technology. ODS, whose in-home betting system has already been in test for two seasons at Churchill Downs; IWN, developers of the interactive PC wagering application, HomeStretch; and You Bet International! whose system combines the world of television and computing, and who hope to be in live test with NYRA this winter.

These are people who can bring us - and, indeed, are already bringing us - into the emerging interactive television market.

And I for one am convinced that if we package our product properly, peo-

ple who see it in their homes and experience the thrill of participating in our sport, will eventually want to experience the live event. The formula is a proven one. It works.

I've left simulcasting to last. Because it is an area which so tangibly demonstrates the contribution Equibase has already made to an industry whose future depends on adapting to new technology and finding new ways of presenting its product.

Simply put, the simulcasting landscape, which has made such a massive contribution to increased pari-mutuel handle and, thereby, to purses, would not be as it is today without Equibase.

As little as three years ago, who would have believed that, today, virtually at the drop of a hat, race tracks could change their entertainment menu when bad weather threatened ... or enhance their programs with major races beamed from continents far away.

Who would have believed that tracks would be open for business year-round, not carrying heavy plant overhead through weeks and months of downtime between live racing seasons.

And one of the primary reasons for all of this has been the ability of race tracks to have accurate and timely wagering information. Information which does not rely on the antiquated distribution systems of traditional print media to get to the customer, but rather is transmitted electronically ... instantly ... on demand. That is the contribution Equibase has made. And without Equibase it just would not have happened the way it has.

(VIDEO BEGINS)

Equibase has provided the tools for racing to embrace the high-tech communications technology of

today. And we've refined and simplified computer software which gives even the smallest outlet the capability to print their own past performance program. Listen to what some of our partner tracks have to say.

Corey S. Johnsen: *One of the foremost goals at Lone Star Park at Grand Prairie is fan education. At our Post Time Pavilion, one of the key strategies was our expanded past performance program. It has been extremely well received by the public. Over eighty per cent of our attendees buy a program. One of the key things that our expanded past performance program does is actually introduce our patrons to the past performances of all our horses. They get interested in those, they study them, they learn them, then they can take the next step to being a more frequent patron and feel much more comfortable about their wagers.*

Philip T. O'Hara, Jr.: *Equibase has been the data provider for our program since May of 1992. Although the general appearance of the program has remained the same, Equibase has continually improved the quality of its data and has worked with us to provide more and different information in order to improve our customer service. Also Equibase has been invaluable to the sales of our simulcast signal to the smaller locations. Together with the state-of-the-art facilities that we're building and the information that Equibase provides, our customers are being exposed to racing as a complete entertainment experience.*

Marzelli: *But we couldn't have done it without the support of our partners, the Thoroughbred Race Tracks of North America. (VIDEO ENDS)*

EQUIBASE TODAY CONCLUSION

Clifford C. Goodrich: Ladies and gentlemen, since the TRA and Equibase became partners, some six years ago, radical changes have taken place in the industry and in our daily lives, largely because of personal computers and communications technology. And communications technology is certainly at the very heart of Equibase.

Simulcasting has changed the way we do business, and Equibase has been an integral part of that change. Simulcasting clearly has brought tracks closer together. It has fostered not only better communications within departments at the same track, but also between departments from track to track.

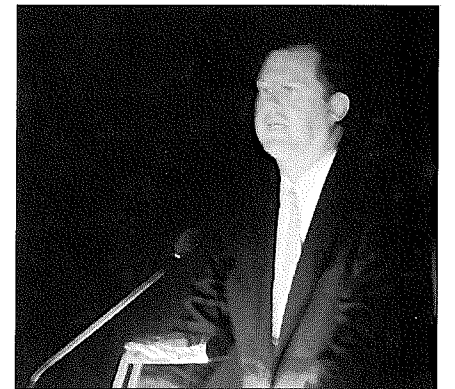
Most importantly, it has underscored the well known fact that horsemen and the tracks need each other.

From the track's standpoint, I think this spirit of cooperation has begun to manifest itself in other industry discussions and I think we've learned something we should have learned long ago - that cooperation and resolve can lead to success.

For years we've heard racing is behind the times. I think what you've seen from Alan's presentation this morning will tell you - and I think you'll agree - that Equibase is helping to take this great sport into the 21st Century.

I believe the formation of Equibase will go down as one of the TRA's great achievements. Best of all this wealth of information which Equibase provides will accrue to the benefit of everyone in the industry and, most importantly, to our fans.

Alan Marzelli: Thank you, Cliff. This morning, we've talked about a lot of



Clifford C. Goodrich

things that Equibase is doing ... using racing's information to enter new markets ... presenting our product in new ways, to new fans.

And with that in mind, in addition to everything else we've talked about this morning, I am now pleased to announce that Equibase Company and Sports Eye have joined together to produce an official Equibase past performance program tailored specifically for the Las Vegas market.

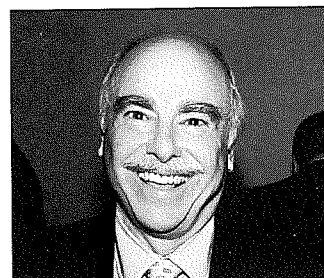
Although tracks have been transmitting their races into this market for some time now, their fans have been poorly served as far as wagering information is concerned. For there simply has been no customized product to serve the Las Vegas market. We intend to change that.

Ladies and gentlemen, Equibase is going places. And it's going there in partnership with a better, healthier racing industry. Just watch this sign for future announcements:

EQUIBASE
C O M P A N Y



Frank L. Mansell, William S. Farish

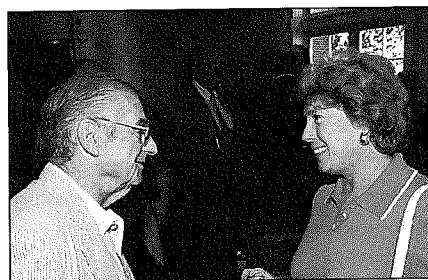


Albert Fried, Jr.



Virginia Kraft Payson

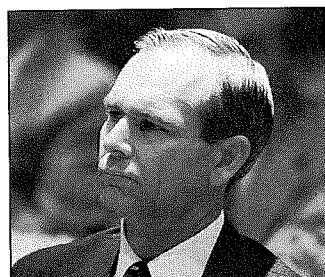
INTERMISSION



Jacques D. Wimpfheimer; Mrs. James M. Hill



Douglas Reed, Lonny T. Powell



Douglas Donn



D. G. Van Clief, Jr.

Ogden Mills Phipps: From the sights and sounds of Equibase, we move now to another area where we've been pushing the envelope of modern communications technology ... the Registry.

And let me just remind you that, above all else, the first responsibility of The Jockey Club to the Thoroughbred industry is to maintain the integrity of the breed in North America. That is the job of the Registry.

In the next year The Jockey Club will introduce our new Interactive Remote Registration. It will make the breeder's job quicker, easier and cheaper.

Here is Nick Nicholson to tell us about it.

REMOTE REGISTRATION - A NEW ERA

Nick Nicholson: Thank you, Mr. Chairman.

We all hear the word interactive thrown around every day ... usually in the context of entertaining us in some future part of our life. This morning we unveil an interactive Registration system.

We think this will be a very practical use of interactivity. And that it will, indeed, be of great help to you in the Registration process.

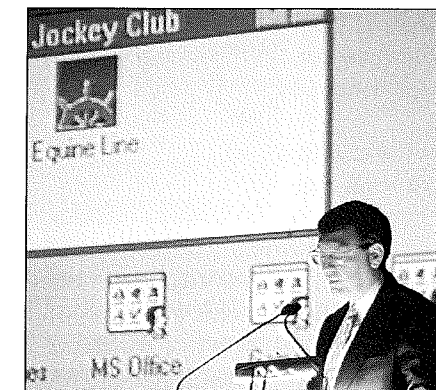
This new method of registration will, in effect, let owners and breeders talk directly to our database - and thus complete many of the Registration requirements in real time - through their own personal computer at home or in the office. Twenty four hours a day, 365 days of the year, in every sense of the word, this will be true interactivity.

So we invite you now, give us a call and let's log in to The Jockey Club Registration Department.

(VIDEO BEGINS)

Here we are ... we will have previously installed our remote software. So we just click on the Remote icon. First we call up the program ... We're asked for our ID name and password. This is for security and will be a private code unique to you ... There ...

And here we are at the Registration Home Page.



Nick Nicholson

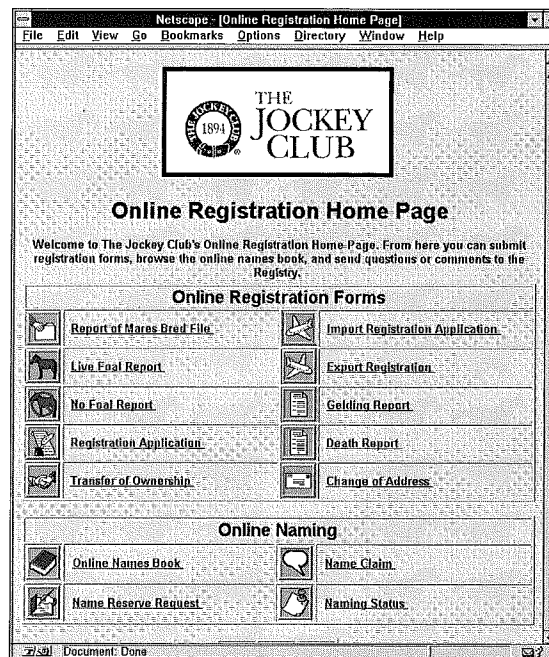
You have a choice of live foal, applications, exports, imports, transfer of ownership, and so on.

You can see that each of the procedures is clearly laid out. And all you have to do is move the arrow to the Form you want to complete, and click.

This morning for the demonstration we will do just two - a Live Foal and Names.

We're going to start with the Live Foal Report. This is the form that every owner of every mare that is bred in North America is asked to complete and send to us within 30 days of the birth of the foal.

So let's select Live Foal Report. For those of you not familiar



with the process, each year we mail out preprinted Live Foal Reports to the owners of record of all mares bred in the previous year, according to the Reports of Mares Bred sent in by stallion owners. If you've received one, all you do is to enter the preprinted Registration number, here, and then the name of the mare.

But even if you haven't gotten your preprinted Report, you can enter the name of the dam, and either her year of birth or her dam's name.

Let's take the first option.

Remember, you're now connected to the central database which has already gone to work and been looking for the report of your mare's breeding as you enter the basic details. So, by the time you click on "Continue" here's what comes up on the screen ...

Incidentally you see the little running horse. That's something

our people have put in instead of the hourglass ... just for this demonstration.

You can see that a lot of information is already there ... details on the breeder of record, the sire of the foal, the dam's name and so on.

This will be automatically added to the form. You won't have to do anything.

If for some reason the breeders full name is different to what was shown on the RMB, you just click here and you instantly make whatever changes are necessary.

Again, as you can see, there are buttons to push according to the reason for the change ... sale details if the mare changed hands, lease details and so on.

This time all the breeder details were right, so let's go back to the first screen and finish filling out the foal's details ... its foaling date, state or Canadian province where it was born - you'll see there's a lit-

tle drop-down box with all the states to pick from.

Computers hate bad spelling, so this is a way to avoid upsetting them - and there we are, ready to move on. Uh oh! I think our operator went a bit quick there and got something wrong. Remember this for later.

Down towards the bottom of the screen you'll see there's room to put the address to which the application and blood kit should be sent, if it is not going to the breeder.

In this case there'll be no change, so we go straight to "continue."

Ah there we are ... the computer caught our mistake. We had the wrong date and forgot to mark the sex of the foal

So we can go back and correct that ... there's the proper date ... and the sex is a filly.

If we could just stop there for a moment.

(VIDEO ENDS)

Individual Live Foal forms are simple. The volume of them is what becomes staggering. We send out one for every mare bred in North America. Last year we mailed out 60,319 of them. Processing the replies is costly and time-consuming ... for the Registry - and our breeders.

The point is that the kind of mistakes that we've just seen, which anyone can make, and often do - we receive thousands of each year. So you can imagine how much time, mail, telephone calls and general frustration we think this will save you by being able to fix these mistakes right on the spot.

(VIDEO BEGINS)

So let's go on now.

We've put our mistakes right. So we'll touch "continue" again ... and here comes back a copy of your live foal report for you to check

once more before it's official. If you see something wrong you can still go back and change it by clicking on the "Corrections" button.

But we're OK now. So we click on "Submit."

And here's your confirmation. Our Report has been accepted and is in the system.

Here's your foal registration number.

You will notice another improvement in the new information when your blood kit will be mailed and to which lab it will go. You'd be surprised how many calls we get from people curious as to when their kit will be mailed.

Notice a useful warning advice on this one. The sire will have to be blood-typed before the foal can be registered. Throughout the entire system there are these helpful notices of missing materials to help guide you.

And there's one final extra option. And that is the option to print out a copy. You will always be able to print out a copy of any of the forms for your own records.

That's the way the program works.

(VIDEO ENDS)

You can begin to see why we're so excited about this simplified, streamlined process and the amount of time and effort it is going to save for everyone.

But let's move on.

The most high profile task of the Registry ... and the one which is taken most personally by every single person that owns a Thoroughbred ... is the responsibility of naming your horse.

To maintain the integrity of the Stud Book and of breed, there are necessary rules and regulations attached to the process. Also the hard fact is that there are a lot of names already taken.

As of last Friday afternoon there were exactly 525,168 names already protected. We publish them every year in this hefty volume we call the Names Book.

But with more than 35,000 names being claimed every year, the Names Book is virtually out of date before it's printed.

So we now want to show you something which is going to allow you to never, ever again be out of date. Our new Interactive Remote Naming System.

Here's how it will work.

(VIDEO BEGINS)

We start back at the home page, the first thing we're going to visit is ... the Names Book.

We decided on one of the names we like, Ivory Knight, and we're going to have a look at the book and see if there are any other names close to it ... We put in the name ... and here we are on that exact page of the Names Book.

Well there's our name, Ivory Knight. But it's in bold. That means it's what we call a direct hit. The name is already in use. We cannot have it.

While we're in the Names Book, incidentally, we can scroll through the pages for some ideas.

Now this isn't the Names Book as it was last month, last week, or even yesterday. It's the actual, official Names Book accurate up to the very second you go to look at it. What we're going to do is go back and try to reserve a number of names for future use.

We've tried to reserve five names here. Ivory Night with an N, since Ivory Knight with a K didn't work. Jim Dandy, Carl Lewis, Olympic Sprinter, and Olympic Decision.

So let's have a first and instant check on how many of these

names are OK.

Well our only unavailable name at the moment seems to be Jim Dandy ... an historically important name as most of you probably realized in the first place. So we'll take that one out.

But we'll apply for the rest of them to be held in for us.

We get the verification screen back to give us one last opportunity to change anything ... It's OK, so we click on "Submit" ... and there's our name request ... which again we can print if we want to keep a copy of it.

(VIDEO ENDS)

Now, in fact, we've cheated a bit here and we've pre-programmed this step of the process.

As I'm sure you know, we put names through a number of internal checks.

The first is for phonetic similarities ... to make sure there isn't a horse out there with the same sounding name even though it's spelled differently.

And then there are other rules, like the prohibition of names involving bad taste. We've got to admit to you that we've not been able to find a computer that has the ability to discern areas of taste. So we will still do this check the old-fashioned way.

All of these internal checks will take less than 24 hours. So within a day you can go back, check the status of the names you've asked to reserve.

So let's do just that.

(VIDEO BEGINS)

We're back at our friendly Home Page and we're going to check on the status of the names we requested.

And here you see there's a pretty detailed summary. Carl Lewis, as we ought to have known if we've heard anything about the Olympics, is the name of a living

celebrity, whose permission we'd have to get first. Ivory Night with an N has been rejected, because it's similar to a name already in use - the Ivory Knight with a K that we checked in the first place.

So we're left with two names confirmed as being on our personal reserve list.

And now we're going to finish the process. We're going to claim a name for one of our foals.

In fact we're going to use one of the foals we submitted a Live Foal Report for earlier.

Here's our Name Claim Form. Again we put in the mare's name and her year of birth. And then to the names ...

We could, of course, start from scratch and put in anything up to six new names. But what we're going to do is to use one of the names from our reserved list. Here they are. Let's pick Olympic Sprinter.

Again we get to "Review Screen." We don't want to change anything. We hit "Submit."

And there, we have instant confirmation that our name claim has been accepted ... and that the name tag will be in the mail to us.

(VIDEO ENDS)

This was a demonstration. But this is not a futuristic dream.

The screens that you saw were all real. The programs are virtually written. And in the next few weeks the system will move to beta test, operating in real conditions in a few locations.

The Live Foal Report system will be in full operation for next year's crop. And, by this time next year, we hope that you will all have a chance to experience this new evolution of Jockey Club "paperwork."

An interactive Registry for the Thoroughbreds of North America is no longer a thing of the future. It's here now.

Thank you very much.

Ogden Mills Phipps: Just twelve months ago, this Conference heard that funding had been secured for a comprehensive equine economic impact study. It is a tribute to the efforts of the American Horse Council that today, the survey has been completed. Further analysis still needs to be made, however.

And I'm going to ask Will Farish, in his capacity as chairman of the American Horse Council, to introduce our next speaker.

INTRODUCTION

William S. Farish: The stakes in Washington are very high.

As we have painfully learned, an unfavorable section in a tax bill can have extreme negative long-lasting effects on all of us.

The reality is that, in order for any industry the size of ours to survive, the ability to get our message across to the federal government successfully is an absolute must. And it is difficult to have our voice heard with so many others competing for the attention of members of Congress and other governmental officials.

Our presentations must be professionally done and of the highest caliber. The facts that make up our case must be accurate and up-to-date. Others have accurate economic impact statistics and so must we, in order to receive any effective audience in Washington. This has hurt us so many times in the past.

It was in this spirit that last year at this meeting, we announced the intention to begin the most comprehensive economic impact study ever undertaken

by our industry.

This has been a cooperative effort. The project was funded with contributions from The Jockey Club, TOBA, Keeneland, Breeders' Cup and the American Quarter Horse Association.

Barents, a subsidiary of Peat Marwick, was selected as the consulting firm to head the project. We are fortunate to have with us today the Director of Fiscal Policy Analysis for Barents, Mr. Michael Vlasisavljevich, to give us an update on the progress of this study.

But before he begins, let me emphasize again the importance of our relationships with Washington.

In this day and time an industry ignores Washington at its own peril ... any industry. We must have a presence in Washington. And that presence for us is the American Horse Council.

In this respect, in our work at the Council, we have come to appreciate the true benefit of good friends in Congress. A Congressman or a Senator willing to make our concerns a priority is an extremely valuable friend indeed.

William S. Farish: One of the most prominent of these today is the Chairman of the House Rules Committee, the Honorable Gerald Solomon. He is someone uniquely positioned to understand our needs, because he represents Saratoga in Congress.

As an introduction to this morning's presentation he was kind enough to share some of his thoughts with us.

MESSAGE FROM WASHINGTON

The Honorable Gerald Solomon: The presentation you are about to hear is an important one. It is important for you members of the great American Thoroughbred community. It is important for everyone whose livelihood depends on the horse. And for everyone who, like myself, appreciates the contribution made by the horse, not only to the rich pattern of life we are so fortunate to enjoy in this country, but also to our economic health and stability as well.

You know, each day in Congress we are confronted with a wide array of good causes on which we are asked to deliberate and make judgment.

We make tough decisions. But we need good information to make those decisions ... the sort of information contained in the Economic Impact Study on the Horse in America which is going to be discussed this morning.

I commend The Jockey Club and the American Horse Council for having the wisdom to support this comprehensive and worthwhile project. It is, in my estimation, long overdue.

For many - perhaps most people - a visit to beautiful Saratoga is more a visit of pleasure rather than one of business. Having the privilege of representing such a special place, means that I am able to combine the two together.



The Honorable Gerald Solomon

It also means that I understand the importance of the horse. But, unfortunately, most of my colleagues here in Washington don't.

This study will help those of us who are your friends ... and help persuade others ... to appreciate more fully ... that the horse has been ... and is today ... a positive influence on our society in every way.

I urge all of you to listen closely, and be prepared to use the information this study contains ... use it wisely. I hope you enjoy your stay here in Saratoga.

Barents Group is pleased to have the opportunity to work with you on this very important project.

Thank you.

THE HORSE INDUSTRY'S FIRST NATIONAL ECONOMIC IMPACT STUDY

Michael Vlasisavljevic: It's a privilege to have the opportunity to speak to The Jockey Club Round Table Conference about the major study that we are conducting for the American Horse Council, and for which The Jockey Club provided funding support.

This is the first national economic study of the horse industry since 1987, and it will include new and important elements, such as employment and participation, that were not available in the earlier study.

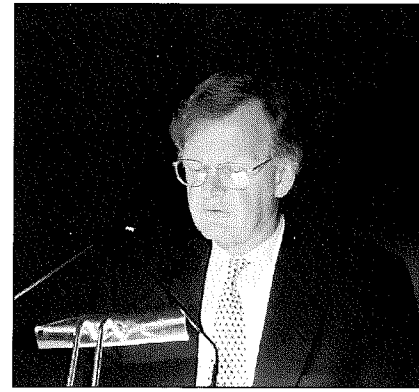
Before I discuss the study progress to date, I'd like to give you a sense of the Barents Group profile and how it relates to the accomplishment of the study's objectives and benefits.

The Barents Group is the economic and fiscal policy consulting arm of KPMG Peat Marwick. Economic and fiscal policy research is our specialty. We emphasize two elements in helping our clients accomplish their public policy goals:

First, we use well accepted, carefully documented research methodologies, so that the government staff who review our reports will tell their principals - members of Congress, Cabinet officials and White House staff - that the information is objective and of high quality.

Second, we draw upon our experience as former federal and state policy officials to communicate this technical analysis clearly and effectively in the policy process. In this case, my associate Rudolph Penner, a former director of the Congressional Budget Office, will work with Jay Hickey of the American Horse Council to ensure that this study report is used effectively in educating policy makers, the media, and the general public.

One final point on the Barents Group ... I read the recent article in Business Week about globalization of



Michael Vlasisavljevic

the horse industry as well as the success of recent horse auctions. We are the international economics consultant for KPMG and are conducting projects in Asia, Latin America, Eastern Europe and the Middle East. Our project for you is focused on the U.S., but it is noteworthy that your industry has become part of the global economy as well.

The current study project is progressing very well, thanks to the cooperation of key organizations such as The Jockey Club. Let me begin by first of all outlining the study objectives.

The first objective is to measure the full, the total, impact of the horse industry on the U. S. economy. The second objective is to provide estimates of participation in horse-related activities. And third, to update the census of horses that was first constructed in 1987. And the key to successfully accomplishing these objectives is, as I noted, a well accepted, carefully documented research methodology using a rich data-base.

Whenever we conduct a policy analysis, a first step is to analyze the client's external economic and political environment. Detailed research can only be of value if it relates to the big picture situation that is impacting the client. Three factors are of note for the U.S.

horse industry today:

First, the potential for fundamental post-election tax policy changes is the greatest in the last 10 years. The Dole initiative has publicized this right now, but the momentum has been building during the last two years. It relates to fundamental concerns with lagging investment and the need to maintain U.S. competitiveness in the global economy. Whether and what will be enacted in 1997 is unpredictable. However, the debate will be intense.

Second, Congress has created the National Gambling Impact Study Commission, driven by concerns with the rapid expansion of lotteries and casino gaming. This was not aimed at the horse industry, but unfortunately you are in the crossfire as well. The horse industry must be differentiated from other forms of gaming.

Third, economic anxiety has heightened sensitivity to using public policy to enhance, rather than disrupt, industries that contribute to the nation's economic base.

This then leads to focusing on the benefits and uses of this study. These factors define the context and significance of the Economic Impact Study project.

First, it is a tool for educating elected officials, industry regulators, the media, and the general public as to the positive economic contribution of the industry. It will enable you to be prepared to initiate a positive pro-active position in relation to the national commission and to Congressional tax and other public policy issues.

A key point, which is really new to this study effort - and which I think is really critical to emphasizing the unique positive attributes of the horse industry - is to convey the breadth and diversity of public participation in horse-related activities.

The reality of the horse industry

contracts with the misperception of it as a game for wealthy individuals when, in fact, the horse industry is an incredibly rich and diverse activity, with stake holders including large numbers of recreational horse riders and race track and other moderate income employees and participants. And this is a theme that I'll develop further in my presentation this morning, and that I think will be an extremely important element of our study report.

I'd like to now turn to looking at the framework of study results which have both an economic and a demographic character.

First, the study will measure the total economic impact of the horse industry. This includes what we refer to as direct, indirect and induced impacts.

Direct impacts reflect the spending by owners, breeders, trainers, race tracks and other industry participants.

But it doesn't end there, because those activities - the spending by those direct participants in the horse industry - ripple through the economy. And so, the second step is to capture the indirect impacts of spending by suppliers to the horse industry, such as feed companies and veterinarians.

And then, thirdly, the ripple effect goes further in terms of what we call induced impacts, which capture the impact of consumer spending by employees of the horse industry and its suppliers on household goods and services. Thus, the total impact is a multiple of the direct impact.

Through careful research, we will produce estimates that will be accepted by the target audience for the study as valid and objective. Second, we will produce estimates of both direct and indirect employment and personal income generated by the horse industry. And, third, we will generate estimates of overall participation, horse-

related activities, including recreation and show.

There will also be an updating of the census of horses that our group first conducted for the American Horse Council back in 1987. But our focus really will not be so much on the horses but on the people who are related to the horse industry.

I'll turn just a bit to areas of focus of the study.

The really primary point is that it is a national economic study designed to capture all facets of the horse industry and, thus, the total contribution of the horse industry to the U.S. economy. There will be areas that will involve detailed breakouts on a breed basis.

Breakouts will be produced for Thoroughbreds and Quarter Horses. Breakouts will also be produced between racing and non-racing activities, including race horse breeding, and tabular detail will be available for 11 selected states that are listed here: California, Colorado, Florida, Idaho, Illinois, Kentucky, Maryland, New York, Ohio, Oklahoma and Texas.

In doing any piece of economic research, the first and critical step has to do with data. And in this regard we share a lot of common interest in new technology with the Equibase presentation that we heard.

The first and largest task of our study was to collect the data that is needed to perform a comprehensive economic impact analysis. The data collection has been completed and we are in the process of constructing the richest economic database on the U.S. horse industry that has ever been assembled.

We have conducted mail surveys of horse owners, breeders, trainers and other service providers, race tracks and off-track betting companies; shows, rodeos and team roping events; stock contractors, sales companies and trans-

portation companies.

We employed an expert statistician to assist in the sample design so that the results from the sample responses can be generalized to the populations that are being analyzed.

The two most important surveys cover owners and service providers, and race tracks. Let me talk first about the owners and service providers survey.

The owners and service providers sample was drawn from membership lists of 20 different organizations, where an unduplicated total of 780,000 individuals was created. Based upon a scientific sample design, over 31,000 surveys were sent and approximately 5,000 surveys have been returned and are being processed.

It took extra time and effort to obtain these responses, with a very detailed survey including information about spending, investment, revenues and employment. However, the response rate beats the standards of valid survey research, which was our critical objective and which has been met.

In addition to that survey, the second very important survey is of race tracks and off-track betting corporations.

In this case, the questionnaire that was developed to capture both

REVENUE BY SOURCE AND LOCATION (\$ millions), 1994

TYPE OF REVENUE	AMOUNT
On-Track Live Racing	\$1,306.7
Simulcasting	
To Originating Track	572.2
To Receiving Track	1,020.9
Other Sources	403.5
TOTAL	\$3,303.3

Chart courtesy of Barents Group, LLC

on-track and off-track activities was sent to all 187 race tracks and OTB corporations in the U. S. We got an excellent response.

Approximately 70 surveys have been returned, representing over 70 percent of national handle. And again, we're about halfway through the study.

The first phase was the laborious, time consuming but critical, phase of collecting the necessary data. We're now in the process of editing and cleaning the data to create the database. And then, in the second phase, we'll perform the economic impact analysis.

So we're really not, today, at a point to give you very much in the way of results. But we have processed most of the race track survey, and we do have some preliminary data to show you, starting with revenue by source for racetracks.

What we show is for 1994, the year for which the study is being done. There's a total of \$3.3 billion of revenue, we see, by race tracks after the return to bettors. It reflects, in terms of detail, what you all know, which is the tremendous importance of simulcasting that's occurred in the last several years. And it shows that the majority of revenues are actually from simulcasting, followed by on-track live racing and then other sources of track revenue.

We also have detail on-track expenses. The detail shown here is somewhat limited, but from the survey form we have detail on over 30 categories of types of expenditures for race tracks, as well as for owners, breeders and trainers.

This particular chart does not include pari-mutuel taxes. And that's why there's a substantial difference still, here, between the revenues and expenses, and it shows the purses as accounting for 45 percent of track expenses without consideration of taxes.

TRACK EXPENSES BY TYPE (\$ millions), 1994

CATEGORY	AMOUNT	% OF TOTAL
Purses	\$1,100.0	45%
Employee Comp.	582.4	24%
Simulcast Comm.	171.4	7%
Utilities	134.8	5%
Rent	104.8	4%
Maint. & Cleaning	99.3	4%
Advertising	81.4	3%
Other	185.1	8%
TOTAL	\$2,459.2	100%

Chart courtesy of Barents Group, LLC

And then, the second most important category is employee compensation. Because of this, in a sense it's most unfortunate that we're in a time frame where the economy is growing but there's tremendous economic anxiety, not only on the part of poor people but middle class people. But, on the other hand, that really creates the opportunity to make this economic impact study a really effective tool.

Focusing on employment is a key dimension of this study. And we do have some initial data on horse race track employment in 1994.

It shows total employees of over 68,000, many of whom, of course, are

TRACK EMPLOYMENT BY REGION, 1994

REGION	TOTAL EMPLOYEES	FT EQUIVALENT EMPLOYEES
Northeast	23,344	11,196
South	16,114	7,707
Midwest	11,651	5,888
West	17,454	7,132
TOTAL	68,563	31,923

Chart courtesy of Barents Group, LLC

part time and seasonal. That translates into approximately 32,000 full time equivalent employees.

I think this is a nice chart to help us begin to develop the theme that the horse industry is a very diverse industry that touches people in all parts of our country, and provides benefits in the form of employment and satisfaction to people at all socio-economic strata.

Many of the projects that we do for various industries from a political sense have a disadvantage, in the sense that there's often a regional focus ... oil and gas in the Southwest and so forth. But what you see here is what you all know: that horse racing is all over the United States and it benefits not just people who're involved in gaming, but it also includes people who enjoy the horse for recreation and for show. And all of those dimensions are going to be incorporated in our statistical database, and be part of the raw material, if you will, that will be used when the study is communicated to policy makers and the media later on.

Ogden Mills Phipps: A lot of work will be done this fall in the analysis and we appreciate the work that Barents has done to this point.

Mike, thank you for your talk, and we also want to thank Congressman Solomon.

The next steps in terms of our project ... First of all we'll use the survey data to develop comprehensive economic impact estimates. We'll estimate participation in horse-related activities and update the census of horses and prepare the comprehensive report for industry review and public distribution.

The last step, which is really the critical step, is for us to work with the industry - you - to really develop the message effectively that the horse industry is something that is really unique ... that it is really broad based in terms of the benefits that it provides to individuals throughout the country.

I think that will be our challenge, working together to take this statistical quantitative data and bring it alive.

The horse industry contributes to the economy as well as the esthetic quality of life of our country. The Barents Group is pleased to have the opportunity to work with you on this very important project.

Thank you.

CLOSING REMARKS

Ogden Mills Phipps: We are all awaiting the full report of the Economic Impact Study, which is due out in the Fall of this year. But even from that preliminary report, it is already clear that the Barents study has the potential for being an effective tool for the horse industry for the coming years.

But as Barents finishes the report, in many ways the most important work is just beginning. Congressman Solomon gave us good advice when he said of the study, "use it wisely."

It makes no sense to do something of this magnitude and then let it sit on the shelf. It must be a living document and we must put it to work for us.

From the beginning, the study itself was just a part of the overall project. Its budget includes an appropriate amount for dissemination and publication; for the education of Congress, the media, and the industry; as well as for some exposure to the general public.

The bottom line is, after Barents does their job, then we must do ours.

First, we have to educate ourselves.

Then we have to spread the word to those who can be of assistance to the horse business.

It must be an ongoing, living project. And also, as we've heard time and time again, it must be a team effort.

Just as no single entity could undertake this study, neither will the problems of this industry be solved by one entity.

This morning you have heard clear examples of what can be achieved with a combination of those elements I men-

tioned at the beginning: sound business planning ... strategic alliances ... and, above all, cooperation ...

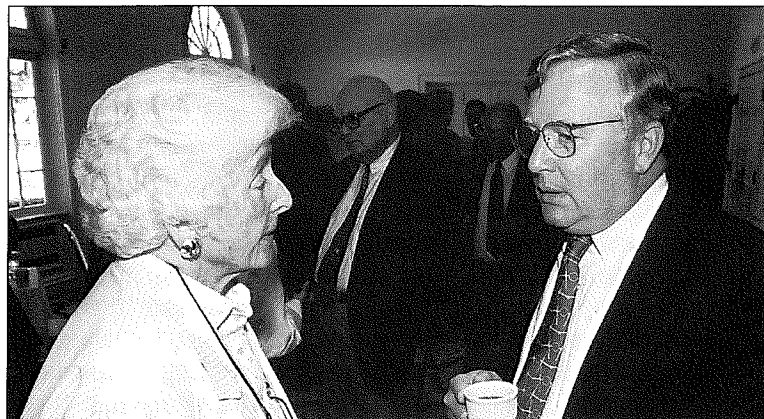
The TRA's aggressive progress in the use of the industry's information through Equibase ... The American Horse Council's leadership in gathering cumulative economic statistics that can benefit us all ...

Our Registry, working with owners, breeders and breed organizations throughout the country ... our progress in meeting the needs of the horse in health research ...

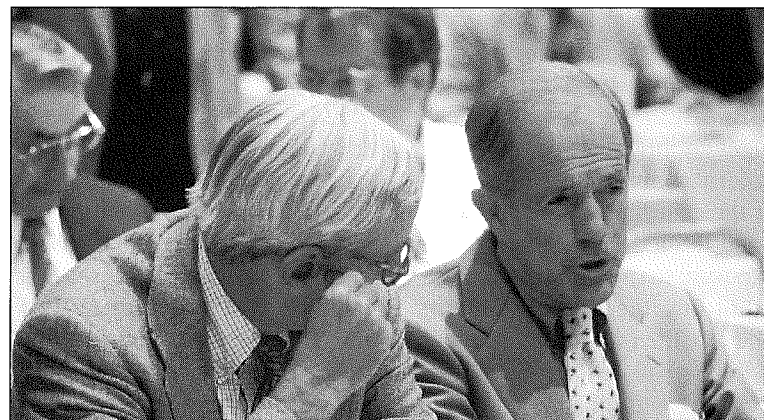
In all these areas we are moving forward, because they are areas in which there has been a setting aside of parochial self interest of the industry. No matter how good a project may initially look on paper, it's not going anywhere unless, first, a broad level of support for it has been established.

The Jockey Club stands ready to continue and, if needed, expand its role in industry affairs. But it can only be on the full understanding that the only way to make progress is by working together, and respecting each other.

It is with that feeling of optimism and cooperation that we thank you for attending the Round Table this year. And look forward to seeing you next year.



Shirley Taylor, Leonard C. Hale



Leverett Miller, W. Cotbran Campbell

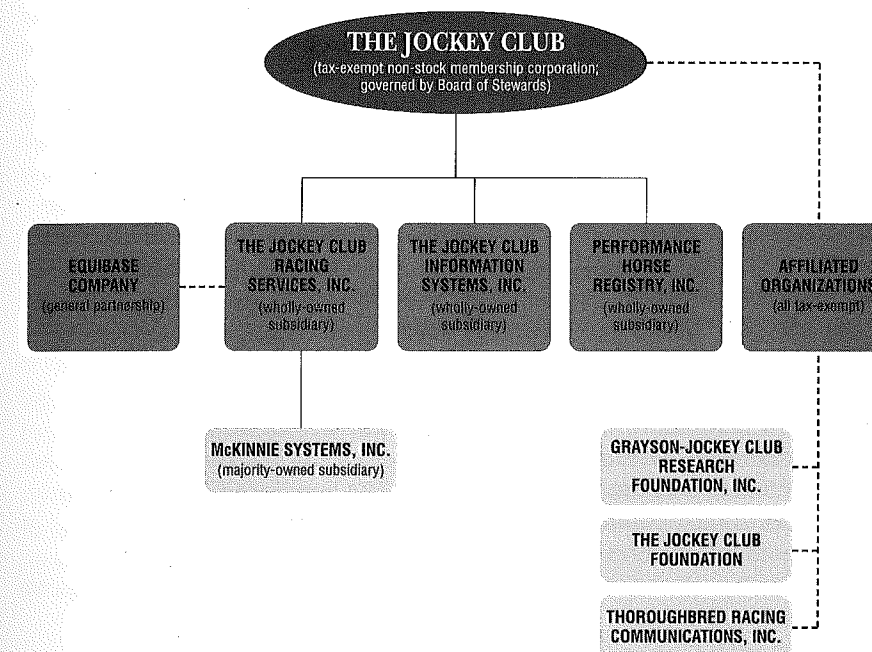


Robert P. Levy, Terence Collier

102nd Annual Report of THE JOCKEY CLUB & RELATED ORGANIZATIONS

THE JOCKEY CLUB

As an organization dedicated to the improvement of Thoroughbred breeding and racing, The Jockey Club also pledges its support and assistance in all matters concerning the Thoroughbred industry. www.jockeyclub.com



Registry

The primary responsibility of The Jockey Club is to maintain The American Stud Book in a manner which insures the integrity of the breed in the United States, Canada and Puerto Rico.

BREEDERS TO BENEFIT FROM NEW SYSTEM

The projected 1996 registered foal crop of 35,700, represents a slight increase on the 1995 estimate of 35,200, and the second straight

increase in annual foal crop numbers, following eight consecutive years of decline.

During 1996 the primary focus of the Registry has been the startup of a new computer system which is designed to provide improved service for Thoroughbred owners and breeders. This system is almost complete and is beginning to show that it will be an excellent tool in the Registry's ongoing quest to provide the industry with outstanding service.

A significant amount of effort also has gone into the development of a new software package that will allow breeders to fulfill a broad range of registration requirements through their personal computer. This system will be available in the Fall.

The Jockey Club Information Systems, Inc.

Incorporated in 1989 as a wholly-owned for-profit subsidiary of The Jockey Club, all the profits from The Jockey Club Information Systems (TJCIS) are reinvested in the Thoroughbred industry, helping to stabilize Registration fees and funding industry projects.

www.equineonline.com

SALES CATALOGUES ON INTERNET, NEW FOREIGN DATA ENHANCES EQUINE LINE®

TJCIS, in a joint effort with leading sales companies, further established its reputation as the industry leader in electronic distribution of Thoroughbred information for breeders and owners with the introduction of Thoroughbred sales catalogues on the Internet.

Internet users worldwide now can view and print individual catalogue pages along with indexes to consignors, first dams and sires virtually before the traditional catalogue presses are running. This is a tangible benefit of the Internet which demonstrates the limitless possibilities the medium holds for the Thoroughbred industry. TJCIS's Internet expertise also was employed to develop World Wide Web sites for industry-leading organizations such as Breeders' Cup Ltd. and Keeneland.

TJCIS enhanced its online information service, Equine Line®, by adding detailed racing starts for Germany and

Italy. The Equine Line® database now contains North American detailed starts provided by Equibase Company, and all foreign racing for England, Ireland, France, Germany and Italy. As foreign earnings become increasingly important in the decision-making processes of Thoroughbred owners and breeders, TJCIS continues to provide information to fulfill their requirements and better promote the industry.

The Consulting Division continues to experience rapid growth as Thoroughbred industry professionals integrate state-of-the-art technology into their business operations. TJCIS manages the installation and maintenance of computer networks for many industry-leading farms and breeding organizations, establishing relationships that provide a hands-on working knowledge of the industry.

Equibase Company

A partnership between The Jockey Club and TRA founded in 1990 to establish a single industry-owned database of racing and pedigree information.

www.equibase.com

SETTING RACING DATA STANDARDS

Equibase Company, whose past performance information will be seen in more than 23-million programs nationwide in 1996, is firmly established as the industry's central database of Thoroughbred racing information.

In addition to providing full past performance information for live racing programs, the 24-hours per day, 7-days per week operation serves over 250 pari-mutuel wagering facilities which rely on Equibase data in support of their simulcast programs.

Information is also provided to independent Value Added Resellers who

distribute it through hard copy products, facsimile, private dial-up services and the Internet. Nearly 30 tracks use Equibase Company to post entries, results and general information on the Internet as well as Equibase's *Winner's Circle™* on America Online.

Products marketed to serve all segments of the racing industry include *Bettor Times®* program pages which present handicapping information in a visual and easy-to-use format for the neophyte racing fan; and *Simulflash™*, simplified computer software which gives even the smallest simulcast outlet the capability to print their own past performance program.

Equibase Company is the subject of a presentation at the 1996 Round Table Conference.

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.

www.jockeyclub.com/grayson.html

SUCCESSFUL COMPLETION OF ENDOWMENT DRIVE

During the 1995 calendar year, the Foundation met the goal of double matching the \$1-million Triple Crown bonus which Mr. Paul Mellon donated to the Foundation in 1993. More than half of the additional \$2-million which was raised came from individuals in The Jockey Club.

During the fiscal year ended June 30, 1996, the Foundation funded 19 projects at nine universities for a total of \$666,000. This amount included a \$200,000 gift from Chrysler Corporation.

In March, the Foundation convened a group of nearly two dozen scientists for a seminar on Equine Protozoal Myeloencephalitis, a serious disease ranked by the Veterinary Advisory Committee as a key problem for the horse industry. In addition to scientific discussions, this seminar produced a layman's summary about EPM which was widely distributed and reprinted in the media.

Various fundraising activities included A Day for the Horses. Several tracks cooperated in this program, and Breeders' Cup Preview Day at Belmont Park alone generated more than \$100,000 for equine research.

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

The Jockey Club Foundation

Established in 1943 to provide relief of poverty and distress among indigent members of the Thoroughbred industry and their families.

www.jockeyclub.com/tjcf.html

CHARITABLE SUPPORT CONTINUES THROUGHOUT THE RACING COMMUNITIES

Grants from The Jockey Club Foundation have risen steadily over the past years, with an unprecedented disbursement of \$577,600 in 1995.

The Foundation's monthly assistance program granted over \$336,000 to 45 individuals in order to help them meet their daily living expenses. In 1995, an additional 50 individuals were aided by the Foundation to help cover outstanding medical and general living expenses.

The Foundation also contributes extensively to other benevolent organizations in the Thoroughbred industry.

Over the last five years, almost \$500,000 was distributed among the Chaplaincy Programs of New York and Kentucky, the Horsemen's Assistance Programs of Ohio and Maryland, the MacBeth Fund, The Disabled Riders Fund of The Jockeys' Guild and the Backstretch Programs in New York and Massachusetts.

Distributions from the Cavanagh Trust amounted to over \$40,000 and included grants to the University of Arizona Race Track Industry Program, the New York Division of Race Track Chaplaincy of America and the National Museum of Racing's educational program.

Contributions in support of the Foundation may be addressed to: The Jockey Club Foundation, 42 East 52nd Street, New York, NY 10022.

Performance Horse Registry, Inc.

Established in 1994 to create the first central database in North America to combine the pedigrees and performances of Thoroughbreds and half-Thoroughbreds competing in non-racing equestrian events.

www.equineonline.com/phr.html

DATABASE TO SERVE ENTIRE SPORT HORSE INDUSTRY

The concept and philosophy of the Performance Horse Registry (PHR™) is beginning to attract ever-widening attention in the sport horse media and in the sport horse industry at large, following a slower than anticipated start during which initial Thoroughbred and half-Thoroughbred registrations did not fully reach expectations.

Spurred by the support of sport horse industry organizations such as the Federation of North American Sport Horse Registries, the American Horse Shows Association and the Unit-

ed States Equestrian Team, the PHR™ has expanded its scope and is now focusing its attention on building a comprehensive database of pedigree and performance for the entire sport horse industry.

This will make comparisons of Thoroughbred performance and pedigree in non-racing equestrian disciplines more meaningful, and go far towards fulfilling one of the Registry's primary commitments to provide owners, riders, breeders and trainers with the most complete information available on which to base buying and breeding decisions, a facility already available in many European and other countries.

McKinnie Systems, Inc.

The Jockey Club acquired a majority shareholder interest in pioneer race-track computer system developers McKinnie Systems, Inc., and its Track Manager® product line, in 1994.

www.jockeyclub.com/mckinnie.html

TRACK MANAGER® PRODUCT LINE EXPANDED

As pioneers in the development of computer software applications designed specifically for use by the racing industry, McKinnie Systems, Inc. sets the industry standards for product innovation and service excellence.

The McKinnie *Track Manager*® software application suite, originally developed to support the needs of the largest racetracks, is being re-engineered to address the requirements of smaller tracks. The modules for simulcast distribution and media dissemination are already in production in many tracks across the U.S. while new racing office products are scheduled for release in the near future.

McKinnie also develops and supports custom software tailored specifi-

cally to meet the needs of individual racetracks on an "as-needed" basis. In these and other areas, McKinnie's unrivaled racetrack experience is providing industry leadership by integrating the diverse technologies required to manage today's modern racing operations effectively.

The controlling interest in McKinnie Systems by The Jockey Club not only offers a long-term guarantee of high operating and service standards to subscriber tracks, but is also enhancing the data acquisition and dissemination improvements being developed by The Jockey Club in association with the complete re-engineering of its computer operations.

Thoroughbred Racing Communications, Inc.

Funded by The Jockey Club, Breeders' Cup Ltd. and TRA and established in 1987 as a national media relations office to expand awareness of Thoroughbred racing.

www.jockeyclub.com/trc.html

REACHING OUT TO MEDIA & FANS ON INTERNET AND BEYOND

Thoroughbred Racing Communications, Inc. (TRC) continues to focus its efforts on increasing awareness of Thoroughbred racing through projects that serve the electronic and print media and reach out to prospective and current racing fans.

In 1996, TRC broke new ground in disseminating its wide-ranging menu of

editorial material to sites on the World Wide Web, and thus millions of readers, through Prodigy, The Microsoft Network and ESPNet SportsZone, among other online services.

The newest addition to its editorial services is *EquineCareWatch*. Established in 1995 as a national communications project with multi-breed participation and sponsorship, *EquineCareWatch* promotes programs throughout horse racing dedicated to the humane use and care of all horses.

Among the other ongoing TRC projects are: *"Thoroughbred World,"* a nationally-syndicated monthly TV magazine show; *TRC Media Update*, a weekly media newsletter; nationally-distributed TRC Video News Features; the TRC National Thoroughbred Poll; and the TRC Notebook. This appears on the Associated Press wire as well as Bloomberg Business News, Dow Jones News Service, The Sports Network, Prodigy, The Microsoft Network and ESPNet SportsZone, each Thursday.

TRC also produces audio feeds to radio networks and stations from important races and events; *"Hay, Notes & Fodder,"* a compilation of entertaining and humorous anecdotes from the racing world that is faxed to sports columnists and sports departments each Wednesday; TRC media teleconferences previewing major races and/or events; and a bi-monthly children's newsletter called *"Post to Post: A World of Thoroughbreds for Kids."*

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