IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re MAGNA ENTERTAINMENT CORP., *et al.*, Debtors. ______________________________________	)	Chapter 11 Case No. 09-10720 (MFW) (Jointly Administered)
ALAMEDA COUNTY AGRICULTURAL FAIR ASSOCIATION, BAY MEADOWS RACING ASSOCIATION, EAST VALLEY TOURIST DEVELOPMENT AUTHORITY, CALIFORNIA AUTHORITY OF RACING FAIRS, CALIFORNIA EXPOSITION AND STATE FAIR ASSOCIATION, CALIFORNIA MARKETING COMMITTEE, CALIFORNIA THOROUGHBRED BUSINESS LEAGUE, CALIFORNIA THOROUGHBRED TRAINERS BACKSTRETCH EMPLOYEES CASH BALANCE PENSION PLAN, CALIFORNIA RACE TRACK PENSION PLAN, DEL MAR THOROUGHBRED CLUB, 9th DISTRICT AGRICULTURAL ASSOCIATION, 21st DISTRICT AGRICULTURAL ASSOCIATION, HOLLYWOOD PARK RACING ASSOCIATION, 15th DISTRICT AGRICULTURAL ASSOCIATION, 50th DISTRICT AGRICULTURAL ASSOCIATION, LOS ALAMITOS RACE COURSE, LOS ANGELES COUNTY FAIR ASSOCIATION, 7th DISTRICT AGRICULTURAL ASSOCIATION, RIVERSIDE COUNTY FAIR AND NATIONAL DATE FESTIVAL, NATIONAL ORANGE SHOW CITRUS FRUIT FESTIVAL, NORTHERN CALIFORNIA OFF TRACK WAGERING, INC., OAK TREE RACING ASSOCIATION, 46th DISTRICT AGRICULTURAL ASSOCIATION, 2nd DISTRICT AGRICULTURAL ASSOCIATION, SAN MATEO COUNTY FAIR, 19th DISTRICT AGRICULTURAL ASSOCIATION, 37th DISTRICT AGRICULTURAL ASSOCIATION,	)	Adv. Proc.: 09-__________

SONOMA COUNTY FAIR, 27th DISTRICT AGRICULTURAL ASSOCIATION, 24th DISTRICT AGRICULTURAL ASSOCIATION, SOLANO COUNTY FAIR ASSOCIATION, SOUTHERN CALIFORNIA OFF TRACK WAGERING, INC., 38th DISTRICT AGRICULTURAL ASSOCIATION, 31st DISTRICT AGRICULTURAL ASSOCIATION, 28th DISTRICT AGRICULTURAL ASSOCIATION, 22nd DISTRICT AGRICULTURAL ASSOCIATION, and VIEJAS ENTERPRISES,

Plaintiffs,

v.

MAGNA ENTERTAINMENT CORP., PACIFIC RACING ASSOCIATION, INC., MEC LAND HOLDINGS (CALIFORNIA), INC., LOS ANGELES TURF CLUB, INC., and THE SANTA ANITA COMPANIES, INC.,

Defendants.

COMPLAINT FOR DECLARATORY AND OTHER RELIEF

COMES NOW Plaintiffs Alameda County Agricultural Fair Association, Bay Meadows Racing Association, East Valley Tourist Development Authority, California Authority Of Racing Fairs, California Exposition and State Fair Association, California Marketing Committee, California Thoroughbred Business League, California Thoroughbred Trainers Backstretch Employees Cash Balance Pension Plan, California Race Track Pension Plan, Del Mar Thoroughbred Club, 9th District Agricultural Association, 21st District Agricultural Association, Hollywood Park Racing Association, 15th District Agricultural Association, 50th District Agricultural Association, Horsemen's Quarter Horse Racing Association, Los Angeles County

Fair Association, 7th District Agricultural Association, Riverside County Fair and National Date Festival, National Orange Show Citrus Fruit Festival, Northern California Off Track Wagering, Inc., Oak Tree Racing Association, 46th District Agricultural Association, 2nd District Agricultural Association, San Mateo County Fair, 19th District Agricultural Association, 37th District Agricultural Association, Sonoma County Fair, 27th District Agricultural Association, 24th District Agricultural Association, Solano County Fair Association, Southern California Off Track Wagering, Inc. ("**SCOTWINC**"), 38th District Agricultural Association, 31st District Agricultural Association, 28th District Agricultural Association, 22nd District Agricultural Association, and Viejas Enterprises (collectively, the "**Plaintiffs**") and for their claims for relief state:

Preliminary Statement

1. This is an adversary proceeding commenced pursuant to Rules 7001 *et seq.* of the Federal Rules of Bankruptcy Procedure.

2. This adversary proceeding concerns the Defendants' receipt and/or retention of certain statutory distributions from parimutuel wagers that belong to Plaintiffs under California law. Defendants filed a Motion for Authorization Pursuant to Section 105(a) of the Bankruptcy Code to Distribute Certain Statutory Disbursements ("Debtors' Motion"), in which they admitted that virtually all of the statutory distributions are and were being held in segregated accounts for the benefit of the Plaintiffs. Plaintiffs have filed proofs of claim in this bankruptcy case, asserting, among other things, the amounts of statutory distributions belonging to each that should be disbursed to them, respectively.

3. Plaintiffs seek, among other things: (i) a declaratory judgment that at all times since wagers were made, pursuant to the Horse Racing Law and the Interstate Horseracing Act

("IHA"), as defined below, Defendants have held the required statutory distributions in statutory and/or constructive trust for Plaintiffs, that Plaintiffs each have the sole legal and equitable interest in their respective distributions, that Defendants do not have a legal or equitable interest in the statutory distributions, and that such distributions are not property of the estate; (ii) in the alternative, a declaratory judgment that Defendants wrongfully obtained the statutory distributions as a result of Defendants' fraudulent or negligent misrepresentations, and therefore the Defendants have held the distributions in constructive trust for Plaintiffs, that Plaintiffs each have the sole legal and equitable interest in their respective statutory distributions, that Defendants do not have an legal or equitable interest in the distributions, and that such distributions are not property of the estate; and (iii) injunctive relief requiring Defendants, as trustees with respect to the statutory distributions, to immediately distribute to the Plaintiffs the amount of the statutory distributions, which may or may not have been held in segregated accounts for the benefit of the Plaintiffs on the Petition Date, and any other assets held by Defendants on the Petition Date that had a nexus with such statutory distributions.

4. With respect to any portion of the statutory distributions that did not have a nexus with the assets held by Defendants on the Petition Date (such portion of the statutory distributions referred to as the "Statutory Distributions Balance"), Plaintiffs seek, among other things, a declaratory judgment that Defendants are liable to Plaintiffs for conversion of the Statutory Distributions Balance, that Plaintiffs are entitled to an award of damages for the amount of the Statutory Distributions Balance, and that, therefore, each Plaintiff is entitled to an allowed claim in the amount of its respective Statutory Distributions Balance.

5. In addition, Plaintiff SCOTWINC seeks, among other things, (i) a declaratory judgment (a) that the amount by which Defendant Los Angeles Turf Club, Inc.'s ("**LATC's**")

Simulcast Expenses exceed its Simulcast Revenues in its Simulcast Account (the "Simulcast Account Deficit") under that certain limited partnership agreement among SCOTWINC, LATC, and others, dated March 16, 1988 ("Partnership Agreement") was and is a lawful debt owed by LATC to SCOTWINC, and (b) that SCOTWINC has a valid right to setoff the Simulcast Account Deficit against the amounts owed by SCOTWINC to Defendant LATC; (ii) a modification of the automatic stay, pursuant to 11 U.S.C. §§ 362(d)(1) and 553(a), to permit SCOTWINC to setoff the Simulcast Account Deficit against the amounts owed by SCOTWINC to Defendant LATC; and (iii) in the alternative, a modification of the automatic stay, pursuant to 11 U.S.C. §§ 362(d)(2) and 553(a), to permit SCOTWINC to setoff the Simulcast Account Deficit against the amounts owed by SCOTWINC to Defendant LATC.

Jurisdiction and Venue

6. The Court has jurisdiction over this proceeding pursuant to 28 U.S.C. § 1334(b).

7. Venue in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409(a).

8. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

The Defendants

9. Upon information and belief, Defendants LATC, Magna Entertainment Corp. ("**MEC**"), Pacific Racing Association, Inc. ("**PRA**"), MEC Land Holdings (California) Inc. ("**MLH**"), and The Santa Anita Companies, Inc. ("**SAC**") (collectively, "**MEC**" or "**Defendants**"), are the owners and/or operators of two California racetracks and racing associations.

10. Upon information and belief, Defendant MEC is a Delaware corporation with its principal offices located at 1209 Orange St., Wilmington, DE 19801.

11. Upon information and belief, Defendant PRA is a California corporation with its principal offices located at 1100 East Shore Highway, Albany, CA 94706.

12. Upon information and belief, Defendant MLH is a California corporation with its principal offices located at 1100 East Shore Highway, Albany, CA 94706.

13. Upon information and belief, Defendant LATC is a California corporation with its principal offices located at 285 West Huntington Drive, Arcadia, CA 91007.

14. Upon information and belief, Defendant SAC is a Delaware corporation with its principal offices located at 285 West Huntington Drive, Arcadia, CA 91007.

15. On March 5, 2009 (the "**Petition Date**"), the above-captioned Defendants commenced these bankruptcy proceedings under Chapter 11, of Title 11, of the United State Code, 11 U.S.C. §§ 101, et seq. (the "**Bankruptcy Code**").

16. Defendants continue to operate their businesses and manage their property as a debtor-in-possession, pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

17. Upon information and belief, Defendants PRA and MLH own and operate the racetrack known as "Golden Gate Fields."

18. Upon information and belief, Defendants SAC and LATC own and operate the racetrack known as "Santa Anita."

19. Prior to the Petition Date, Defendants conducted race meets at these two racetracks.

20. The pre-petition race meets were conducted by LATC and PRA while both were licensed by the California Horse Racing Board ("**CHRB**").

21. Pursuant to those licenses, Defendants were permitted to conduct parimutuel wagering on races run at and/or offered during the Santa Anita and Golden Gate Fields meets, in

a manner consistent with California statutory and regulatory law including, but not limited to, those sections of law set forth below.

The Plaintiffs

22. The Plaintiffs include other California-licensed racing associations, authorized off-track wagering facilities owned by those associations, the State, counties, District Agricultural Associations, or sovereign Native American tribal governmental/business entities, and such other industry programs and entities specified by the Horse Racing Law as the recipients of mandatory distributions from the amount retained from parimutuel wagering handle returned to the wagering public (generally, the "**Statutory Distributions**").

23. Plaintiff Alameda County Agricultural Fair Association ("**Pleasanton**"), which operates the Alameda County Fair off-track/satellite wagering facility, is and at all material times was, a 501(c)(3) private, non-profit California corporation with its principal office located in Pleasanton, California.

24. Plaintiff Bay Meadows Racing Association ("**BMRA**"), which operated the Bay Meadows race meet, is and at all material times was a Delaware corporation with its principal office located in San Mateo, California.

25. Plaintiff East Valley Tourist Development Authority ("**Cabazon**"), doing business as Fantasy Springs Resort Casino, is and at all material times was an instrumentality of the Cabazon Band of Mission Indians with its principal office located on the Cabazon Indian Reservation near Cabazon, California, and the operator or its off-track/satellite wagering facility.

26. Plaintiff California Exposition and State Fair Association ("**Cal Expo**"), which operates the California State Fair off-track/satellite wagering facility, is and at all material times

was a governmental agency of the State of California with its principal office located in Sacramento, California.

27. Plaintiff California Marketing Committee ("**CMC**"), is and at all material times was a 501(c)(3) private, non-profit California corporation with its principal office located in Pasadena, California.

28. Plaintiff California Thoroughbred Business League ("**CTBL**"), is and at all material times was a 501(c)(6) private, non-profit California mutual benefit corporation with its principal office located in Arcadia, California.

29. Plaintiff California Thoroughbred Trainers Backstretch Employees Cash Balance Pension Plan ("**Backstretch Pension**") is and at all material times was a statutorily-mandated pension program administered by the California Thoroughbred Trainers, itself a 501(c)(3) private, non-profit California corporation with its principal office located in Arcadia, California.

30. Plaintiff Del Mar Thoroughbred Club ("**DMTC**"), which operates the Del Mar race meet, is and at all material times was a private California corporation with its principal office located in Del Mar, California.

31. Plaintiff 9th District Agricultural Association ("**Eureka**"), which operates the Redwood Acres Fair and Rodeo off-track/satellite wagering facility, is and at all material times was, a governmental entity of the State of California with its principal office located in Eureka, California.

32. Plaintiff 21st District Agricultural Association ("**Fresno**"), which operates the Big Fresno Fair and Fresno Fair - Club One off-track/satellite wagering facilities, is and at all material times was, a governmental entity of the State of California with its principal office located in Fresno, California.

33. Plaintiff Hollywood Park Racing Association, LLC ("**HPRA**"), which operates the Hollywood Park race meet and off-track/satellite wagering facility, is and at all material times was a private limited liability corporation with its principal office located in Inglewood, California.

34. Plaintiff 15th District Agricultural Association ("**Kern**"), which operates the Kern County Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Bakersfield, California.

35. Plaintiff 50th District Agricultural Association ("**Lancaster**"), which operates the Antelope Valley Fair and Alfalfa Festival off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Lancaster, California.

36. Plaintiff Los Alamitos Race Course ("**Los Al**"), which operates the Los Alamitos Race Course off-track/satellite wagering facility, is and at all material times was a general partnership with its principal office located in Cypress, California.

37. Plaintiff Los Angeles County Fair Association ("**Fairplex**"), which operates the Los Angeles County Fair off-track/satellite wagering facility, is and at all material times was, a 501(c)(5) private, non-profit California corporation with its principal office located in Pomona, California.

38. Plaintiff 7th District Agricultural Association ("**Monterey**"), which operates the Monterey County Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Monterey, California.

39. Plaintiff Riverside County Fair and National Date Festival ("**Shalimar**"), which operates the City of Indio off-track/satellite wagering facility, is and at all material times was, a 501(c)(5) private, non-profit California corporation with its principal office located in Indio, California.

40. Plaintiff National Orange Show Citrus Fruit Festival ("**San Bernardino**") is and at all material times was, a 501(c)(5) private, non-profit California corporation with its principal office located in San Bernardino, California, and is the operator of its own off-track/satellite wagering facility.

41. Plaintiff Northern California Off Track Wagering, Inc. ("**NCOTWINC**") is and at all material times was a California C corporation with its principal office located in Dublin, California, which was formed pursuant to California Business & Professions Code, section 19608.2, for the sole purpose of enabling California racing associations to conduct off-track parimutuel wagering.

42. Plaintiff 46th District Agricultural Association ("**Hemet**"), which operates as the Southern California Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Perris, California.

43. Plaintiff Oak Tree Racing Association ("**OTRA**"), which operates the Oak Tree race meet, is and at all material times was a private not-for-profit, non-dividend paying California corporation with its principal office located in Arcadia, California.

44. Plaintiff 2nd District Agricultural Association ("**Stockton**"), which operates as the San Joaquin County Fair off-track/satellite wagering facility, is and at all material times was a

governmental entity of the State of California with its principal office located in Stockton, California.

45. Plaintiff San Mateo County Fair ("**San Mateo**"), is and at all material times was, a 501(c)(5) private, non-profit California corporation with its principal office located in San Mateo, California, and is the operator of its own off-track/satellite wagering facility.

46. Plaintiff 19th District Agricultural Association ("**Santa Barbara**"), which operates the Santa Barbara Fair and Expo off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Santa Barbara, California.

47. Plaintiff Santa Clara County Fairgrounds Management Corp. ("**Santa Clara**"), is and at all material times was, a 501(c)(3) private, non-profit California association with its principal office located in Santa Clara, California, and is the operator of its off-track/satellite wagering facility.

48. Plaintiff 37th District Agricultural Association ("**Santa Maria**"), which operates the Santa Maria Fair Park off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Santa Maria, California.

49. Plaintiff Sonoma County Fair ("**Santa Rosa**"), is and at all material times was, a 501(c)(3) private, non-profit California association with its principal office located in Santa Rosa, California, and is the operator of its off-track/satellite wagering facility.

50. Plaintiff 27th District Agricultural Association ("**Shasta**"), which operates the Shasta District Fair off-track/satellite wagering facility, is and at all material times was a

governmental entity of the State of California with its principal office located in Anderson, California.

51. Plaintiff 24th District Agricultural Association ("**Tulare**"), which operates the Tulare County Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Tulare, California.

52. Plaintiff Solano County Fair Association ("**Vallejo**"), which operates the Solano County Fair, is and at all material times was a 501(c)(5) private, non-profit California corporation with its principal office located in Vallejo, California, and is the operator of its own off-track/satellite wagering facility.

53. Plaintiff SCOTWINC is and at all material times was a 501(c)(6) private, non-profit mutual benefit California corporation with its principal office located in Cypress, California, which was formed pursuant to California Business & Professions Code, section 19608.2, for the sole purpose of enabling California racing associations to conduct off-track parimutuel wagering.

54. Plaintiff 38th District Agricultural Association ("**Stanislaus**"), which operates the Stanislaus County Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Turlock, California.

55. Plaintiff 31st District Agricultural Association ("**Ventura**"), which operates the Ventura County Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Ventura, California.

56. Plaintiff 28th District Agricultural Association ("**Victorville**"), which operates the San Bernardino County Fair off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Victorville, California.

57. Plaintiff 22nd District Agricultural Association ("**Surfside**"), which operates the Surfside Race Place off-track/satellite wagering facility, is and at all material times was a governmental entity of the State of California with its principal office located in Del Mar, California.

58. Plaintiff Viejas Enterprises ("**Viejas**"), which operates the Viejas Casino off-track/satellite wagering facility, is and at all material times was a wholly owned business enterprise formed by the sovereign Viejas Band of Kumeyaay Indians, its principal office located on the Viejas Indian Reservation near Alpine, California.

Overview of Applicable California and Federal Law
Governing Horse Racing And Parimutuel Wagering

59. In 1933, the California legislature enacted a law authorizing horse racing and parimutuel wagering in the State. That law has since been codified as the "Horse Racing Law," beginning with section 19400 of the California Business & Professions Code.

60. The Horse Racing Law is a comprehensive legislative declaration of the rights and obligations of those licensed by the State to engage in privileged, regulated horse racing and parimutuel wagering activities in California. Articulated within that body of law are extensive distribution arrangements specifying the recipients legally entitled to funds derived from these regulated activities.

61. Accordingly, a California-licensed racing association only has a property interest in commission revenue, which may only be determined after the Statutory Distributions

mandated by the Horse Racing Law are made to and on behalf of other statutory designees, including, but not limited to, the Plaintiffs. These Statutory Distributions become the property of the designees, at the time wagers are made, and are not, at any time, the property of the racing association, which acts only as a facilitator of authorized parimutuel wagers and a conduit, or pass-through, for distribution of the Statutory Distributions.

62. On September 14, 2009, the California legislature enacted Assembly Bill 246, which added Section 19597.5 to the Horse Racing Law. The bill specifically decrees that it is not the intention of the legislature to create new law, but to clarify the existence of long-standing trust relationships imposed on licensed racing associations in the State when holding funds belonging to the bettors and specified statutory recipients.

63. Specifically, section 1(a) of Assembly Bill 246 provides: "The Legislature finds and declares that it has long been established in California that the racing association and its parimutuel operation is actually only holding the stakes. The funds wagered are not the property of the racing association. The racing association merely holds the funds wagered until the results of the race are known, then the association pays the winning wagers, and holds funds for others pursuant to the California Horse Racing Law. It has always been known that the funds due the various distributees are not the property of the racing association. The racing association is merely acting as a trustee until the funds are paid to those as provided for in statute."

64. As enacted, Section 19597.5 provides that "[a] person licensed under this chapter to conduct a horse racing meeting shall hold in trust the distributions required to be made pursuant to this chapter until the funds are paid to the various distributees. These required deductions, except for those that enure [*sic*] to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to

those distributees as directed by this chapter. These funds are not the property of the racing association, but are merely held in trust for the benefit of the statutory distributees until the funds are distributed to them in accordance with this chapter. These funds shall be held in a separate depository account until they are actually distributed as provided for in this chapter."

65. For purposes of this action, the following sections of the Horse Racing Law regarding the Statutory Distributions are relevant:

a. Section 19411 defines "parimutuel wagering" as "a form of wagering in which bettors either purchase tickets of various denominations, or issue wagering instructions leading to the placement of wagers, on the outcome of one or more horse races. The association distributes the total wagers comprising each pool, less the amounts retained for purposes specified in this chapter, to winning bettors based on the official race results."

b. Section 19411.1 defines the term "handle" to mean "the aggregate contributions to parimutuel pools."

c. Section 19604(f)(4) requires, among other things, that 2.0% of the first two hundred fifty million dollars ($250,000,000) of handle from all advance deposit wagers originating within California annually and 1.5% of the next two hundred fifty million dollars ($250,000,000) of such handle be deducted and distributed to satellite wagering facilities as commissions;

d. Section 19605.7 requires, among other things, that for Thoroughbred meetings operating in the northern zone, 2 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be deducted and distributed to the satellite wagering facility as a commission, and that an additional 2.5 percent or the amount of actual operating expenses shall be deducted and, as determined by the board, whichever is less, distributed to an organization described in Section 19608.2;

e. Section 19605.71 requires, among other things, that for Thoroughbred meetings operating in the central and southern zones, 2 percent of the amount handled by the satellite wagering facility on conventional and exotic wagers shall be deducted and distributed to the satellite wagering facility as a commission, and that an additional 2.5 percent or the amount of actual operating expenses shall be deducted and, as determined by the board, whichever is less, distributed to an organization described in Section 19608.2;

f. Section 19605.73 requires, among other things, that 0.4% percent of the total amount handled by each California satellite wagering facility on Thoroughbred races be deducted and distributed to the statewide marketing organization;

g. Section 19605.75 requires, among other things, that 0.5% of handle for parimutuel exotic wagers taken on Thoroughbred races be deducted and distributed to the organization charged with management and oversight of the industry’s effort to control and defray workers’ compensation insurance costs; and

h. Section 19607 requires, among other things, that up to 1.25% of the total wagers placed in the southern and central zones shall be deducted from handle and distributed to a fund to provide reimbursement for off-site stabling and vanning of approved horses from the off-site stabling locations.

i. Section 19613(b) requires, among other things, that 1.0% of purse revenue generated by handle for parimutuel wagers taken on Thoroughbred races be deducted and distributed to the Backstretch Pension. Similarly, section 19604(f)(3)(A) mandates that one-half of an amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California be deducted and distributed to the Backstretch Pension.

66. At the end of each racing day, an independent auditor – approved by the State of California – issues a report, by racing association, confirming the Statutory Distributions belonging to the statutory designees under the Horse Racing Law. (An example of such reports is attached hereto as EXHIBIT 1).

67. The California legislature has also determined that jurisdiction and supervision over all horse race meetings in the State where wagering on their results is permitted, and over all persons or things having to do with the operation of such meetings, shall be vested in the California Horse Racing Board ("CHRB"). (Section 19420 of the Horse Racing Law).

68. In 1978, Congress enacted a federal law authorizing the creation of interstate parimutuel pools, which are generally referred to as "common pools." That law was codified as the Interstate Horse Racing Act ("IHA"), 15 U.S.C. § 3001, *et seq.* It is the legal basis upon

which the CHRB authorizes California-licensed racing associations to facilitate wagering across state lines.

69. In enacting the IHA, Congress left to the states the exclusive right and obligation to authorize, define, and regulate parimutuel wagering, and declared the overall policy objective of this federal law to be the regulation of "interstate commerce with respect to wagering on horseracing in order to further the horseracing and legal off-track betting industries in the United States." 15 U.S.C. § 3001 (2009).

70. Section 3002(13) of the IHA defines "parimutuel wagering" in similar fashion to the Horse Racing Law as "any system whereby wagers with respect to the outcome of a horse race are placed with, or in, a wagering pool conducted by a person licensed or otherwise permitted to do so under State law, and in which the participants are wagering with each other and not against the operator."

71. Similarly, the IHA confirms that "takeout" means that portion of the handle – total amount wagered – deducted from or not included in the parimutuel pool, and "which is distributed to persons other than those placing wagers." 15 U.S.C. § 3002(20).

<u>An Overview of Parimutuel Wagering</u>

72. The following is illustrative of the manner in which parimutuel wagering on horse races is conducted at facilities located in California, pursuant to California law.

73. SCOTWINC and NCOTWINC are the entities authorized by the Horse Racing Law, section 19608.2, to disseminate the video and audio signal of races to off-track or satellite facilities, including the other Plaintiffs, and to couple electronically wagers accepted at these facilities to the pari-mutuel pool at the race track running the race (the "Host Track"), including LATC and PRA.

74. SCOTWINC and NCOTWINC are responsible for distributing the racing and wagering signals to and operating the off-track wagering facilities, including all administrative costs incurred in connection therewith. SCOTWINC and NCOTWINC accept and pay wagers with respect to races at the Host Track. After a wager is accepted by a SCOTWINC or NCOTWINC employee at the off-track facility, the funds are electronically transferred to a Host Track's bank account. Such wagers are added to the parimutuel pool, and the Host Track is then responsible for deducting and making the statutorily mandated distributions as detailed below.

75. Bettors place wagers that are accepted by Host Track and off-track facilities until the start of a race, with the money wagered held in a common account known as a parimutuel "pool." Each pool is comprised of all money wagered on a specific bet type, and is held by the Host Track, which in turn calculates the amount of total wagers placed in the pool and the percentage of such wagers placed on each individual horse or wagering combinations in order to calculate winning payoffs. Accordingly, each bet type – *e.g.*, a "Win" or "Exacta" wager – has its own parimutuel pool.

76. From each pool, a Host Track is authorized to deduct the Statutory Distributions as required to compensate for or fund purses, breeders' awards, industry programs, facility operations, administration, regulation, drug testing, totalizator services, city taxes, pensions, marketing, track commissions, and/or such other programs and expenses deemed necessary and appropriate by the California legislature. The aggregate of the Statutory Distributions is more commonly referred to as "takeout."

77. After a race is run and a decision is declared official, final odds are then confirmed, and payoff amounts are calculated and posted for each pool based on the total volume

wagered – less the takeout – divided by the number of winning selections, and rounded down "to the nearest break point/breakage" as set by law.

78. Immediately upon the calculation of the payoffs, a settlement is generated for each pool. The settlement documents and reconciles the total amount of wagers accepted, the takeout, winning wagers, and breakage.

79. The events described in the foregoing illustration are strictly dictated and regulated by the Horse Racing Law, along with rules and regulations prescribed by the CHRB. All California-licensed horse racing associations, including LATC and PRA, must agree to comply with these laws and CHRB rules and regulations in order to be licensed and authorized to accept parimutuel wagers.

Pursuant to the Horse Racing Law, California Racing Associations Have No Equitable Interest in the Statutory Distributions To Be Made to Others

80. Neither the Horse Racing Law nor the IHA creates a legal or equitable interest in the handle, takeout, or distributions to other persons in favor of a California-licensed racing association, including LATC and PRA.

81. The Horse Racing Law provides that a California-licensed racing association simply acts as a facilitator of parimutuel wagering. Although a racing association may be entitled to a commission for providing necessary services, in California that racing association does ***not*** obtain or have a legal or equitable interest in the pools, handle, and/or the Statutory Distributions, except to the extent of its commission as expressly provided by Articles 9, 9.2, and 9.5 of the Horse Racing Law.

82. California Business & Professions Code sections 19605.7 and 19604(a)(11) and (f)(4) mandate that Plaintiffs Pleasanton, BMRA, Cabazon, Cal Expo, DMTC, Eureka, Fresno, HPRA, Kern, Lancaster, Los Al, Fairplex, Monterey, Shalimar, San Bernardino, Hemet, OTRA,

Stockton, San Mateo, Santa Barbara, Santa Clara, Santa Maria, Santa Rosa, Shasta, Tulare, Vallejo, Stanislaus, Ventura, Victorville, Surfside and Viejas are to receive Statutory Distributions of the specified percentage of parimutuel wagering handle on Thoroughbred races hosted during the Santa Anita and Golden Gate Fields meets.

83. California Business & Professions Code section 19605.73 mandates that Plaintiff CMC is to receive Statutory Distributions of 0.4% of the total amount handled by each California satellite wagering facility for parimutuel wagers taken on Thoroughbred races conducted at or during the Santa Anita and Golden Gate Fields meets.

84. California Business & Professions Code section 19605.75 mandates that Plaintiff CTBL is to receive Statutory Distributions of 0.5% of handle for parimutuel exotic wagers taken on Thoroughbred races conducted at or during the Santa Anita and Golden Gate Fields meets.

85. California Business & Professions Code sections 19607 and 19607.1 require, among other things, that up to 1.25% of the total wagers placed in the southern and central zones shall be deducted from handle and distributed to the Stabling and Vanning Fund, which is administered by SCOTWINC, to provide reimbursement for off-site stabling and vanning of approved horses from the off-site stabling locations.

86. California Business & Professions Code section 19613(b) mandates that the Plaintiff Backstretch Pension is to receive Statutory Distributions of 1.0% of purse revenue generated by handle for parimutuel wagers taken on Thoroughbred races conducted at or during the Santa Anita and Golden Gate Fields meets. Similarly, section 19604(f)(3)(A) mandates that the Backstretch Pension is to receive Statutory Distributions of one-half of an amount equal to 0.00165 multiplied by the amount handled on advance deposit wagers that originate in California

during the Santa Anita and Golden Gate Fields meets as a supplement to those paid pursuant to section 19613, or any other provision of law.

87. California Business & Professions Code section 19605.7(a) mandates that Plaintiff NCOTWINC is to receive Statutory Distributions of not more than 2.5% of handle for parimutuel exotic wagers taken on Thoroughbred races, including those conducted at or during the Santa Anita and Golden Gate Fields meets.

88. California Business & Professions Code section 19605.71(a) mandates that Plaintiff SCOTWINC is to receive Statutory Distributions of not more than 2.5% of handle for parimutuel exotic wagers taken on Thoroughbred races, including those conducted at or during the Santa Anita and Golden Gate Fields meets.

89. By virtue of the referenced sections of the Horse Racing Law, each of the Plaintiffs – as statutorily specified recipients – has legal and equitable rights to the Statutory Distributions, exclusive of all others. The Horse Racing Law does not create an interest in these Statutory Distributions on behalf of the Defendants.

Property and Trust Obligations Acknowledged by Defendants
LATC and PRA in Their Applications for Operating Race Meets

90. All of the events and transactions described herein occurred within the State of California.

91. In October 2008, Defendants through their wholly owned subsidiary, LATC, submitted an application to the CHRB requesting the privilege of operating the 2008-2009 Thoroughbred race meet at Santa Anita Park, beginning December 26, 2008 and running through April 19, 2009, for a total of 84 race days (the "**LATC Application**"). The LATC Application was heard and considered by the CHRB at its November 18, 2008 public meeting, in Davis, CA. (A copy of the LATC Application is attached hereto as EXHIBIT 2.)

92. Also in October of 2008, Defendants through their wholly owned subsidiary, PRA, submitted an application to the CHRB requesting the privilege of operating the 2008-2009 Thoroughbred race meet at Golden Gate Fields, beginning December 26, 2008 and running through June 28, 2009, for a total of 134 race days (the "**PRA Application**" and together with the LATC Application, the "**Applications**"). The PRA Application was heard and considered by the CHRB at the same November 18, 2008 public meeting held in Davis, CA. (A copy of the PRA Application is attached hereto as EXHIBIT 3.)

93. In each of the Applications, Defendants acknowledged that "[a]ll funds generated and retained from on-track parimutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, shall not be deemed as income to the association; shall not be transferred to a parent corporation outside the State of California; and shall, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account."

94. In similar fashion, as a condition of being granted the privilege of conducting a race meet and parimutuel wagering activities in California, each of the Applications required the Defendants to "pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and

promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions."

95. This requirement is consistent with CHRB Rule 1470(a), which confirms that California-licensed racing associations must "maintain in an approved depository those amounts deducted from the parimutuel handle which are retained by the association for distribution for purposes specified in the law…." The rule also confirms that "each association and its managing officers are jointly and separately responsible to assure the amounts retained from the pari-mutuel handle are distributed under the law, rules or agreements."

96. Upon information and belief, prior to the approval of Defendants' Applications and/or the start of the subject race meets, CHRB investigators were dispatched to verify with Defendants' representatives certain representations contained in the Applications as well as compliance with relevant CHRB rules and regulations, including but not limited to CHRB Rule 1470(a).

97. Upon information and belief, Defendants reported their financial records to the CHRB and other interested parties on a consolidated basis, and therefore did not provide separate financials for the applicants LATC and PRA. Nonetheless, Defendants' officers and agents represented that the amounts deducted from the parimutuel handle which were to be retained by LATC and PRA for distribution for the purposes specified in the law were in fact held in separate depositories for the exclusive use and benefit of the intended recipients, including Plaintiffs.

98. Based on the representations of Defendants' authorized officers, employees, and agents and contained in Defendants' Applications, Plaintiffs did not oppose Defendants' Applications, nor did they request that the CHRB require Defendants to post a performance bond

or other form of suitable security as a condition of their licensure, despite public anxiety over the status of Defendants' businesses as "ongoing concerns."

99. Upon information and belief, had Defendants provided separate financials for each of LATC and PRA, the reports would have placed interested parties, including Plaintiffs, on notice that despite specific requirements under the Horse Racing Law, CHRB rules and regulations, and Defendants' own representations, Defendants evidently unlawfully failed to segregate the Statutory Distributions that legally and equitably belonged to Plaintiffs.

100. Following approval of the Applications, beginning December 26, 2008 and at all times thereafter, as the then operating licensed Thoroughbred racing associations in the "northern" and "central" zones of California, Defendants received and retained the Statutory Distributions for the purpose of distribution to the statutory recipients in order to facilitate the disbursement of such monies, as specified by law.

101. Under the parimutuel distribution arrangements established by the California legislature, including but not limited to Articles 9, 9.2, and 9.5 of the Horse Racing Law, LATC and PRA were entitled to retain **–** as their own commission revenue and property **–** ***only*** that portion of the takeout which remained after the payment of the Statutory Distributions.

102. Nothing in Articles 9, 9.2, 9.5, nor any other article of the Horse Racing Law provides that a California licensed racing association owns either a legal or equitable interest in either that portion of handle due the holders of winning tickets or the Statutory Distributions to the specified recipients, including but not limited to the Plaintiffs herein.

103. Upon information and belief, Defendants knew and understood that neither LATC or PRA, nor any other MEC entity, had either a legal or equitable interest in or claim to the Statutory Distributions.

104. Defendants' authorized representatives and agents acknowledged and reiterated Defendants' lack of a property interest in or claim to the Statutory Distributions at numerous industry and organizational meetings conducted over the five years prior to the Petition Date. Those representatives and agents included, but are not limited, to Mr. Frank DeMarco, V.P. of Regulatory Affairs and Assistant Secretary for LATC, Ms. Gina Lavo, V.P. Finance for LATC, and Mr. Aaron Vercruysse, Executive Director of Business Development for LATC.

105. The information and belief upon which Plaintiffs assert such allegations and reliance are derived, in part, from Defendants' representations and conduct occurring prior to the Petition Date.

106. From the time the Defendants acquired PRA and LATC until shortly before the Petition Date, Defendants had in fact distributed the Statutory Distributions in accordance with the mandates of the Horse Racing Law and facilitated the prompt distribution of such distributions to the specified and lawful recipients, including but not limited to the Plaintiffs herein.

107. As do all other California-licensed racing associations, until shortly before the Petition Date, LATC and PRA had simply served as facilitators with regard to the retention and payment of Statutory Distributions as required by the Horse Racing Law.

108. At no time prior to the Petition Date did the Defendants make any express or implied claims or assertions to Plaintiffs or to the CHRB as to any entitlement to or inuring of legal or equitable rights to or interests in the Statutory Distributions.

109. Until shortly before the Petition Date, Defendants retained as their own revenue from parimutuel wagering handle on Thoroughbred races conducted at or during such meets only that portion of takeout remaining after the Statutory Distributions were paid.

110. When not operating as an off-track, LATC and PRA accepted and received as their own revenue their Statutory Distributions from the handle from the Host Track, including certain of the Plaintiffs, as mandated by the Horse Racing Law.

111. At all relevant times, Defendants' authorized representatives also served as directors and/or officers of the two corporations specified by the Horse Racing Law to oversee and operate the authorized off-track parimutuel wagering facilities in the State, SCOTWINC and NCOTWINC, which receive Statutory Distributions to cover the cost of administering and operating such facilities and programs.

112. SCOTWINC and NCOTWINC are critical and vital to the continued operation of Defendants' California racing associations.

113. While serving as directors of SCOTWINC and NCOTWINC, Defendants' representatives repeatedly approved corporate actions regarding: the administration and operation of such facilities; the retention and transmission of deductions from parimutuel wagering handle equal to the amount of winning wagers and Statutory Distributions, as facilitated by the Host Track; and, such other matters, expenses, and distributions specified by the Horse Racing Law.

114. While serving as directors of SCOTWINC and NCOTWINC, prior to the Petition Date, Defendants' representatives did not represent or assert that either PRA or LATC had a legal or equitable interest in or claim to Statutory Distributions designated for others.

Defendants' Public Acknowledgements and Admissions

115. Defendant MEC is a public company required to file with the Securities and Exchange Commission ("SEC") a financial statement on SEC Form 10-K at the end of each of

fiscal year. In its Form 10-K for the period ending December 31, 2007 (page 61), MEC represented that its "share of pari-mutuel wagering revenues is based on pre-determined percentages of various categories of the pooled wagers at [its] racetracks" and that the "maximum pre-determined percentages are approved by state regulators." (A copy of Defendants' SEC Form 10-K for the period ending December 31, 2007 is attached hereto as EXHIBIT 4.)

116. In promotional materials issued by MEC, the Defendants acknowledge that funds comprising parimutuel wagering pools, including the Statutory Distributions, do not constitute revenue to its companies.

117. As of the time of filing of this Complaint, Defendants' website for Santa Anita contained the following admission: "All wagering at Santa Anita Park is parimutuel…with Santa Anita ***acting as facilitator and retaining a commission****."* (http://www.santaanita.com/content/how-wager) (emphasis added.)

118. Likewise, on the website for Golden Gate Fields, Defendants publish a "Beginner's Guide" to parimutuel wagering in which they make a similar representation, admitting that "the race track ***merely acts as the broker for the transaction and deducts a commission fixed by the state and shared by the state, track, and horsemen***." (http://www.goldengatefields.com/NR/rdonlyres/F17E11AE-97BB-4D61-91F3-86317DEB5EBF/84/BeginnersGuidetoParimutuelwagering.pdf) (emphasis added.)

119. Accordingly, both websites acknowledge and admit that LATC and PRA do not have any legal or equitable interests in parimutuel wagering handle other than that specific portion deducted as the association's commission revenue.

120. For the live race meet beginning December 26, 2008, the official “Program” printed each race day at Golden Gate Fields included a page entitled “Wagering Information.” In the second paragraph on the page, Defendants advise the public, and admit, that PRA simply acts as a “facilitator” with regard to parimutuel wagering handle, and its interests are limited to a percentage certain of each wagering dollar, as dictated by California law, which is split with other recipients. (A copy of the referenced official Program page is attached hereto as EXHIBIT 5.)

121. For the live race meet beginning December 26, 2008, the official “Program” printed each race day at Santa Anita included a page entitled “General Information.” On that page, Defendants advise the public, and admit, that LATC simply acts as a “facilitator” with regard to parimutuel wagering handle, and that the “takeout, is “divided primarily among the racetrack, horsemen, and the State of California.” (A copy of the referenced official Program page is attached hereto as EXHIBIT 6.)

122. Upon information and belief, prior to the Petition Date, Defendants made repeated representations consistent with the public admissions above, specifically disavowing, for tax and financial reporting purposes, any legal or equitable interests in the Statutory Distributions that improperly have been treated as part of the property comprising their bankruptcy estates.

123. In the Debtors’ Motion For Authorization Pursuant To Section 105(a) of the Bankruptcy Code To Distribute Certain Statutory Disbursements filed November 18, 2009, the Debtors admitted that “[h]istorically, [they] have acted as conduits in transferring” certain Statutory Distributions from advance-deposit wagering (“ADW”) operators and certain ADW recipients, and that they “have held” at least a portion of the statutory “Distribution[s] in a segregated account.”

124. Subsequently, in deposition and hearing testimony before the Court in this case, the Debtors represented that the amount of the Statutory Distributions to which the Plaintiffs are entitled were in fact placed in a segregated account (the "Segregated Account").

Defendants' Failure to Distribute the
Withheld Statutory Distributions to Plaintiffs

125. The Defendants have not distributed to Plaintiffs all of the pre-petition Statutory Distributions owned by Plaintiffs. As of the Petition Date, the amounts of such distributions that Defendants have not disbursed to the Plaintiffs are the amounts set forth on EXHIBIT 7.

126. Upon information and belief, as of the Petition Date, some or all of the Statutory Distribution amounts set forth in EXHIBIT 7 were held by some or all of the Defendants in segregated accounts.

127. Several of the Plaintiffs that operate off-track wagering facilities have indicated that the Defendants' failure to distribute the Statutory Distributions jeopardizes their ability to operate and has forced them to limit or cease their operations.

128. In addition, SCOTWINC's exclusive source of revenue to pay all expenses, including the administrative costs of its off-track wagering operations, are the Statutory Distributions. (Horse Racing Law sections 19605.71 and 19607.) To the extent that the amount deducted exceeds the actual expenses incurred by SCOTWINC for a particular racing association or fair, it is refunded to such association or fair annually. (Horse Racing Law sections 19605.71(a) and (b).) SCOTWINC is not intended to and does not operate at a profit.

129. SCOTWINC has been operating at a significant deficit for the 2008-2009 racing season and through the date of this Complaint, and is anticipated to operate at a deficit through the remainder of 2010. Accordingly, the Defendants' failure to distribute the Statutory Distributions to SCOTWINC, and/or to address serious deficits resulting from the provision of

off-track wagering services by SCOTWINC during Defendants' live meets, threatens to render SCOTWINC insolvent by the middle of 2010.

130. Further, without distribution of the Statutory Distributions held by the Defendants, or means for the Defendants to address the serious deficits resulting from the provision of off-track wagering services by SCOTWINC during Defendants' live meets, SCOTWINC has insufficient funds to pay the above-mentioned expenses. Thus, the Defendants' failure to distribute the Statutory Distributions and to address the serious deficits threatens to harm the other Plaintiffs, whose revenues, and thus expenses, may not be paid.

Amounts Owed by SCOTWINC to LATC and the Simulcast Account Deficit
Are Subject to Setoff Under Applicable Non-Bankruptcy Law

131. SCOTWINC is the general partner of a limited partnership, Southern California Off Track Wagering, Ltd. (the "Limited Partnership") among SCOTWINC, LATC, Hollywood Park Operating Co., Del Mar Thoroughbred Club, and numerous other horse racing associations in California (each a limited partner), pursuant to the Partnership Agreement.

132. The Limited Partnership facilitates the operation of the audiovisual signal system provided by licensed racing associations and fairs pursuant to the Horse Racing Law, particularly the accounting for Statutory Distributions received by its limited partners pursuant to California Business & Professions Code sections 19605.7(a) and 19605.71(a), and reimbursement of certain of its limited partners' designated expenses (defined as the "Simulcast Expenses" in the Partnership Agreement), including without limitation "all costs and expenses incurred by the [Limited] Partnership in connection with its organization and the simulcasting of horse racing meets."

133. To facilitate this accounting and reimbursement, the Partnership Agreement requires SCOTWINC, as the general partner, to establish an operating account (defined as a "Simulcast Account") for each limited partner and for itself as the general partner.

134. SCOTWINC established a Simulcast Account for each limited partner, including LATC, and for itself as the general partner.

135. Each limited partner's Simulcast Account is credited with, among other things, 99% of the Statutory Distributions disbursed pursuant to California Business & Professions Code sections 19605.7(a) and 19605.71(a) that is attributable to the revenue generated by that limited partner as the Host Track.

136. Certain Simulcast Expenses (the "Allocable Expenses"), including, among other things, "miscellaneous/contingency items which are determined to be properly allocable on the basis of handle" (the "Miscellaneous Expenses"), are to be allocated among the limited partners' Simulcast Accounts "on the basis of the estimated amount to be handled through satellite wagering facilities by a particular Limited Partner on conventional and exotic wagers during a Fiscal Year."

137. SCOTWINC, as the general partner of the Limited Partnership, is responsible for determining the allocation of the Allocable Expenses among the limited partners' Simulcast Accounts, the accounting for the Statutory Distributions received from each limited partner, and the reimbursement of the actual expenses incurred by each limited partner.

138. In certain circumstances, a limited partner is required to make an advance to the Limited Partnership (defined as a "Deficit Advance" in the Partnership Agreement).

139. Among other things, if a limited partner incurs expenses, falling within the Allocable Expenses, that exceed the balance of the limited partner's Simulcast Account, the limited partner is required to make a Deficit Advance sufficient to cover the shortfall.

140. In addition, SCOTWINC, as the general partner, may require a limited partner to make a Deficit Advance if SCOTWINC reasonably determines that the limited partner will be required to make a Deficit Advance at some future date (such as at the end of the fiscal year).

141. Since about 2008, the Statutory Distributions received from the limited partners, including LATC, have been insufficient to pay for the limited partners' Allocable Expenses or the actual expenses the limited partners have incurred.

142. Accordingly, SCOTWINC, as the general partner, asked for Deficit Advances from each limited partner with respect to its Simulcast Account.

143. Other than LATC, each of the other limited partners of the Limited Partnership that are still operating has made the requested Deficit Advances.

144. Under the Partnership Agreement, SCOTWINC is authorized to use the funds from a limited partner's Simulcast Account only to pay for that limited partner's expenses. Further, since SCOTWINC operates on a not-for-profit basis, it does not have any funds of its own to pay for the expenses of a limited partner whose Simulcast Account is operating at a deficit. Accordingly, SCOTWINC cannot pay any of the LATC expenses from any other funds other than those funds in LATC's Simulcast Account.

145. As of the Petition Date, the LATC Simulcast Account was operating at a deficit of approximately $600,000. As of December 31, 2009, LATC's Simulcast Account was operating at a deficit of approximately $1,350,000 (the "Simulcast Account Deficit"), of which approximately $750,000 is attributable to post-petition deficits.

146. LATC has not paid the Simulcast Account Deficit.

147. LATC claims that as of December 31, 2009, SCOTWINC owes LATC the aggregate amount of approximately $1,300,000 (the "Alleged LATC Expenses"). Of the Alleged LATC Expenses, approximately $600,000 was purportedly incurred pre-petition and approximately $700,000 was purportedly incurred post-petition.

148. Under applicable California law, the Partnership Agreement, and section 553(a) of the Bankruptcy Code, SCOTWINC is entitled to setoff the amount of the Simulcast Account Deficit owed to it against any amounts owed by SCOTWINC to LATC.

FIRST CLAIM FOR RELIEF
(Declaratory Judgment That Under California Law,
Defendants Have Held the Statutory Distributions in Trust for Plaintiffs,
and the Statutory Distributions Are Not Property of the Estate)

149. The allegations contained in each of the paragraphs 1 through 130 above are incorporated herein by reference as if set forth at length.

150. Since the Petition Date, Defendants have asserted that the Statutory Distributions are property of their bankruptcy estate.

151. As set forth in detail above, though, pursuant to the Horse Racing Law, each Plaintiff has the only equitable property interests in its respective Statutory Distributions, and the Defendants do not have any equitable interest in such Statutory Distributions.

152. Accordingly, there is a real and immediate controversy between the parties causing Plaintiffs undue hardship, and the possibility of irreparable harm.

153. At all times herein mentioned, Plaintiffs were the statutorily-mandated recipients and owners of the Statutory Distributions, pursuant to sections 19605.7, 19605.71, 19605.73, 19605.75, 19607, 19613(b), and 19604 (a)(11), (f)(3)(A), and (f)(4) (among others) of the Horse Racing Law.

154. By virtue of the terms of their CHRB license and associated rules and regulations, Defendants, and their officers personally, were under an affirmative duty to hold Statutory Distributions, in separate accounts, in trust, for the exclusive benefit of the intended and specified statutory recipients, including the Plaintiffs.

155. Said separate accounts were required by law so as to ensure that the Statutory Distributions were not misappropriated or otherwise commingled with Defendants' own funds, commissions, and/or other revenues.

156. The trust obligations and responsibilities imposed on Defendants were intended consequences of the California legislature's authorization of parimutuel wagering, as expressly reconfirmed by Section 19597.5 to the Horse Racing Law.

157. Moreover, the Debtors manifested their intent to hold the Statutory Distributions in trust for the benefit of Plaintiffs. Among other things, this intent was manifested by (i) the Debtors' acknowledgement, through the Applications, that Statutory Distributions did not constitute income to them and were to be kept in segregated accounts and that such distributions were to be placed in appropriate segregated accounts or to be disbursed to the required recipients, within no more than 3 days after they were received; (ii) the Debtors' acknowledgement, on its websites, in race meet programs, and in other materials, that they acted as facilitator and/or broker with respect to Statutory Distributions; (iii) the Debtors' admission in the Debtors' Motion referenced above that "[h]istorically, [they] have acted as conduits in transferring" certain Statutory Distributions from advance-deposit wagering ("ADW") operators and certain ADW recipients; (iv) the Debtors' customary practice in similar transactions involving Statutory Distributions, up until shortly before the Petition Date, of distributing such distributions and facilitating their disbursement to specified and lawful recipients, in accordance with the Horse

Racing Law; and (v) the Debtors' representations to CHRB personnel, the organization and individuals charged with enforcing rules regarding the accounting, segregation, and disbursement of Statutory Distributions.

158. The following circumstances further establish the existence of a trust with respect to the Statutory Distributions: (i) under the Horse Racing Law, as well as the CHRB rules and regulations, the Statutory Distributions were to be accounted for, segregated, and distributed within a very short time to the requisite recipients, and without any provision for the payment of interest; and (ii) the amounts of the Statutory Distributions were calculated according to rigid guidelines established by the Horse Racing Law, not subject to negotiations.

159. Under the Horse Racing Law, as well as the CHRB rules and regulations (with which Defendants agreed to comply in, among other things, their Applications), Defendants hold the Statutory Distributions as trustees, in trust – statutory, express, constructive, or otherwise – for the benefit of Plaintiffs. Accordingly, the Defendants were, and are, acting as fiduciaries with respect to the Statutory Distributions.

160. Defendants were, and are, a mere conduit for the transmission of the Statutory Distributions between the bettors and the Plaintiffs.

161. As a result of their wrongful retention and refusal to distribute the Statutory Distributions, Defendants have been unjustly enriched.

162. The total amount of the Statutory Distributions in the possession of the Defendants as of the Petition Date is $2,606,589.34. (A Schedule of such distributions is attached hereto as EXHIBIT 7.)

163. Based on the foregoing and pursuant to 28 U.S.C. section 2201 and 11 U.S.C. sections 105 and 541, Plaintiffs are entitled to a declaratory judgment that (i) at all times since

wagers were made, Plaintiffs have had an equitable interest in their respective Statutory Distributions, and Defendants have not had any equitable interest in such distributions; (ii) the Defendants have held the Statutory Distributions in statutory and/or constructive trust for Plaintiffs; and (iii) the Statutory Distributions are not property of the estate.

SECOND CLAIM FOR RELIEF
(In the Alternative, Declaratory Judgment That, Because of Defendants' Fraud or Negligent Misrepresentations, Defendants Have Held the Statutory Distributions in Trust for Plaintiffs, and Such Distributions Are Not Property of the Estate)

164. The allegations contained in each of the paragraphs 1 through 130 above are incorporated herein by reference as if set forth at length.

165. In the event it is determined that Plaintiffs do not have the only legal or equitable property interests in their respective Statutory Distributions pursuant to Horse Racing Law as set forth in the First Claim for Relief, Plaintiffs allege as follows.

166. At all times prior to the Petition Date, Defendants misrepresented to Plaintiffs, and others, that they:

a. Had or would assert no legal or equitable right to or interest in the Statutory Distributions to specified recipients, as set forth in the Horse Racing Law, including but not limited to Plaintiffs herein;

b. Would pay over to the simulcast organizations within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions; and,

c. Maintained in approved depositories those amounts deducted from the parimutuel handle which are to be retained by the association, held in trust for the benefit of others, for distribution for purposes specified in the Horse Racing Law.

167. Upon information and belief, when Defendants made these representations, (i) they knew them to be false and made them with the intent to defraud and deceive Plaintiffs, and others, or (ii) they made them without reasonable grounds for believing the representations to be true, and should have known that they could not reasonably make such representations.

168. Upon information and belief, Defendants made these representations to induce Plaintiffs to act in the manner herein alleged.

169. Plaintiffs, at the time these representations were made and at the time they took the action herein alleged, were ignorant of the falsity of the Defendants' representations and believed those representations to be true.

170. In reliance upon Defendants' representations, Plaintiffs were induced to and did:

a. Refrain from attempting to require Defendants to secure a performance bond as a condition for CHRB approval of Defendants' Applications heard by the CHRB on November 18, 2008;

b. Pay to the Defendants that portion of the takeout representing the Statutory Distributions to Plaintiffs; and,

c. Refrain from attempting to obtain written proof from Defendants of the establishment of separate depositories into which Defendants would place and hold Statutory Distributions.

171. Upon information and belief, Plaintiffs' reliance on Defendants' representations was reasonable and justified because Defendants repeatedly made such representations, holding them out to be fact, in oral and written form, in legal filings, and in public and private meetings, without qualification or exception, and with the expressed intent to induce reliance by Plaintiffs, the CHRB, bettors, government officials, and the public in general.

172. Upon information and belief, all such representations were made by Defendants' representatives, employees, and/or agents, each of whom was expressly or apparently authorized to make such representations.

173. Given the foregoing, Defendants obtained the Statutory Distributions by fraud or negligent misrepresentation.

174. Accordingly, even if it is determined that Plaintiffs do not have the only legal or equitable property interests in their respective Statutory Distributions pursuant to the Horse Racing Law, Defendants were and are involuntary trustees of such distributions for the benefit of Plaintiffs, pursuant to California Civil Code section 2224 and other applicable California law.

175. Based on the foregoing and pursuant to 28 U.S.C. section 2201 and 11 U.S.C. sections 105 and 541, Plaintiffs are entitled to a declaratory judgment that (i) at all times since Defendants received the Statutory Distributions, Plaintiffs have had an equitable interest in their respective distributions, and Defendants have not had any legal or equitable interest in such distributions; (ii) the Defendants have held Statutory Distributions in constructive trust for Plaintiffs; and (iii) the Statutory Distributions are not property of the estate.

THIRD CLAIM FOR RELIEF
(Injunctive Relief Requiring Defendants to Return the Amount of the Statutory Distributions Held in Trust and/or Defendants' Assets Held on the Petition Date That Have a Nexus with the Statutory Distributions)

176. The allegations contained in each of the paragraphs above (except paragraphs 131 through 148) are incorporated herein by reference as if set forth at length.

177. Defendants have held the Statutory Distributions in statutory and/or constructive trust for the Plaintiffs.

178. Defendants have stated that the amount of the Statutory Distributions are being maintained in the Segregated Account.

179. Whether or not the Statutory Distributions were commingled with other funds prior to the Petition Date, Defendants held funds and/or other assets that, on the Petition Date, had a nexus with such distributions (such funds and/or other assets referred to as the "SD Trust Property").

180. Based on the foregoing and pursuant to 28 U.S.C. sections 959(b) and 2202, and 11 U.S.C. sections 105 and 541, Plaintiffs are entitled to have Defendants immediately turn over to the Plaintiffs (i) the Statutory Distributions; or (ii) if such Statutory Distributions were commingled, the SD Trust Property.

FOURTH CLAIM FOR RELIEF
(Declaratory Judgment for Conversion and for Allowance of Plaintiffs' Claims with Respect to Statutory Distributions Balance)

181. The allegations contained in each of the paragraphs above (except paragraphs 131 through 148) are incorporated herein by reference as if set forth at length.

182. With respect to any portion of the Statutory Distributions that did not have a nexus with the assets held by Defendants on the Petition Date (such portion of the Statutory Distributions referred to as the "Statutory Distributions Balance"), Plaintiffs allege as follows.

183. Under California law, a party is liable for conversion where another has ownership rights over certain property in the first party's possession, and the first party refuses to recognize those rights, restore the property to its owner, distribute as directed by the owner or law, or otherwise acts to interfere with such property without lawful justification.

184. Defendants had and have no legal or equitable interest in the statutory Distributions Balance in the possession of Defendants.

185. Nonetheless, Defendants have continuously refused to restore Plaintiffs' property or to distribute the Statutory Distributions Balance to Plaintiffs at the times required by the Horse Racing Law or since then.

186. Accordingly, the Plaintiffs are entitled to an award of damages in the amount of the Statutory Distributions Balance.

187. Further, given the foregoing, the amounts of the Statutory Distributions Balance are due and owing to the Plaintiffs.

188. Each Plaintiff has submitted a proof of claim in this bankruptcy case in the amount of, among other things, its respective Statutory Distributions held by Defendants.

189. Accordingly, each Plaintiff is entitled to an allowed claim in the amount of its respective Statutory Distributions Balance.

FIFTH CLAIM FOR RELIEF
(Declaratory Judgment for Breach of Contract and for Allowance of Plaintiffs' Claims with Respect to Statutory Distributions Balance)

190. The allegations contained in each of the paragraphs above (except paragraphs 131 through 148) are incorporated herein by reference as if set forth at length.

191. With respect to the Statutory Distributions Balance, Plaintiffs allege as follows.

192. The Defendants entered into agreements with the Plaintiffs which supplement the statutory scheme encompassed by the Horse Racing Law and spell out the respective obligations of the Host Track, SCOTWINC and the California Satellites with respect to satellite wagering, including the obligation of the Host Track to pay the California Satellites (the "Agreements"). The Agreements, in conjunction with the Horse Racing Law, and the CHRB rules and regulations, function as a single integrated scheme. The Agreements require, among other things, that all parties comply with all applicable law, including but not limited to the Horse Racing Law.

193. Pursuant to the Agreements, the amount of the Statutory Distributions Balance are due and owing to the Plaintiffs.

194. Nonetheless, Defendants have continuously refused to disburse the Statutory Distributions Balance to Plaintiffs as required by, among other things, the Agreements.

195. Accordingly, the Plaintiffs are entitled to an award of damages in the amount of the Statutory Distributions Balance.

196. Each Plaintiff has submitted a proof of claim in this bankruptcy case in the amount of, among other things, its respective Statutory Distributions held by Defendants.

197. Accordingly, each Plaintiff is entitled to an allowed claim in the amount of its respective Statutory Distributions Balance.

SIXTH CLAIM FOR RELIEF
(Declaratory Judgment On Right To Setoff Pursuant To 11 U.S.C. § 553(a))

198. The allegations contained in each of the paragraphs above are incorporated herein by reference as if set forth at length.

199. Under the Partnership Agreement, SCOTWINC, as general partner, is and was entitled to require the limited partners of the Limited Partnership, including LATC, to make Deficit Advances as described above.

200. An actual controversy exists between the parties as to whether Plaintiff SCOTWINC has a valid right to setoff any amounts owed by SCOTWINC to Defendant LATC pursuant to the Partnership Agreement against the Simulcast Account Deficit owed by LATC to SCOTWINC.

201. As of the Petition Date, the LATC Simulcast Account was operating at a deficit of approximately $600,000. As of December 31, 2009, LATC's Simulcast Account Deficit was approximately $1,350,000, of which approximately $750,000 is attributable to post-petition deficits.

202. LATC has not paid the Simulcast Account Deficit.

203. LATC claims that as of December 31, 2009, SCOTWINC owes LATC Alleged LATC Expenses in the aggregate amount of approximately $1,300,000. Of the Alleged LATC Expenses, approximately $600,000 was purportedly incurred pre-petition and approximately $700,000 was purportedly incurred post-petition.

204. Under applicable non-bankruptcy law, SCOTWINC has the right to setoff the Simulcast Account Deficit against any amounts owed by SCOTWINC to LATC.

205. Further, in light of the foregoing, and pursuant to Section 553(a) of the Bankruptcy Code and Bankruptcy Rule 7001 (2), (7) and (9), SCOTWINC is entitled to a declaratory judgment that (i) the Simulcast Account Deficit was and is lawful debt owed by Defendant LATC to SCOTWINC; (ii) SCOTWINC has a valid right under applicable non-bankruptcy law and Section 553(a) of the Bankruptcy Code to setoff the Simulcast Account

Deficit owed by LATC to SCOTWINC against the amounts owed by SCOTWINC to LATC, and (iii) SCOTWINC is a secured creditor under Section 506(a)(i) of the Bankruptcy Code to the extent of its right of setoff.

SEVENTH CLAIM FOR RELIEF
(Relief From The Automatic Stay To Exercise Setoff Pursuant To 11 U.S.C. § 362(d)(1))

206. The allegations contained in each of the paragraphs above are incorporated herein by reference as if set forth at length.

207. Under the Horse Racing Law Section 553(a) of the Bankruptcy Code, SCOTWINC has the right to setoff the Simulcast Account Deficit against any amounts owed by SCOTWINC to LATC.

208. The Simulcast Account Deficit owed by LATC to SCOTWINC is secured only by SCOTWINC's right to setoff these claims against the amounts owed by SCOTWINC to LATC.

209. LATC has not paid the Simulcast Account Deficit owed to SCOTWINC.

210. SCOTWINC's exclusive source of revenue to pay all expenses, including the administrative costs of its off track wagering operations, is the Simulcast Account Deficit and Statutory Distributions.

211. SCOTWINC is not intended to and does not operate at a profit.

212. Under the Partnership Agreement, SCOTWINC is authorized to use the funds from a limited partner's Simulcast Account only to pay for that limited partner's expenses. Further, since SCOTWINC operates on a not-for-profit basis, it does not have any funds of its own to pay for the expenses of a limited partner whose Simulcast Account is operating at a deficit. Accordingly, SCOTWINC cannot pay any of the LATC expenses from any other funds other than those funds in LATC's Simulcast Account.

213. If SCOTWINC operates at a deficit, the amount of such deficit is passed on to the particular racing association or fair, as described above.

214. SCOTWINC has been operating at a significant deficit for the 2008-2009 racing season and through the date of this Complaint, and is anticipated to operate at a deficit through the remainder of 2010.

215. Accordingly, LATC's failure to pay the Simulcast Account Deficit to SCOTWINC threatens to render SCOTWINC insolvent by the middle of 2010.

216. In light of the foregoing, and pursuant to Sections 362(d)(1) and 553(a) of the Bankruptcy Code, cause exists to modify the automatic stay to enable SCOTWINC to exercise its right to setoff the Simulcast Account Deficit owed by LATC to SCOTWINC against any amounts owed by SCOTWINC to LATC.

EIGHTH CLAIM FOR RELIEF
(In the Alternative, Relief From The Automatic Stay To Exercise Setoff Pursuant To 11 U.S.C. § 362(d)(2))

217. The allegations contained in each of the paragraphs above are incorporated herein by reference as if set forth at length.

218. Under applicable non-bankruptcy law and Section 553(a) of the Bankruptcy Code, SCOTWINC has the right to setoff the Simulcast Account Deficit against any amounts owed by SCOTWINC to LATC.

219. As of December 31, 2009, the approximate amount of the Simulcast Account Deficit owed to SCOTWINC (approximately $1,350,000), exceeds the amount LATC asserts that SCOTWINC owed to LATC (approximately $1,300,000).

220. LATC has no equity in the Simulcast Account Deficit.

221. The Simulcast Account Deficit is not necessary to an effective reorganization of LATC.

222. In light of the foregoing, and pursuant to Sections 362(d)(2) and 553(a) of the Bankruptcy Code, SCOTWINC is entitled to relief from the automatic stay to enable it to exercise its right to setoff the Simulcast Account Deficit owed by LATC to SCOTWINC against any amounts owed by SCOTWINC to LATC.

WHEREFORE, Plaintiffs pray entry of a judgment against the Defendants as follows, for:

1. Declaratory judgment as requested above;
2. Injunctive relief, including an order that Defendants turn over to the Plaintiffs the Statutory Distributions, or if the Statutory Distributions were commingled, the SD Trust Property, as set forth above;
3. Damages in the amount of the Statutory Distributions Balance, as set forth above;
4. Declaratory judgment with respect to SCOTWINC's setoff rights, as set forth above;
5. Relief from the automatic stay with respect to SCOTWINC's setoff rights, as set forth above;
6. Prejudgment interest;
7. All costs of suit, including attorneys' fees, expenses and disbursements; and
8. Such other and further relief as the Court deems proper.

Dated: February 8, 2010

/s/ *Michelle McMahon*

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Counsel for the Plaintiffs

Exhibit 1

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009 , Race Day Number 31.

		Amount	%
State of California License Fees:			
License fee	$9,189.94		
	31,344.21		
F&E fund	.00		
Breakage	1,152.50		
Minus pools	.00	$41,686.65	.84%
Section 19610.3 Fee (.33%)			
State	.00		
Cities	4,813.79	4,813.79	.1%
Equine Research		1,458.72	.03%
Workers Comp Fee		17,256.31	.35%
Track Operator:			
Commission	153,189.29		
Exotic wagering fee	5,907.65		
Breakage	1,152.50		
Minus pools	.00	160,249.44	3.22%
Horsemen:			
Purses	147,913.64		
Exotic wagering fee	5,907.65		
Breakage	4,964.07		
Minus pools	.00	158,785.36	3.19%
Awards and Premiums:			
Breeder/Stallion awards	12,127.55		
Owner's premiums	1,021.11	13,148.66	.26%
Satellite Wagering Fees:			
Guest location	18,490.32		
Simulcast operator:			
Expenses	20,462.11		
Promotion	3,273.94		
Stable & vanning	10,231.06	52,457.43	1.05%
Interstate Location Fee		529,460.11	10.62%
Amount Payable to Winning Ticket Holders		3,866,182.35	77.58%
Pick 6/High 5 Carryover		-84,478.54	-1.7%
Pay to Public/No Cal Adj		222,681.45	4.47%
Gross Amount of Handle		$4,983,701.72	100%
Gross Handle of Meeting		$261,236,079.95	
Average Daily Handle		$8,426,970.32	
Daily Attendance 3,041 (Santa Anita) 6,099 (I.T.W.) with 8 Races		9,140	

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	Interstate	On Track	Off Track	Total
State of California:				
State license fee	$12,320.10	$11,844.36	$4,770.98	$28,935.44
State license fee - off track exotic			11,598.71	11,598.71
Exotic wagering		.00	.00	.00
Breakage		.00	1,152.50	1,152.50
Minus pools		.00	.00	.00
Section 19610.3 Fee				
State		.00	.00	.00
City		2,112.78	2,701.01	4,813.79
Equine Research		640.24	818.48	1,458.72
Workers Comp Fee	12,387.41	1,969.22	2,899.68	17,256.31
Track Operator:				
Commission	68,715.64	45,939.66	8,001.58	122,656.88
Commission - off track exotic			30,532.41	30,532.41
Exotic wagering fee		5,907.65	.00	5,907.65
Breakage		.00	1,152.50	1,152.50
Minus pools		.00	.00	.00
Horsemen:				
Purses	68,714.74	41,237.85	7,834.60	117,787.19
Purses - off track exotic			30,126.45	30,126.45
Exotic wagering fee		5,907.65	.00	5,907.65
Breakage		3,811.57	1,152.50	4,964.07
Minus pools		.00	.00	.00
Awards and Premiums:				
Breeder/Stallion awards	4,250.46	3,457.27	4,419.82	12,127.55
Owner's premiums		448.17	572.94	1,021.11
Satellite Wagering Fees:				
Guest location fee			18,490.32	18,490.32
Simulcast operator:				
Expenses			20,462.11	20,462.11
Promotion			3,273.94	3,273.94
Stable & vanning			10,231.06	10,231.06
Interstate Location Fee	515,473.45			515,473.45
Interstate Breakage Fee	13,986.66			13,986.66
Interstate Minus Pool	.00			.00
Pick 6 Carryover				-84,478.54
Pay to Public/No Cal Adj				222,681.45
Payable to Public				3,866,182.35
Total Handle				$4,983,701.72

Satellite Handle	Daily Attendance	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 Fee
Barona	180	$6,284.40	$17,975.90	$24,260.30	$485.21	$80.06
Cabazon	145	4,354.30	16,145.70	20,500.00	410.00	67.65
Hollywood	1,795	74,122.60	170,856.80	244,979.40	4,899.59	808.43
Lake Perris	201	8,072.90	16,534.80	24,607.70	492.15	81.21
Lancaster	178	5,958.90	15,006.30	20,965.20	419.30	69.19
Los Alamitos	1,250	47,988.80	121,661.60	169,650.40	5,513.64	559.85
Pomona	412	18,214.80	45,442.60	63,657.40	1,273.15	210.07
San Bernardino	504	13,386.80	35,592.30	48,979.10	979.58	161.63
Santa Barbara	98	1,959.90	5,463.90	7,423.80	148.48	24.50
Santa Maria	74	2,590.50	6,599.20	9,189.70	183.79	30.33
Shalimar	104	4,691.80	12,092.90	16,784.70	335.69	55.39
Surfside	590	30,514.70	76,343.90	106,858.60	2,137.17	352.63
Ventura	216	11,561.40	19,986.30	31,547.70	630.95	104.11
Victorville	160	3,323.00	8,789.80	12,112.80	242.26	39.97
Viejas	192	5,524.20	11,443.40	16,967.60	339.35	55.99
	6,099	$238,549.00	$579,935.40	$818,484.40	$18,490.32	$2,701.01
Total Satellite Handle		$238,549.00	$579,935.40	$818,484.40		$2,701.01
Total Santa Anita handle		246,392.50	393,843.30	640,235.80		2,112.78
Total California handle		484,941.50	973,778.70	1,458,720.20		4,813.79
Total Interstate Handle		1,047,498.86	2,477,482.66	3,524,981.52		
Total Gross Handle		$1,532,440.36	$3,451,261.36	$4,983,701.72		

Golden Gate/ADW for 8 Races $1,276,878.60

Interstate Locations:

	Conventional Handle	Exotic Handle	Total Handle
AmWest Acct	$170.00	$1,178.00	$1,348.00
Arapahoe	6,644.00	28,953.10	35,597.10
Arima	1,070.56	2,119.84	3,190.40
Arlington	48,581.00	102,015.80	150,596.80
Assiniboia	2,151.36	6,255.63	8,406.99
Atlantic City	1,565.00	1,793.40	3,358.40
Atlantis Casino	81.00	152.00	233.00
Atokad	680.00	3,194.80	3,874.80
Balmoral	.00	.00	.00
Barrie	396.90	1,199.61	1,596.51
BetAmerica	57.00	97.00	154.00
Bet Pad	303.00	994.20	1,297.20
Beulah	2,125.00	11,967.90	14,092.90
Birmingham	6,014.00	19,059.40	25,073.40
Blue Ribbon Downs	42.00	604.80	646.80
Bluffs Run	880.00	3,090.90	3,970.90
Buffalo	616.00	2,169.00	2,785.00
Calder	.00	.00	.00
Canterbury Downs	4,759.00	9,136.60	13,895.60
Capital OTB	13,605.00	27,779.40	41,384.40
Capital Sports	.00	.00	.00
Casino Assn of N.J. (Gr)	.00	.00	.00
Casino Assn of N.J.	5,124.00	6,528.00	11,652.00
Catskill's OTB	6,241.00	20,098.60	26,339.60
Charlestown	2,806.00	5,167.10	7,973.10
Charlottetown	.00	.00	.00
Chester	1,573.00	4,803.00	6,376.00
Churchill	.00	.00	.00
Clinton	113.40	126.36	239.76
Coeur D'Alene Acct	.00	.00	.00
Coeur D'Alene Casino	87.00	82.70	169.70
Coeur D'Alene Greyhound	1,564.00	2,343.10	3,907.10
Colonial Downs	9,275.00	27,738.50	37,013.50
Columbus	974.00	2,026.00	3,000.00

	Conventional Handle	Exotic Handle	Total Handle
Comtech Brazil	.00	12.40	12.40
Connaught Park	123.93	222.75	346.68
Connecticut OTB	9,873.00	19,491.90	29,364.90
Connecticut OTB Acct	1,210.00	3,168.50	4,378.50
Cypress Bayou	1,044.00	773.20	1,817.20
Dairyland	1,874.00	2,228.10	4,102.10
Darwin	.00	.00	.00
Delaware	2,458.00	7,471.60	9,929.60
Delta Downs	1,201.00	2,598.90	3,799.90
Divi Carina	400.00	749.60	1,149.60
Dover	543.00	986.70	1,529.70
Euro Offtrack	.00	.00	.00
Elite Turf	.00	.00	.00
Elite Turf 2	31,806.00	67,717.00	99,523.00
Elite Turf 3	26,645.00	60,452.00	87,097.00
Elite Turf 4	22,493.00	73,651.00	96,144.00
Elite Turf 5	11,770.00	23,395.70	35,165.70
Elite Turf 6	1,320.00	3,881.00	5,201.00
Elite Turf 7	.00	.00	.00
Elite Turf 8	.00	.00	.00
Ellis Park	.00	.00	.00
Elmira Raceway	86.67	197.64	284.31
Emerald Downs	23,459.00	50,509.80	73,968.80
Equus St Thomas	.00	.00	.00
European Simulco	.00	.00	.00
Evangeline Downs	2,530.00	8,048.90	10,578.90
Evansville OTB	5,821.00	13,125.10	18,946.10
Fair Chance	.00	.00	.00
Fair Meadows	2,180.00	6,627.40	8,807.40
Fairgrounds	14,735.00	33,503.30	48,238.30
Finger Lakes	265.00	971.40	1,236.40
Flamboro	2,379.78	2,488.32	4,868.10
Fonner	2,959.00	2,453.00	5,412.00
Fort Erie	2,090.32	1,727.68	3,818.00
Foxwoods	1,891.00	3,441.40	5,332.40
Frasier	3,616.65	5,008.23	8,624.88
Freehold	4,866.00	31,269.00	36,135.00
Georgian	.00	.00	.00
Gillespie County Fair	196.00	321.80	517.80
Grand River Raceway	.00	.00	.00
Greentrack	89.00	1,754.40	1,843.40
Gulf Greyhound	2,268.00	4,792.80	7,060.80
Gulfstream	76,769.00	122,195.70	198,964.70
Hanover	47.79	127.17	174.96
Harrington	1,093.00	2,140.80	3,233.80
Hastings	3,174.39	5,594.67	8,769.06
Hawthorne	.00	.00	.00
Hazel Park	4,956.00	12,462.80	17,418.80
Hiawatha	37.64	199.67	237.31
Hippodrome De Montreal	8,934.30	11,972.61	20,906.91
Hippodrome De Quebec	596.97	671.49	1,268.46
Ho-Chunk Casino	212.00	207.00	419.00
Hoosier Park	5,587.00	13,161.80	18,748.80
Horsemen's Park	6,218.00	13,504.10	19,722.10
Indiana Downs	912.00	1,136.30	2,048.30
John Martin's Manor	211.00	261.40	472.40
Kawartha	232.47	403.38	635.85
Keeneland	7,249.00	18,202.70	25,451.70
Kentucky OTB	5,899.00	21,959.50	27,858.50
Lebanon	2,207.00	5,094.70	7,301.70
Les Bois	1,871.00	3,528.50	5,399.50
Lewiston	801.00	909.60	1,710.60
Lien Games	94.00	730.80	824.80
Lincoln Greyhound	1,121.00	4,004.40	5,125.40
Lodge @ Belmont Acct	.00	.00	.00
Lodge @ Belmont	1,214.00	1,092.90	2,306.90
Lone Star Park	11,045.00	31,533.00	42,578.00
Louisiana Downs	9,551.00	16,255.10	25,806.10
MagnaBet	262.00	1,131.00	1,393.00
Manor Downs	3,075.00	4,852.60	7,927.60
Marquis	541.08	2,048.49	2,589.57
Maryland	17,315.00	47,695.20	65,010.20

	Conventional Handle	Exotic Handle	Total Handle
Maywood	6,220.00	10,510.00	16,730.00
Meadowlands	30,187.00	55,149.10	85,336.10
The Meadows	4,485.00	25,019.80	29,504.80
Mesquaki	117.00	102.00	219.00
Millers OTB	54.00	537.10	591.10
Mohegun	2,868.00	4,983.60	7,851.60
Monmouth	22,480.00	24,835.60	47,315.60
Montana	2,000.00	3,407.30	5,407.30
Monticello	227.00	669.10	896.10
Mountaineer Park	976.00	2,485.00	3,461.00
Mt. Pleasant Meadows	286.00	836.80	1,122.80
NY OTB	92,575.00	183,056.00	275,631.00
NYRA	11,580.00	21,044.70	32,624.70
NYRA Acct	6,181.00	12,721.50	18,902.50
Nassau OTB	16,034.00	39,354.30	55,388.30
Nevada	.00	.00	.00
New Mexico	5,386.00	5,853.20	11,239.20
Newport Jai Alai	226.00	616.10	842.10
N.D. Horse Park	.00	.00	.00
Northfield	6,415.00	9,201.40	15,616.40
Northlands	7,281.90	16,006.41	23,288.31
Northville	6,725.00	13,626.60	20,351.60
Oaklawn	5,839.00	11,266.70	17,105.70
Ocean Downs	173.00	957.50	1,130.50
Oneida Bingo	191.00	448.40	639.40
Ontario Teletheatre	1,362.42	1,658.88	3,021.30
Paragon Casino	.00	.00	.00
Penn Acct	2,032.00	3,590.80	5,622.80
Penn National	8,525.00	12,491.70	21,016.70
Philadelphia Park	23,714.00	41,838.10	65,552.10
Phumelela	.00	.00	.00
Picov	506.25	942.84	1,449.09
Pimlico	.00	.00	.00
Pinnacle	1,485.00	2,968.90	4,453.90
Plainridge	2,598.00	5,197.20	7,795.20
Plainridge Acct	557.00	529.00	1,086.00
Pocono	3,832.00	12,971.10	16,803.10
Pojoaque	691.00	4,486.20	5,177.20
Portland Meadows	4,849.00	15,084.10	19,933.10
Potawatomi	1,386.00	4,412.90	5,798.90
Prairie Meadows	878.00	5,350.50	6,228.50
Presque Isle	788.00	2,715.20	3,503.20
Quinte	.00	.00	.00
RGS	30,869.00	196,964.80	227,833.80
Raceway Park	3,320.00	8,673.50	11,993.50
Racing World	.00	.00	.00
Remington Park	8,901.00	24,681.00	33,582.00
Retama Park	3,671.00	10,905.50	14,576.50
Rideau Carleton	1,010.88	2,270.43	3,281.31
Riders Up OTB	18.00	58.20	76.20
River Downs	3,579.00	4,923.90	8,502.90
Rockingham Park	3,374.00	8,137.20	11,511.20
Rocky Mtn Turf	3,810.24	7,329.69	11,139.93
Rosecroft	3,932.00	13,661.20	17,593.20
Royal Beach	.00	.00	.00
Royal Britania	37.26	320.76	358.02
Royal River Racing	8,180.00	63,677.00	71,857.00
Royal Turf	.00	.00	.00
Ruidoso	257.00	1,746.70	2,003.70
Running Aces	443.00	1,843.10	2,286.10
Sam Houston	6,429.00	31,364.10	37,793.10
Sandown	.00	.00	.00
Saratoga	2,080.00	4,881.70	6,961.70
Scarborough Downs	475.00	950.90	1,425.90
Scioto	.00	.00	.00
Seabrook	2,466.00	5,991.90	8,457.90
Shoreline Greyhound	1,107.00	2,552.60	3,659.60
Skydancer Casino	.00	2.00	2.00
Sol Mutuel	.00	.00	.00
Southland Greyhound	657.00	3,080.60	3,737.60
Sports Center	171.00	1,979.20	2,150.20
Stables	181.00	408.20	589.20

	Conventional Handle	Exotic Handle	Total Handle	
Stampede	454.41	1,012.50	1,466.91	
State Fair	2,179.00	6,005.60	8,184.60	
Sudbury Downs	575.10	3,051.27	3,626.37	
Suffolk Dist OTB	10,132.00	39,188.30	49,320.30	
Suffolk Downs	8,158.00	12,939.50	21,097.50	
Suffolk Downs OTB	196.00	337.80	533.80	
SunRay Park	859.00	2,666.60	3,525.60	
Sunland	4,714.00	12,240.90	16,954.90	
TBC Teletheatre	8,213.40	14,312.70	22,526.10	
TRNI	.00	.00	.00	
TVG Yonkers Acct	340.00	1,202.10	1,542.10	
Tampa Bay Downs	9,331.00	37,995.50	47,326.50	
Tauton Dog Acct	40.00	277.60	317.60	
Tauton Dog Track	1,457.00	6,656.60	8,113.60	
The Racing Channel	.00	.00	.00	
Thistledown	5,505.00	13,140.80	18,645.80	
Tioga	14.00	143.80	157.80	
Tote Investment	714.00	403.10	1,117.10	
Tri-State Greyhound	502.00	2,039.00	2,541.00	
Trois Rivieres	71.28	123.93	195.21	
Truro	66.42	514.35	580.77	
Turf Paradise	34,009.00	88,845.70	122,854.70	
Turfway Park	5,351.00	13,424.70	18,775.70	
Twin Spires	.00	.00	.00	
U.S. Offtrack	.00	.00	.00	
Valley Greyhound	222.00	1,156.10	1,378.10	
Venezuela OTB	20,601.00	10,799.20	31,400.20	
Vernon	1,362.00	5,067.90	6,429.90	
Western Fair	332.10	989.01	1,321.11	
Western OTB	5,724.00	18,987.50	24,711.50	
Wheeling Downs	240.00	1,471.00	1,711.00	
Wichita	.00	.00	.00	
Will Rogers Downs	95.00	515.00	610.00	
Windsor	1,725.19	2,246.19	3,971.38	
Wonderland	.00	.00	.00	
Woodbine	80,173.80	130,844.16	211,017.96	
Woodlands	.00	.00	.00	
Wyoming	849.00	3,426.30	4,275.30	
Yavapai	.00	.00	.00	
Yonkers	2,277.00	6,578.00	8,855.00	
YouBet	.00	.00	.00	
YouBet III	2,664.00	17,955.40	20,619.40	
Zia Park	753.00	768.10	1,521.10	
Bet Pad Intl	.00	.00	.00	
NJ Mobile	2.00	34.00	36.00	
	$1,047,498.86	$2,477,482.66	$3,524,981.52	

Distribution of Day's Handle:

Win	$997,497.72	
Place	372,836.32	
Show	162,106.32	$1,532,440.36
Daily Double	209,072.97	
Daily Triples	286,948.92	
Pick 6	309,906.13	
Place Pick All	14,245.26	
Exacta	1,037,301.08	
Super High 5	65,853.08	
Trifecta	871,450.57	
Superfecta	310,816.38	
Pick 4	345,666.97	3,451,261.36
		$4,983,701.72

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fee	Breeders & Stallion

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fee	Breeders & Stallion
AmWest Acct	$8.63	$48.12	$48.11	$156.37	$8.06	$5.89	$2.98
Arapahoe	135.27	754.46	754.46	5,178.20	122.57	144.77	46.67
Arima	15.31	85.42	85.41	401.31	17.72	10.60	5.28
Arlington	403.60	2,251.08	2,251.07	23,037.30	638.75	510.08	139.24
Assiniboia	21.86	121.92	121.91	1,854.12	15.42	31.28	7.54
Atlantic City	9.67	53.95	53.94	482.25	18.42	8.97	3.34
Atlantis Casino	1.49	8.32	8.32	24.47	.00	.76	.51
Atokad	13.17	73.48	73.48	584.67	14.70	15.97	4.55
Balmoral	.00	.00	.00	.00	.00	.00	.00
Barrie	4.15	23.16	23.15	290.93	2.19	6.00	1.43
BetAmerica	1.05	5.85	5.84	15.15	.92	.48	.36
Bet Pad	8.82	49.21	49.20	137.04	3.49	4.97	3.04
Beulah	45.10	251.53	251.53	2,178.95	50.35	59.84	15.56
Birmingham	140.41	783.15	783.14	3,018.57	89.75	95.30	48.44
Blue Ribbon Downs	2.72	15.15	15.15	94.43	.86	3.02	.94
Bluffs Run	22.24	124.03	124.02	481.31	17.68	15.45	7.67
Buffalo	10.03	55.92	55.92	407.12	9.79	10.85	3.46
Calder	.00	.00	.00	.00	.00	.00	.00
Canterbury Downs	47.25	263.51	263.51	1,987.19	60.65	45.68	16.30
Capital OTB	107.60	600.14	600.13	6,359.86	160.16	138.90	37.12
Capital Sports	.00	.00	.00	.00	.00	.00	.00
Casino Assn of N.J. (Gr	.00	.00	.00	.00	.00	.00	.00
Casino Assn of N.J.	27.96	155.98	155.97	1,758.10	59.44	32.64	9.65
Catskill's OTB	68.48	381.96	381.96	4,163.51	75.96	100.49	23.63
Charlestown	22.96	128.08	128.08	1,188.43	41.20	25.84	7.92
Charlottetown	.00	.00	.00	.00	.00	.00	.00
Chester	33.16	184.93	184.92	796.89	16.18	24.02	11.44
Churchill	.00	.00	.00	.00	.00	.00	.00
Clinton	.62	3.48	3.48	37.32	.02	.63	.22
Coeur D'Alene Acct	.00	.00	.00	.00	.00	.00	.00
Coeur D'Alene Casino	1.09	6.06	6.06	16.32	.91	.41	.37
Coeur D'Alene Greyhou	21.88	122.04	122.03	440.69	32.39	11.72	7.55
Colonial Downs	106.60	594.56	594.55	5,694.06	143.92	138.69	36.78
Columbus	10.20	56.90	56.89	431.31	13.49	10.13	3.52
Comtech Brazil	.06	.33	.33	1.75	.00	.06	.02
Connaught Park	.90	5.03	5.03	80.99	.90	1.11	.31
Connecticut OTB	187.94	1,048.21	1,048.20	3,108.47	151.25	97.46	64.84
Connecticut OTB Acct	28.02	156.30	156.29	475.58	18.56	15.84	9.67
Cypress Bayou	11.63	64.87	64.87	171.46	14.31	3.87	4.01
Dairyland	22.97	128.13	128.12	451.52	19.90	11.14	7.93
Darwin	.00	.00	.00	.00	.00	.00	.00
Delaware	28.60	159.50	159.50	1,529.38	37.15	37.36	9.87
Delta Downs	12.16	67.82	67.82	557.50	17.61	12.99	4.20
Divi Carina	5.52	30.78	30.78	143.88	5.77	3.75	1.90
Dover	4.41	24.57	24.57	227.49	2.96	4.93	1.52
Euro Offtrack	.00	.00	.00	.00	.00	.00	.00
Elite Turf	.00	.00	.00	.00	.00	.00	.00
Elite Turf 2	491.25	2,739.97	2,739.97	12,432.07	729.58	338.58	169.48
Elite Turf 3	430.16	2,399.20	2,399.19	10,933.28	271.40	302.26	148.40
Elite Turf 4	476.22	2,656.13	2,656.12	12,380.39	147.07	368.25	164.30
Elite Turf 5	180.51	1,006.78	1,006.78	4,280.88	281.93	116.98	62.28
Elite Turf 6	25.74	143.57	143.57	665.03	42.88	19.41	8.88
Elite Turf 7	.00	.00	.00	.00	.00	.00	.00
Elite Turf 8	.00	.00	.00	.00	.00	.00	.00
Ellis Park	.00	.00	.00	.00	.00	.00	.00
Elmira Raceway	.74	4.12	4.12	52.82	.05	.99	.26
Emerald Downs	227.82	1,270.69	1,270.69	10,964.51	326.54	252.55	78.60
Equus St Thomas	.00	.00	.00	.00	.00	.00	.00
European Simulco	.00	.00	.00	.00	.00	.00	.00
Evangeline Downs	33.85	188.82	188.81	1,591.48	36.89	40.24	11.68
Evansville OTB	87.15	486.09	486.09	2,457.44	77.74	65.63	30.07
Fair Chance	.00	.00	.00	.00	.00	.00	.00
Fair Meadows	31.71	176.84	176.84	1,278.45	39.36	33.14	10.94
Fairgrounds	154.36	860.96	860.95	7,102.55	202.16	167.52	53.26
Finger Lakes	4.45	24.83	24.82	181.16	3.08	4.86	1.54
Flamboro	12.66	70.59	70.59	811.76	14.91	12.44	4.37
Fonner	17.32	96.60	96.59	734.83	36.62	12.27	5.97
Fort Erie	9.93	55.37	55.37	629.57	12.16	8.64	3.42
Foxwoods	34.13	190.35	190.34	559.35	13.10	17.21	11.77
Frasier	22.42	125.08	125.07	1,410.08	21.17	25.04	7.74
Freehold	104.07	580.45	580.44	5,759.90	83.43	156.34	35.90
Georgian	.00	.00	.00	.00	.00	.00	.00

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fee	Breeders & Stallion
Gillespie County Fair	1.86	10.40	10.40	71.66	1.61	1.61	.64
Grand River Raceway	.00	.00	.00	.00	.00	.00	.00
Greentrack	11.80	65.80	65.80	220.10	2.17	8.77	4.07
Gulf Greyhound	25.42	141.78	141.77	999.30	25.17	23.96	8.77
Gulfstream	533.23	2,974.07	2,974.06	29,840.06	1,468.30	610.98	183.96
Hanover	.45	2.54	2.53	31.37	.15	.64	.16
Harrington	9.31	51.95	51.95	483.99	16.64	10.70	3.21
Hastings	22.80	127.17	127.16	1,513.86	29.25	27.97	7.87
Hawthorne	.00	.00	.00	.00	.00	.00	.00
Hazel Park	59.22	330.33	330.32	2,539.35	69.38	62.31	20.43
Hiawatha	.62	3.44	3.44	44.47	.53	1.00	.21
Hippodrome De Montre	54.36	303.18	303.18	4,749.61	26.87	59.86	18.75
Hippodrome De Quebe	3.30	18.39	18.39	283.18	2.47	3.36	1.14
Ho-Chunk Casino	2.68	14.96	14.95	40.79	1.38	1.03	.93
Hoosier Park	60.00	334.63	334.62	2,767.42	74.87	65.81	20.70
Horsemen's Park	67.06	374.00	374.00	2,846.04	83.04	67.52	23.13
Indiana Downs	7.78	43.41	43.41	272.47	11.11	5.68	2.69
John Martin's Manor	2.46	13.70	13.70	54.47	9.72	1.31	.85
Kawartha	1.65	9.23	9.22	115.57	2.60	2.02	.57
Keeneland	68.21	380.45	380.44	3,938.89	97.27	91.01	23.53
Kentucky OTB	74.66	416.42	416.42	4,406.01	111.02	109.80	25.76
Lebanon	23.37	130.32	130.32	1,076.37	28.91	25.47	8.06
Les Bois	30.24	168.65	168.65	623.18	17.37	17.64	10.43
Lewiston	8.90	49.61	49.61	195.52	6.27	4.55	3.07
Lien Games	5.28	29.44	29.44	95.63	2.03	3.65	1.82
Lincoln Greyhound	28.70	160.09	160.09	621.97	11.95	20.02	9.90
Lodge @ Belmont Acct	.00	.00	.00	.00	.00	.00	.00
Lodge @ Belmont	12.92	72.05	72.05	246.08	2.25	5.46	4.46
Lone Star Park	127.73	712.44	712.44	6,470.61	164.43	157.66	44.07
Louisiana Downs	82.58	460.59	460.58	3,721.21	122.99	81.28	28.49
MagnaBet	3.90	21.76	21.75	219.89	5.41	5.66	1.35
Manor Downs	28.54	159.18	159.18	1,097.44	77.17	24.26	9.85
Marquis	6.73	37.56	37.56	550.78	3.16	10.24	2.32
Maryland	187.23	1,044.28	1,044.27	9,955.07	244.06	238.48	64.59
Maywood	44.84	250.08	250.07	2,520.14	131.17	52.55	15.47
Meadowlands	245.77	1,370.77	1,370.77	12,715.53	336.96	275.75	84.79
The Meadows	84.97	473.94	473.94	4,677.48	71.79	125.10	29.32
Mesquaki	1.40	7.82	7.82	21.02	.00	.51	.48
Millers OTB	2.60	14.51	14.50	84.08	.81	2.69	.90
Mohegun	50.25	280.27	280.27	819.83	54.79	24.92	17.34
Monmouth	136.27	760.04	760.04	6,776.77	313.81	124.18	47.01
Montana	28.12	156.83	156.82	643.54	28.79	17.04	9.70
Monticello	3.23	18.00	17.99	129.49	3.12	3.35	1.11
Mountaineer Park	13.84	77.22	77.21	478.92	15.28	12.43	4.78
Mt. Pleasant Meadows	4.94	27.56	27.55	151.05	5.19	4.18	1.70
NY OTB	716.64	3,997.07	3,997.06	42,266.70	1,132.67	915.28	247.24
NYRA	78.30	436.72	436.71	5,054.78	122.95	105.22	27.01
NYRA Acct	52.93	295.20	295.20	2,859.14	133.62	63.61	18.26
Nassau OTB	144.01	803.22	803.21	8,615.53	229.48	196.77	49.68
Nevada	.00	.00	.00	1.57	20.62	.00	.00
New Mexico	35.97	200.60	200.59	1,562.44	106.59	29.27	12.41
Newport Jai Alai	5.39	30.06	30.06	91.55	1.26	3.08	1.86
N.D. Horse Park	.00	.00	.00	.00	.00	.00	.00
Northfield	49.97	278.73	278.72	2,221.49	73.96	46.01	17.24
Northlands	60.55	337.72	337.71	3,597.43	44.25	80.03	20.89
Northville	69.20	385.94	385.93	2,922.27	74.78	68.13	23.87
Oaklawn	54.74	305.31	305.30	2,490.06	77.22	56.33	18.88
Ocean Downs	3.26	18.16	18.16	178.89	2.84	4.79	1.12
Oneida Bingo	4.09	22.83	22.82	68.63	1.17	2.24	1.41
Ontario Teletheatre	7.86	43.81	43.81	517.63	6.38	8.29	2.71
Paragon Casino	.00	.00	.00	.00	.00	.00	.00
Penn Acct	25.19	140.50	140.49	722.91	42.54	17.95	8.69
Penn National	60.53	337.60	337.59	3,077.95	119.03	62.46	20.88
Philadelphia Park	188.79	1,052.98	1,052.97	9,741.52	222.02	209.19	65.13
Phumelela	.00	.00	.00	.00	.00	.00	.00
Picov	3.77	21.01	21.01	257.48	7.05	4.71	1.30
Pimlico	.00	.00	.00	.00	.00	.00	.00
Pinnacle	14.25	79.50	79.49	653.54	21.69	14.84	4.92
Plainridge	37.42	208.69	208.69	981.40	33.33	25.99	12.91
Plainridge Acct	5.65	31.50	31.50	121.92	6.08	2.65	1.95
Pocono	48.39	269.91	269.91	2,604.37	90.59	64.86	16.70
Pojoaque	33.13	184.81	184.81	597.47	.00	22.43	11.43

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fee	Breeders & Stallion
Portland Meadows	63.79	355.76	355.76	2,994.57	71.26	75.42	22.01
Potawatomi	37.11	207.00	207.00	640.13	21.67	22.06	12.80
Prairie Meadows	22.42	125.06	125.06	934.65	9.36	26.75	7.74
Presque Isle	18.22	101.61	101.60	441.73	11.21	13.58	6.28
Quinte	.00	.00	.00	.00	.00	.00	.00
RGS	1,133.00	6,319.28	6,319.28	30,349.39	650.99	984.82	390.88
Raceway Park	52.77	294.33	294.33	1,604.32	21.10	43.37	18.21
Racing World	.00	.00	.00	.00	.00	.00	.00
Remington Park	107.46	599.38	599.37	5,009.39	113.93	123.41	37.07
Retama Park	46.64	260.17	260.16	2,183.80	50.88	54.53	16.09
Rideau Carleton	8.53	47.59	47.58	628.06	6.47	11.35	2.94
Riders Up OTB	.49	2.72	2.72	8.28	.10	.29	.17
River Downs	27.21	151.76	151.76	1,205.51	43.84	24.62	9.39
Rockingham Park	33.15	184.91	184.90	1,747.95	38.28	40.69	11.44
Rocky Mtn Turf	28.96	161.55	161.54	1,704.65	22.27	36.65	9.99
Rosecroft	50.67	282.60	282.60	2,740.19	68.28	68.31	17.48
Royal Beach	.00	.00	.00	.00	.00	.00	.00
Royal Britania	.93	5.19	5.19	74.31	.27	1.60	.32
Royal River Racing	459.88	2,565.01	2,565.01	8,363.43	76.90	318.38	158.66
Royal Turf	.00	.00	.00	.00	.00	.00	.00
Ruidoso	6.81	38.00	37.99	306.73	5.75	8.73	2.35
Running Aces	8.23	45.91	45.90	337.28	7.18	9.22	2.84
Sam Houston	120.94	674.53	674.53	5,811.43	114.82	156.82	41.72
Sandown	.00	.00	.00	.00	.00	.00	.00
Saratoga	25.06	139.79	139.78	992.67	22.04	24.41	8.65
Scarborough Downs	5.70	31.82	31.81	193.68	7.24	4.75	1.97
Scioto	.00	.00	.00	.00	.00	.00	.00
Seabrook	47.36	264.18	264.17	997.32	30.74	29.96	16.34
Shoreline Greyhound	19.03	106.14	106.14	447.75	5.76	12.76	6.57
Skydancer Casino	.01	.08	.07	.24	.00	.01	.00
Sol Mutuel	.00	.00	.00	.00	.00	.00	.00
Southland Greyhound	20.93	116.74	116.74	460.96	10.28	15.40	7.22
Sports Center	13.76	76.76	76.75	253.40	2.49	9.90	4.75
Stables	3.77	21.04	21.03	63.06	.00	2.04	1.30
Stampede	3.81	21.28	21.27	227.35	3.59	5.06	1.32
State Fair	27.83	155.21	155.21	1,199.96	34.44	30.03	9.60
Sudbury Downs	9.43	52.59	52.59	687.25	3.53	15.26	3.25
Suffolk Dist OTB	128.23	715.22	715.22	7,868.44	126.02	195.94	44.24
Suffolk Downs	60.76	338.90	338.89	3,110.17	99.29	64.70	20.96
Suffolk Downs OTB	3.42	19.05	19.05	55.54	2.07	1.69	1.18
SunRay Park	11.28	62.93	62.92	529.38	12.90	13.33	3.89
Sunland	54.26	302.61	302.61	2,519.11	39.80	61.20	18.72
TBC Teletheatre	58.57	326.66	326.66	3,845.52	60.97	71.56	20.21
TRNI	.00	.00	.00	.00	.00	.00	.00
TVG Yonkers Acct	10.49	58.49	58.48	163.77	6.70	6.01	3.62
Tampa Bay Downs	126.84	707.42	707.42	7,520.67	142.64	189.98	43.76
Tauton Dog Acct	1.78	9.92	9.92	40.16	1.02	1.39	.61
Tauton Dog Track	45.44	253.42	253.41	999.86	29.52	33.28	15.68
The Racing Channel	.00	.00	.00	.00	.00	.00	.00
Thistledown	59.67	332.79	332.79	2,755.11	68.99	65.70	20.58
Tioga	.69	3.88	3.87	22.30	.35	.72	.24
Tote Investment	5.36	29.91	29.91	124.39	5.11	2.02	1.85
Tri-State Greyhound	14.23	79.37	79.36	310.85	6.71	10.20	4.91
Trois Rivieres	.51	2.83	2.83	45.51	.11	.62	.18
Truro	1.51	8.43	8.42	114.74	.29	2.57	.52
Turf Paradise	442.28	2,466.80	2,466.80	17,647.85	543.85	444.23	152.59
Turfway Park	50.32	280.66	280.65	2,908.71	92.52	67.12	17.36
Twin Spires	.00	.00	.00	.00	.00	.00	.00
U.S. Offtrack	.00	.00	.00	.00	.00	.00	.00
Valley Greyhound	4.96	27.67	27.67	205.29	4.85	5.78	1.71
Venezuela OTB	150.72	840.65	840.64	3,473.70	216.83	54.00	52.00
Vernon	28.29	157.80	157.79	879.27	3.99	25.34	9.76
Western Fair	3.43	19.16	19.15	238.86	1.07	4.95	1.19
Western OTB	64.25	358.35	358.35	3,911.48	72.29	94.94	22.17
Wheeling Downs	9.58	53.44	53.44	213.94	2.44	7.36	3.31
Wichita	.00	.00	.00	.00	.00	.00	.00
Will Rogers Downs	2.68	14.98	14.97	84.88	2.48	2.58	.93
Windsor	10.33	57.59	57.59	745.85	7.45	11.23	3.56
Wonderland	.00	.00	.00	.00	.00	.00	.00
Woodbine	548.65	3,060.08	3,060.08	35,839.84	420.68	654.22	189.28
Woodlands	.00	.00	.00	.00	.00	.00	.00
Wyoming	18.81	104.93	104.92	586.56	12.49	17.13	6.49

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fee	Breeders & Stallion
Yavapai	.00	.00	.00	.00	.00	.00	.00
Yonkers	46.05	256.82	256.82	1,103.08	26.18	32.89	15.89
YouBet	.00	.00	.00	.00	.00	.00	.00
YouBet III	140.21	782.04	782.03	2,281.49	36.07	89.78	48.37
Zia Park	5.17	28.85	28.84	206.26	11.46	3.84	1.78
Bet Pad Intl	.00	.00	.00	.00	.00	.00	.00
NJ Mobile	.16	.90	.89	5.13	.00	.17	.06
Totals	$12,320.10	$68,715.64	$68,714.74	$515,473.45	$13,986.66	$12,387.41	$4,250.46

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Sirs:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009, Race Day Number 31,for the intra-track races from Golden Gate Fields.

		Amount	%
State of California License Fees:			
License Fee	$2,489.25		
	5,190.08		
F&E Fund	.00		
Minus Pool	.00	$7,679.33	1.94%
Section 19610.3 Fee (.33%)			
State	.00		
City	1,303.88	1,303.88	.33%
Equine Research		395.12	.1%
Workers Comp Fee		1,232.43	.31%
Track Operator:			
Commissions	19,704.99		
Breakage	973.31		
Minus Pools	.00	20,678.30	5.23%
Horsemen			
Purses	19,205.33		
Breakage	973.32		
Minus Pools	.00	20,178.65	5.11%
Breeders Awards	2,133.65	2,133.65	.54%
Owners Premiums	276.58	276.58	.07%
Host Association Fee	.00	.00	%
Interstate Location Fee		.00	%
Satellite Wagering Fees:			
Guest Location	5,578.68		
Simulcast Operator:			
Expenses	9,877.99		
Promotion	1,580.48		
Stable & Vanning	4,938.99	21,976.14	5.56%
Amount Payable to Winning Ticket Holders		298,119.28	75.45%
Pay to Public/No. Ca. Adj.		21,146.14	5.35%
Total Handle		$395,119.50	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	On Track	Off Track	Total
State of California:			
State License fee	$2,751.03	$1,635.04	$4,386.07
State License fee- off track exotic		3,293.26	3,293.26
F&E Fund	.00	.00	.00
Breakage	.00	.00	.00
Minus Pools	.00	.00	.00
Section 19610.3 Fee (.33%)			
State	.00	.00	.00
City	490.72	813.16	1,303.88
Equine Research	148.70	246.42	395.12
Workers Comp Fee	409.12	823.31	1,232.43
Track Operator:			
Commission	8,345.02	2,491.67	10,836.69
Commission- off track exotic		8,868.30	8,868.30
Breakage	538.36	434.95	973.31
Minus Pools	.00	.00	.00
Horsemen			
Purses	8,017.87	2,434.42	10,452.29
Purses- off track exotic		8,753.04	8,753.04
Breakage	538.37	434.95	973.32
Minus Pools	.00	.00	.00
Breeders Awards	803.00	1,330.65	2,133.65
Owners Premiums	104.09	172.49	276.58
Host Association Fee	.00	.00	.00
Interstate Location Fee			
Satellite Wagering Fees:			
Guest Location	.00	5,578.68	5,578.68
Simulcast Operator:			
Expenses	3,717.61	6,160.39	9,877.99
Promotion	594.82	985.66	1,580.48
Stable & Vanning	1,858.80	3,080.19	4,938.99
Amount Payable to Winning Tic			298,119.28
Pay to Public/Northern Calif. Adj			21,146.14
Total Handle			$395,119.50

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 Fee
Barona	$2,015.00	$5,580.10	$7,595.10	$151.90	$25.06
Cabazon	1,637.20	3,782.10	5,419.30	108.39	17.88
Hollywood	29,870.20	41,989.40	71,859.60	1,437.19	237.14
Lake Perris	2,607.60	5,782.40	8,390.00	167.80	27.69
Lancaster	2,437.80	6,277.40	8,715.20	174.30	28.76
Los Alamitos	14,022.40	38,008.00	52,030.40	1,690.99	171.70
Pomona	6,508.00	14,494.70	21,002.70	420.05	69.31
San Bernardino	3,768.40	12,791.60	16,560.00	331.20	54.65
Santa Barbara	495.00	2,072.40	2,567.40	51.35	8.47
Santa Maria	1,038.00	3,214.80	4,252.80	85.06	14.03
Shalimar	1,440.00	2,938.20	4,378.20	87.56	14.45
Surfside	8,094.10	15,157.00	23,251.10	465.02	76.73
Ventura	4,322.80	7,683.20	12,006.00	240.12	39.62
Victorville	937.00	2,712.70	3,649.70	72.99	12.04
Viejas	2,559.00	2,178.80	4,737.80	94.76	15.63
	$81,752.50	$164,662.80	$246,415.30	$5,578.68	$813.16
Total Satellite Handle	$81,752.50	$164,662.80	$246,415.30		$813.16
Total Santa Anita Handle	66,881.00	81,823.20	148,704.20		490.72
Total California Handle	148,633.50	246,486.00	395,119.50		1,303.88
Total Interstate Handle	.00	.00	.00		
Total Gross Handle	$148,633.50	$246,486.00	$395,119.50		

Distribution of Day's Handle:

Win	$105,376.40	
Place	30,756.50	
Show	12,500.60	$148,633.50
Daily Double	12,432.00	
Daily Triples	19,225.00	
Pick 6	2,420.00	
Place Pick All	1,525.00	
Exacta	65,652.00	
Quinella	6,027.00	
Trifecta	107,451.00	
Superfecta/High 5	16,959.00	
Pick 4	14,795.00	246,486.00
		$395,119.50

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009, Race Day Number 31, for the out of state races from Aqueduct.

		Amount	%
State of California License Fees:			
License Fee 0.002%	$840.30		
License Fee	1,773.56		
F&E Fund	.00		
Minus Pools	.00	$2,613.86	1.96%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	440.17	440.17	.33%
Equine Research 0.001%		133.38	.1%
Track Operator:			
Commission	5,617.46		
Breakage	292.73		
Minus Pools	.00	5,910.19	4.43%
Horsemen			
Purses	5,470.33		
Breakage	292.73		
Minus Pools	.00	5,763.06	4.32%
Breeders Awards		720.26	.54%
Owners Premiums		93.37	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	2,582.11		
Simulcast Operation:			
Expenses 0.025%	3,334.53		
Promotions 0.004%	533.53		
Stable & Vanning 0.013%	1,667.27	8,117.44	6.09%
Host Association Fee 0.035%		4,668.34	3.5%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		104,921.13	78.66%
Carryover/Adjustment		.00	%
Total Handle		$133,381.20	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$663.08	2.00	$608.14	$1,271.22
State License Fee		.00	2.00	1,342.64	1,342.64
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		118.28		321.89	440.17
Equine Research	.10	35.84	.10	97.54	133.38
Satellite Wagering Fees:					
Guest Location	1.00	358.42	2.00	2,223.69	2,582.11
Simulcast Operation:					
Expenses	2.50	896.06	2.50	2,438.47	3,334.53
Promotions	.40	143.37	.40	390.16	533.53
Stable & Vanning Fund	1.25	448.03	1.25	1,219.24	1,667.27
Breeders Awards	.54	193.55	.54	526.71	720.26

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Barona	$948.00	$4,256.70	$5,204.70	$104.09	$17.18
Cabazon	837.00	1,410.80	2,247.80	44.96	7.42
Hollywood	8,542.00	16,051.20	24,593.20	491.86	81.16
Lake Perris	724.00	1,285.00	2,009.00	40.18	6.63
Lancaster	560.00	2,083.30	2,643.30	52.87	8.72
Los Alamitos	6,296.00	15,536.90	21,832.90	709.57	72.05
Pomona	1,209.00	3,710.90	4,919.90	98.40	16.24
San Bernardino	2,010.00	4,812.70	6,822.70	136.45	22.51
Santa Barbara	333.00	513.70	846.70	16.93	2.79
Santa Maria	320.00	408.50	728.50	14.57	2.40
Shalimar	470.00	1,195.70	1,665.70	33.31	5.50
Surfside	3,731.00	8,716.00	12,447.00	248.94	41.08
Ventura	2,341.00	4,316.30	6,657.30	133.15	21.97
Victorville	277.00	719.00	996.00	19.92	3.29
Viejas	1,809.00	2,115.20	3,924.20	78.48	12.95
	$30,407.00	$67,131.90	$97,538.90	$2,223.69	$321.89
Total Satellite Handle	$30,407.00	$67,131.90	$97,538.90		$321.89
Total Santa Anita handle	14,836.00	21,006.30	35,842.30		118.28
Total California handle	$45,243.00	$88,138.20	$133,381.20		$440.17

Distribution of Day's Handle:		
Win	$27,019.00	
Place	12,365.00	
Show	5,859.00	$45,243.00
Daily double	5,225.00	
Daily triples	8,506.00	
Pick 6	4,210.00	
Place Pick All	.00	
Exacta	25,006.00	
Quinella	171.00	
Trifecta	23,723.00	
Superfecta	16,160.20	
Pick 4	5,137.00	88,138.20
		$133,381.20

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009 , Race Day Number 31, for the out of state races from Gulfstream.

		Amount	%
State of California License Fees:			
License Fee 0.002%	$1,755.20		
License Fee	3,685.05		
F&E Fund	.00		
Minus Pools	.00	$5,440.25	1.95%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	919.38	919.38	.33%
Equine Research 0.001%		278.60	.1%
Track Operator:			
Commission	11,963.68		
Breakage	670.26		
Minus Pools	.00	12,633.94	4.53%
Horsemen			
Purses	11,636.84		
Breakage	670.26		
Minus Pools	.00	12,307.10	4.42%
Breeders Awards		1,504.46	.54%
Owners Premiums		195.02	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	5,239.85		
Simulcast Operation:			
Expenses 0.025%	6,965.09		
Promotions 0.004%	1,114.42		
Stable & Vanning 0.013%	3,482.54	16,801.90	6.03%
Host Association Fee 0.030%		8,358.11	3%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		220,164.74	79.02%
Carryover/Adjustment		.00	%
Total Handle		$278,603.50	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$1,625.77	2.00	$1,302.92	$2,928.69
State License Fee		.00	2.00	2,511.56	2,511.56
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		290.00		629.38	919.38
Equine Research	.10	87.88	.10	190.72	278.60
Satellite Wagering Fees:					
Guest Location	1.00	878.79	2.00	4,361.06	5,239.85
Simulcast Operation:					
Expenses	2.50	2,196.99	2.50	4,768.10	6,965.09
Promotions	.40	351.52	.40	762.90	1,114.42
Stable & Vanning Fund	1.25	1,098.49	1.25	2,384.05	3,482.54
Breeders Awards	.54	474.55	.54	1,029.91	1,504.46

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Barona	$1,666.00	$5,970.40	$7,636.40	$152.73	$25.20
Cabazon	1,692.00	2,282.10	3,974.10	79.48	13.11
Hollywood	18,642.00	30,820.00	49,462.00	989.24	163.22
Lake Perris	1,129.00	2,870.50	3,999.50	79.99	13.20
Lancaster	1,514.00	4,482.70	5,996.70	119.93	19.79
Los Alamitos	13,285.00	30,441.40	43,726.40	1,421.11	144.30
Pomona	4,195.00	10,674.80	14,869.80	297.40	49.07
San Bernardino	3,486.00	8,449.80	11,935.80	238.72	39.39
Santa Barbara	772.00	1,886.50	2,658.50	53.17	8.77
Santa Maria	491.00	1,374.00	1,865.00	37.30	6.15
Shalimar	708.00	3,138.70	3,846.70	76.93	12.69
Surfside	10,726.00	13,061.60	23,787.60	475.75	78.50
Ventura	3,901.00	6,148.20	10,049.20	200.98	33.16
Victorville	745.00	1,217.40	1,962.40	39.25	6.48
Viejas	2,194.00	2,760.00	4,954.00	99.08	16.35
	$65,146.00	$125,578.10	$190,724.10	$4,361.06	$629.38
Total Satellite Handle	$65,146.00	$125,578.10	$190,724.10		$629.38
Total Santa Anita handle	39,242.00	48,637.40	87,879.40		290.00
Total California handle	$104,388.00	$174,215.50	$278,603.50		$919.38

Distribution of Day's Handle:		
Win	$68,192.00	
Place	26,915.00	
Show	9,281.00	$104,388.00
Daily double	9,319.00	
Daily triples	15,698.00	
Pick 6	896.00	
Place Pick All	.00	
Exacta	48,120.00	
Quinella	.00	
Trifecta	44,878.00	
Superfecta	46,202.00	
Pick 4	9,102.50	174,215.50
		$278,603.50

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009 , Race Day Number 31, for the out of state races from the Fairgrounds.

		Amount	%
State of California License Fees:			
License Fee 0.002%	$1,194.23		
License Fee	2,513.29		
F&E Fund	.00		
Minus Pools	.00	$3,707.52	1.96%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	625.54	625.54	.33%
Equine Research 0.001%		189.56	.1%
Track Operator:			
Commission	8,933.34		
Breakage	618.66		
Minus Pools	.00	9,552.00	5.04%
Horsemen			
Purses	8,716.97		
Breakage	618.66		
Minus Pools	.00	9,335.63	4.92%
Breeders Awards		1,023.62	.54%
Owners Premiums		132.69	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	3,607.47		
Simulcast Operation:			
Expenses 0.025%	4,739.00		
Promotions 0.004%	758.24		
Stable & Vanning 0.013%	2,369.51	11,474.22	6.05%
Host Association Fee 0.025%		4,739.01	2.5%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		148,780.40	78.49%
Carryover/Adjustment		.00	%
Total Handle		$189,560.20	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$1,032.07	2.00	$978.64	$2,010.71
State License Fee		.00	2.00	1,696.81	1,696.81
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		184.10		441.44	625.54
Equine Research	.10	55.79	.10	133.77	189.56
Satellite Wagering Fees:					
Guest Location	1.00	557.88	2.00	3,049.59	3,607.47
Simulcast Operation:					
Expenses	2.50	1,394.69	2.50	3,344.31	4,739.00
Promotions	.40	223.15	.40	535.09	758.24
Stable & Vanning Fund	1.25	697.35	1.25	1,672.16	2,369.51
Breeders Awards	.54	301.25	.54	722.37	1,023.62

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Barona	$1,140.00	$4,055.50	$5,195.50	$103.91	$17.15
Cabazon	1,127.00	1,359.00	2,486.00	49.72	8.20
Hollywood	12,050.00	19,099.70	31,149.70	622.99	102.79
Lake Perris	987.00	2,524.70	3,511.70	70.23	11.59
Lancaster	1,669.00	3,893.80	5,562.80	111.26	18.36
Los Alamitos	10,767.00	19,164.10	29,931.10	972.76	98.77
Pomona	3,913.00	7,483.30	11,396.30	227.93	37.61
San Bernardino	2,458.00	4,769.60	7,227.60	144.55	23.85
Santa Barbara	700.00	1,322.50	2,022.50	40.45	6.67
Santa Maria	660.00	926.10	1,586.10	31.72	5.23
Shalimar	1,013.00	2,390.40	3,403.40	68.07	11.23
Surfside	7,348.00	9,730.10	17,078.10	341.56	56.36
Ventura	3,076.00	4,729.50	7,805.50	156.11	25.76
Victorville	670.00	1,194.60	1,864.60	37.29	6.15
Viejas	1,354.00	2,197.60	3,551.60	71.03	11.72
	$48,932.00	$84,840.50	$133,772.50	$3,049.59	$441.44
Total Satellite Handle	$48,932.00	$84,840.50	$133,772.50		$441.44
Total Santa Anita handle	27,930.00	27,857.70	55,787.70		184.10
Total California handle	$76,862.00	$112,698.20	$189,560.20		$625.54

Distribution of Day's Handle:		
Win	$47,668.00	
Place	20,371.00	
Show	8,823.00	$76,862.00
Daily double	1,373.00	
Daily triples	8,473.00	
Pick 6	290.00	
Place Pick All	.00	
Exacta	36,373.00	
Quinella	.00	
Trifecta	36,917.00	
Superfecta	23,021.70	
Pick 4	6,250.50	112,698.20
		$189,560.20

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009, Race Day Number 31, for the out of state races from Laurel/South America.

		Amount	%
State of California License Fees:			
License Fee 0.002%	$426.91		
License Fee	908.69		
F&E Fund	.00		
Minus Pools	.00	$1,335.60	1.97%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	223.61	223.61	.33%
Equine Research 0.001%		67.77	.1%
Track Operator:			
Commission	3,499.11		
Breakage	101.57		
Minus Pools	.00	3,600.68	5.31%
Horsemen			
Purses	3,432.02		
Breakage	101.58		
Minus Pools	.00	3,533.60	5.21%
Breeders Awards		365.92	.54%
Owners Premiums		47.43	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	1,354.23		
Simulcast Operation:			
Expenses 0.025%	1,694.08		
Promotions 0.004%	271.05		
Stable & Vanning 0.013%	847.04	4,166.40	6.15%
Host Association Fee 0.025%		1,694.08	2.5%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		52,727.91	77.81%
Carryover/Adjustment		.00	%
Total Handle		$67,763.00	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$242.50	2.00	$339.32	$581.82
State License Fee		.00	2.00	753.78	753.78
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		43.26		180.35	223.61
Equine Research	.10	13.11	.10	54.66	67.77
Satellite Wagering Fees:					
Guest Location	1.00	131.08	2.00	1,223.15	1,354.23
Simulcast Operation:					
Expenses	2.50	327.70	2.50	1,366.38	1,694.08
Promotions	.40	52.43	.40	218.62	271.05
Stable & Vanning Fund	1.25	163.85	1.25	683.19	847.04
Breeders Awards	.54	70.78	.54	295.14	365.92

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Barona	$294.00	$570.00	$864.00	$17.28	$2.85
Cabazon	34.00	193.00	227.00	4.54	.75
Hollywood	4,854.00	11,322.00	16,176.00	323.52	53.38
Lake Perris	262.00	693.00	955.00	19.10	3.15
Lancaster	635.00	1,798.00	2,433.00	48.66	8.03
Los Alamitos	2,435.00	7,969.00	10,404.00	338.13	34.33
Pomona	2,555.00	4,454.00	7,009.00	140.18	23.13
San Bernardino	1,812.00	2,800.00	4,612.00	92.24	15.22
Santa Barbara	197.00	565.00	762.00	15.24	2.51
Santa Maria	211.00	581.00	792.00	15.84	2.61
Shalimar	160.00	601.00	761.00	15.22	2.51
Surfside	943.00	2,871.00	3,814.00	76.28	12.59
Ventura	1,615.00	2,175.00	3,790.00	75.80	12.51
Victorville	510.00	663.00	1,173.00	23.46	3.87
Viejas	449.00	434.00	883.00	17.66	2.91
	$16,966.00	$37,689.00	$54,655.00	$1,223.15	$180.35
Total Satellite Handle	$16,966.00	$37,689.00	$54,655.00		$180.35
Total Santa Anita handle	4,628.00	8,480.00	13,108.00		43.26
Total California handle	$21,594.00	$46,169.00	$67,763.00		$223.61

Distribution of Day's Handle:		
Win	$13,238.00	
Place	5,994.00	
Show	2,362.00	$21,594.00
Daily double	.00	
Daily triples	.00	
Pick 6	.00	
Place Pick All	.00	
Exacta	19,862.00	
Quinella	.00	
Trifecta	19,399.00	
Superfecta	6,908.00	
Pick 4	.00	46,169.00
		$67,763.00

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009 , Race Day Number 31, for the out of state races from Oaklawn.

		Amount	%
State of California License Fees:			
License Fee 0.002%	$978.13		
License Fee	2,063.68		
F&E Fund	.00		
Minus Pools	.00	$3,041.81	1.96%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	512.36	512.36	.33%
Equine Research 0.001%		155.26	.1%
Track Operator:			
Commission	6,477.81		
Breakage	744.88		
Minus Pools	.00	7,222.69	4.65%
Horsemen			
Purses	6,305.77		
Breakage	744.88		
Minus Pools	.00	7,050.65	4.54%
Breeders Awards		838.40	.54%
Owners Premiums		108.68	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	3,038.80		
Simulcast Operation:			
Expenses 0.025%	3,881.45		
Promotions 0.004%	621.04		
Stable & Vanning 0.013%	1,940.73	9,482.02	6.11%
Host Association Fee 0.020%		3,105.16	2%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		123,741.16	79.7%
Carryover/Adjustment		.00	%
Total Handle		$155,258.20	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$781.38	2.00	$858.62	$1,640.00
State License Fee		.00	2.00	1,401.81	1,401.81
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		139.38		372.98	512.36
Equine Research	.10	42.24	.10	113.02	155.26
Satellite Wagering Fees:					
Guest Location	1.00	422.37	2.00	2,616.43	3,038.80
Simulcast Operation:					
Expenses	2.50	1,055.92	2.50	2,825.53	3,881.45
Promotions	.40	168.95	.40	452.09	621.04
Stable & Vanning Fund	1.25	527.96	1.25	1,412.77	1,940.73
Breeders Awards	.54	228.08	.54	610.32	838.40

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Barona	$1,624.00	$3,055.00	$4,679.00	$93.58	$15.44
Cabazon	1,958.00	2,140.90	4,098.90	81.98	13.53
Hollywood	9,777.00	14,849.80	24,626.80	492.54	81.27
Lake Perris	556.00	1,807.20	2,363.20	47.26	7.80
Lancaster	1,126.00	3,211.90	4,337.90	86.76	14.32
Los Alamitos	10,353.00	18,127.70	28,480.70	925.62	93.99
Pomona	3,658.00	7,477.10	11,135.10	222.70	36.75
San Bernardino	3,311.00	4,964.40	8,275.40	165.51	27.31
Santa Barbara	428.00	1,056.90	1,484.90	29.70	4.90
Santa Maria	982.00	1,237.30	2,219.30	44.39	7.32
Shalimar	463.00	1,044.30	1,507.30	30.15	4.97
Surfside	4,790.00	5,893.40	10,683.40	213.67	35.26
Ventura	2,269.00	3,140.80	5,409.80	108.20	17.85
Victorville	570.00	809.00	1,379.00	27.58	4.55
Viejas	1,066.00	1,274.60	2,340.60	46.81	7.72
	$42,931.00	$70,090.30	$113,021.30	$2,616.43	$372.98
Total Satellite Handle	$42,931.00	$70,090.30	$113,021.30		$372.98
Total Santa Anita handle	21,492.00	20,744.90	42,236.90		139.38
Total California handle	$64,423.00	$90,835.20	$155,258.20		$512.36

Distribution of Day's Handle:		
Win	$41,004.00	
Place	16,554.00	
Show	6,865.00	$64,423.00
Daily double	1,970.00	
Daily triples	1,949.00	
Pick 6	100.00	
Place Pick All	.00	
Exacta	32,357.00	
Quinella	.00	
Trifecta	42,582.50	
Superfecta	11,070.70	
Pick 4	806.00	90,835.20
		$155,258.20

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Los Angeles Turf Club for Thursday, February 5, 2009 , Race Day Number 31, for the out of state races from Dubai.

		Amount	%
State of California License Fees:			
License Fee 0.002%	$1.13		
License Fee	2.38		
F&E Fund	.00		
Minus Pools	.00	$3.51	1.95%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	.60	.60	.33%
Equine Research 0.001%		.18	.1%
Track Operator:			
Commission	9.70		
Breakage	.01		
Minus Pools	.00	9.71	5.39%
Horsemen			
Purses	9.48		
Breakage	.01		
Minus Pools	.00	9.49	5.27%
Breeders Awards		.97	.54%
Owners Premiums		.13	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	3.83		
Simulcast Operation:			
Expenses 0.025%	4.51		
Promotions 0.004%	.72		
Stable & Vanning 0.013%	2.25	11.31	6.28%
Host Association Fee 0.025%		4.50	2.5%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		139.60	77.56%
Carryover/Adjustment		.00	%
Total Handle		$180.00	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$1.17	2.00	$.70	$1.87
State License Fee		.00	2.00	1.64	1.64
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		.21		.39	.60
Equine Research	.10	.06	.10	.12	.18
Satellite Wagering Fees:					
Guest Location	1.00	.63	2.00	3.20	3.83
Simulcast Operation:					
Expenses	2.50	1.58	2.50	2.93	4.51
Promotions	.40	.25	.40	.47	.72
Stable & Vanning Fund	1.25	.79	1.25	1.46	2.25
Breeders Awards	.54	.34	.54	.63	.97

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Barona	$.00	$11.00	$11.00	$.22	$.04
Cabazon	.00	.00	.00	.00	.00
Hollywood	12.00	12.00	24.00	.48	.08
Lake Perris	.00	2.00	2.00	.04	.01
Lancaster	.00	.00	.00	.00	.00
Los Alamitos	17.00	52.00	69.00	2.24	.23
Pomona	.00	.00	.00	.00	.00
San Bernardino	.00	4.00	4.00	.08	.01
Santa Barbara	.00	.00	.00	.00	.00
Santa Maria	.00	.00	.00	.00	.00
Shalimar	.00	.00	.00	.00	.00
Surfside	.00	1.00	1.00	.02	.00
Ventura	.00	.00	.00	.00	.00
Victorville	.00	.00	.00	.00	.00
Viejas	6.00	.00	6.00	.12	.02
	$35.00	$82.00	$117.00	$3.20	$.39
Total Satellite Handle	$35.00	$82.00	$117.00		$.39
Total Santa Anita handle	31.00	32.00	63.00		.21
Total California handle	$66.00	$114.00	$180.00		$.60

Distribution of Day's Handle:		
Win	$43.00	
Place	23.00	
Show	.00	$66.00
Daily double	.00	
Daily triples	.00	
Pick 6	.00	
Place Pick All	.00	
Exacta	46.00	
Quinella	.00	
Trifecta	59.00	
Superfecta	9.00	
Pick 4	.00	114.00
		$180.00

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Pacific Racing Association for Sunday, February 15, 2009 , Race Day Number 34.

		Amount	%
State of California License Fees:			
License fee	$3,341.94		
	7,219.79		
F&E fund	.00		
Breakage	.00		
Minus pools	.00	$10,561.73	.47%
Section 19610.3 Fee (.33%)			
State	.00		
Cities	1,750.55	1,750.55	.08%
Equine Research		530.47	.02%
Workers Comp Fee		7,416.53	.33%
Track Operator:			
Commission	61,620.01		
Exotic wagering fee	2,099.39		
Breakage	723.16		
Minus pools	.00	64,442.56	2.87%
Horsemen:			
Purses	58,603.76		
Exotic wagering fee	2,099.39		
Breakage	2,063.59		
Minus pools	.00	62,766.74	2.8%
Awards and Premiums:			
Breeder/Stallion awards	4,560.25		
Owner's premiums	371.32	4,931.57	.22%
Satellite Wagering Fees:			
Guest location	5,403.20		
Simulcast operator:			
Expenses	6,754.00		
Promotion	1,080.64		
Stable & vanning	3,241.92	16,479.76	.74%
Interstate Location Fee		268,535.96	11.98%
Amount Payable to Winning Ticket Holders		1,792,342.82	79.96%
Pick6/High 5 Carryover		11,917.21	.53%
Pay to Public/No Cal Adj		.00	%
Gross Amount of Handle		$2,241,675.90	100%
Gross Handle of Meeting		$111,237,402.42	
Average Daily Handle		$3,271,688.31	
Daily Attendance 3,332 (Golden Gate) 3,191 (I.T.W.) with 9 Races		6,523	

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	Interstate	On Track	Off Track	Total
State of California:				
State license fee	$4,915.14	$2,134.51	$1,118.95	$8,168.60
State license fee - off track exotic			2,393.13	2,393.13
Exotic wagering		.00	.00	.00
Breakage		.00	.00	.00
Minus pools		.00	.00	.00
Section 19610.3 Fee				
State		.00	.00	.00
City		859.01	891.54	1,750.55
Equine Research		260.31	270.16	530.47
Workers Comp Fee	5,796.30	699.80	920.44	7,416.53
Track Operator:				
Commission	27,414.39	20,299.45	3,163.18	50,877.02
Commission - off track exotic			10,742.99	10,742.99
Exotic wagering fee		2,099.39	.00	2,099.39
Breakage		459.02	264.14	723.16
Minus pools		.00	.00	.00
Horsemen:				
Purses	27,413.73	17,472.97	3,102.93	47,989.63
Purses - off track exotic			10,614.12	10,614.12
Exotic wagering fee		2,099.39	.00	2,099.39
Breakage		1,309.84	753.75	2,063.59
Minus pools		.00	.00	.00
Awards and Premiums:				
Breeder/Stallion awards	1,695.74	1,405.65	1,458.86	4,560.25
Owner's premiums		182.21	189.11	371.32
Satellite Wagering Fees:				
Guest location fee			5,403.20	5,403.20
Simulcast operator:				
Expenses			6,754.00	6,754.00
Promotion			1,080.64	1,080.64
Stable & vanning			3,241.92	3,241.92
Interstate Location Fee	261,594.91			261,594.91
Interstate Breakage Fee	6,941.05			6,941.05
Interstate Minus Pool	.00			.00
Pick 6/High 5 Carryover				11,917.21
Pay to Public/No Cal Adj				.00
Payable to Public				1,792,342.82
Total Handle				$2,241,675.90

Satellite Handle	Daily Attendance	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 Fee
Anderson		$.00	$.00	$.00	$.00	$.00
Bakersfield	90	2,242.00	3,861.80	6,103.80	122.08	20.14
Bay Meadows		.00	.00	.00	.00	.00
Eureka	19	369.00	1,669.40	2,038.40	40.77	6.73
Fresno	88	2,268.80	3,970.40	6,239.20	124.78	20.59
Fresno Club One	22	1,097.00	2,139.90	3,236.90	64.74	10.68
Lakeport		.00	.00	.00	.00	.00
Merced		.00	.00	.00	.00	.00
Monterey	102	2,439.00	5,323.90	7,762.90	155.26	25.62
Pleasanton	460	13,189.10	29,195.00	42,384.10	847.68	139.87
Sacramento	348	8,389.10	15,927.50	24,316.60	486.33	80.24
San Jose	450	10,726.20	21,714.90	32,441.10	648.82	107.06
San Mateo	781	22,625.50	59,609.50	82,235.00	1,644.70	271.38
Santa Rosa	210	4,713.00	8,821.10	13,534.10	270.68	44.66
Stockton	257	7,591.00	11,562.80	19,153.80	383.08	63.21
Tulare	62	2,022.00	2,398.00	4,420.00	88.40	14.59
Turlock	112	3,772.00	5,652.90	9,424.90	188.50	31.10
Vallejo	190	4,629.30	12,240.00	16,869.30	337.39	55.67
Yuba City		.00	.00	.00	.00	.00
	3,191	$86,073.00	$184,087.10	$270,160.10	$5,403.20	$891.54
Total Satellite Handle		$86,073.00	$184,087.10	$270,160.10		$891.54
Total Golden Gate handle		120,347.10	139,959.10	260,306.20		859.01
Total California handle		206,420.10	324,046.20	530,466.30		1,750.55
Total Interstate Handle		551,949.60	1,159,260.00	1,711,209.60		
Total Gross Handle		$758,369.70	$1,483,306.20	$2,241,675.90		
Santa Anita Park for 9 Races		$805,136.10				

Interstate Locations:

	Conventional Handle	Exotic Handle	Total Handle
AmWest Acct.	$.00	$.00	$.00
Arapahoe	6,237.00	17,950.70	24,187.70
Arima	.00	.00	.00
Arlington	26,446.00	48,791.20	75,237.20
Assiniboia	980.80	1,830.40	2,811.20
Atlantic City	518.00	964.30	1,482.30
Atlantis Resort	.00	.00	.00
Atokad	115.00	632.60	747.60
Balmoral	3,735.00	7,726.80	11,461.80
Barrie Park	.00	.00	.00
BetAmerica	153.00	169.00	322.00
Bet Pad Ltd.	252.00	369.20	621.20
Beulah Park	3,646.00	3,991.70	7,637.70
Birmingham	1,080.00	3,845.60	4,925.60
Blue Ribbon Downs	420.00	593.50	1,013.50
Bluffs Run	1,644.00	2,827.50	4,471.50
Buffalo	.00	.00	.00
Calder	.00	.00	.00
Canterbury Downs	2,074.00	5,507.40	7,581.40
Capital Dist OTB	3,881.00	7,537.20	11,418.20
Casino Assn of N.J.	4,108.00	9,683.00	13,791.00
Catskill's OTB	837.00	3,131.40	3,968.40
Charlestown	2,054.00	3,303.30	5,357.30
Chester	432.00	1,643.40	2,075.40
Choctaw	.00	.00	.00
Churchill	.00	.00	.00
Clinton	.00	.00	.00
Coeur D'Alene Acct	.00	.00	.00
Coeur D'Alene Casino	202.00	180.00	382.00
Coeur D'Alene Greyhound	586.00	1,784.30	2,370.30

	Conventional Handle	Exotic Handle	Total Handle
Colonial Downs	4,639.00	13,879.20	18,518.20
Columbus	.00	.00	.00
ComTech Brazil	.00	.00	.00
Connaught	232.80	244.80	477.60
Connecticut OTB	2,709.00	4,955.70	7,664.70
Connecticut OTB Acct	270.00	451.50	721.50
Cypress Bayou	122.00	341.80	463.80
Dairyland	953.00	2,583.90	3,536.90
Delaware	2,413.00	4,810.80	7,223.80
Delta Downs	633.00	1,313.20	1,946.20
Dover	273.00	1,297.90	1,570.90
Elite Turf Club	.00	.00	.00
Elite Turf Club 2	11,796.00	39,107.00	50,903.00
Elite Turf Club 3	6,782.00	23,680.00	30,462.00
Elite Turf Club 4	14,097.00	39,711.00	53,808.00
Elite Turf Club 5	2,636.00	11,255.40	13,891.40
Elite Turf Club 6	1,196.00	10,676.00	11,872.00
Elite Turf Club 7	4,826.00	20,928.00	25,754.00
Elite Turf Club 8	.00	.00	.00
Ellis Park	.00	.00	.00
Emerald Downs	26,419.00	40,860.20	67,279.20
European Simulco	.00	.00	.00
Evangeline Downs	2,735.00	4,123.50	6,858.50
Evansville OTB	3,600.00	3,884.80	7,484.80
Evergreen	.00	.00	.00
Fair Meadows	918.00	3,146.70	4,064.70
Fairgrounds	8,959.00	10,781.10	19,740.10
Finger Lakes	.00	.00	.00
Fire Lakes	.00	.00	.00
Flamboro	.00	.00	.00
Fonner	1,181.00	2,273.00	3,454.00
Fort Erie	779.20	1,063.20	1,842.40
Foxwoods	1,406.00	1,654.00	3,060.00
Frasier	2,688.80	2,893.60	5,582.40
Freehold	3,144.00	6,210.90	9,354.90
Georgian	.00	.00	.00
Gillespie	538.00	1,060.20	1,598.20
Grand River Raceway	.00	.00	.00
Greentrack	177.00	1,102.70	1,279.70
Gulf Greyhound	350.00	3,058.60	3,408.60
Gulfstream Park	22,675.00	41,769.30	64,444.30
Harrington	507.00	793.10	1,300.10
Hastings	5,918.40	15,200.00	21,118.40
Hawthorne	.00	.00	.00
Hazel Park	2,422.00	5,004.80	7,426.80
Hiawatha	.00	.00	.00
Hippodrome De Montreal	2,449.60	5,151.20	7,600.80
Hippodrome De Quebec	.00	.00	.00
Ho-Chunk	.00	.00	.00
Hoosier Park	3,874.00	5,372.70	9,246.70
Horsemen's Park	3,839.00	4,411.20	8,250.20
Indiana Downs	206.00	721.30	927.30
John Martin's Manor	.00	.00	.00
Kawartha	.00	.00	.00
Keeneland	.00	.00	.00
Kentucky OTB	11,778.00	20,017.40	31,795.40
Lebanon	907.00	2,010.50	2,917.50
Les Bois	622.00	1,857.40	2,479.40
Lewiston	370.00	816.00	1,186.00
Lien Games	.00	2.60	2.60
Lincoln Greyhound	675.00	1,422.20	2,097.20
Lodge @ Belmont Acct	.00	.00	.00
Lodge @ Belmont	201.00	50.00	251.00
Lone Star	7,983.00	26,531.90	34,514.90
Louisiana Downs	4,405.00	8,066.40	12,471.40
MagnaBet	228.00	753.00	981.00
Manor Downs	497.00	2,031.80	2,528.80
Marquis Downs	.00	.00	.00
Maryland	10,444.00	22,991.10	33,435.10
Maywood	.00	.00	.00
Meadowlands	7,822.00	20,841.90	28,663.90
The Meadows	1,315.00	16,482.90	17,797.90

	Conventional Handle	Exotic Handle	Total Handle
Mesquaki	50.00	240.00	290.00
Millers OTB	191.00	912.60	1,103.60
Mohegun Sun	902.00	2,126.50	3,028.50
Monmouth	6,240.00	10,853.90	17,093.90
Montana	.00	.00	.00
Monticello	.00	.00	.00
Mountaineer Park	546.00	864.00	1,410.00
Mt. Pleasant Meadows	.00	.00	.00
NJ Internet	1,740.00	3,322.80	5,062.80
NY OTB	25,371.00	53,955.00	79,326.00
NYRA	5,203.00	8,741.70	13,944.70
NYRA Acct	1,689.00	1,705.70	3,394.70
Nassau OTB	9,192.00	10,601.20	19,793.20
Nevada	61,205.40	64,823.80	126,029.20
New Mexico	2,268.00	4,325.90	6,593.90
Newport Jai Alai	.00	.00	.00
N.D. Horse Park	.00	.00	.00
Northfield	1,734.00	6,040.50	7,774.50
Northlands	1,053.60	2,256.00	3,309.60
Northville	1,304.00	3,963.70	5,267.70
Oaklawn	6,812.00	7,424.80	14,236.80
Ocean Downs	307.00	1,000.70	1,307.70
Oneida Bingo	.00	.00	.00
Paragon Resort	.00	.00	.00
Penn National Acct	369.00	448.20	817.20
Penn National	6,292.00	14,647.30	20,939.30
Philadelphia Park	10,636.00	20,209.10	30,845.10
Picov Downs	297.60	392.80	690.40
Pinnacle	1,993.00	1,824.60	3,817.60
Plainfield Greyhound	.00	.00	.00
Plainridge	1,408.00	3,168.60	4,576.60
Plainridge Acct	116.00	174.80	290.80
Pocono	3,191.00	8,396.30	11,587.30
Pojoaque	1,033.00	1,825.20	2,858.20
Portland Meadows	4,952.00	16,378.70	21,330.70
Potawatomi	654.00	2,395.60	3,049.60
Prairie Meadows	269.00	740.30	1,009.30
Presque Island	298.00	1,153.60	1,451.60
RGS	10,021.00	76,942.20	86,963.20
Raceway Park	857.00	2,735.90	3,592.90
Racing World	.00	.00	.00
Red River Casino	.00	.00	.00
Remington Park	2,745.00	6,217.80	8,962.80
Retama Park	2,916.00	6,793.50	9,709.50
Rideau Carleton	.00	.00	.00
Riders Up OTB	.00	.00	.00
River Downs	2,028.00	3,584.20	5,612.20
Rockingham Park	2,273.00	4,457.20	6,730.20
Rosecroft	1,906.00	6,131.40	8,037.40
Royal Beach	.00	.00	.00
Royal Britania	.00	.00	.00
Royal River Racing	2,580.00	5,323.00	7,903.00
Ruidoso	362.00	981.00	1,343.00
Sam Houston	6,045.00	15,377.70	21,422.70
Running Aces	335.00	1,126.20	1,461.20
Sandown	.00	.00	.00
Saratoga	287.00	883.00	1,170.00
Scarborough Downs	342.00	889.40	1,231.40
Scioto Downs	.00	.00	.00
Seabrook	703.00	5,262.60	5,965.60
Shoreline	525.00	1,559.80	2,084.80
Sol Mutuel	.00	.00	.00
Southland Greyhound	1,008.00	2,237.40	3,245.40
Sports Center	70.00	662.30	732.30
Sports Creek	356.00	2,288.60	2,644.60
Stables	135.00	783.00	918.00
Stampede	3,336.00	6,076.80	9,412.80
State Fair	2,297.00	3,647.00	5,944.00
Sudbury Downs	.00	.00	.00
Suffolk Dist OTB	5,853.00	7,582.60	13,435.60
Suffolk Downs	4,036.00	8,783.90	12,819.90
Suffolk Downs OTB	216.00	218.40	434.40

	Conventional Handle	Exotic Handle	Total Handle
Sunray Park	281.00	813.60	1,094.60
Sunland	2,166.00	5,647.30	7,813.30
TBC Teletheatre	6,730.40	17,480.00	24,210.40
TRNI	.00	.00	.00
TVG Yonkers Acct	.00	.00	.00
Tampa Bay Downs	2,247.00	6,100.90	8,347.90
Tauton Dog Acct	.00	.00	.00
Tauton Dog Track	1,260.00	3,723.00	4,983.00
The Racing Channel	.00	.00	.00
Thistledown	4,158.00	7,383.10	11,541.10
Time Out Lounge	.00	.00	.00
Tioga Downs	.00	.00	.00
Tote Investment	.00	.00	.00
Tri-State Greyhound	.00	.00	.00
Trois Riviere	.00	.00	.00
Truro	.00	.00	.00
Turf Paradise	19,915.00	46,754.00	66,669.00
Twin Spires	.00	.00	.00
Turfway Park	.00	.00	.00
ValleyGreyhound	.00	.00	.00
Venezuela	2,672.00	1,279.80	3,951.80
Vernon	245.00	254.20	499.20
Western Fair	.00	.00	.00
Western OTB	1,360.00	5,169.50	6,529.50
Wheeling Downs	294.00	443.00	737.00
Will Rogers Downs	30.00	132.40	162.40
Windsor	.00	.00	.00
Winners OTB	.00	.00	.00
Wonderland	.00	.00	.00
Woodbine	40,632.00	44,875.20	85,507.20
Wyoming	488.00	1,462.30	1,950.30
Yavapai Downs	.00	.00	.00
Yonkers	1,859.00	2,749.00	4,608.00
YouBet	.00	.00	.00
YouBet III	1,285.00	3,597.90	4,882.90
Zia Park	767.00	714.90	1,481.90
Rocky Mountain Turf Club	2,000.00	3,111.20	5,111.20
	$551,949.60	$1,159,260.00	$1,711,209.60

Distribution of Day's Handle:

Win	$493,918.00	
Place	178,714.50	
Show	85,737.20	$758,369.70
Daily Double	43,250.20	
Daily Triples	65,688.00	
Pick 6	3,766.00	
Place Pick All	2,468.20	
Exacta	525,890.60	
Quinella	37,924.40	
Trifecta	484,072.20	
Superfecta	271,857.40	
Pick 4	48,389.20	1,483,306.20
		$2,241,675.90

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fees	Breeders & Stallion
AmWest Acct.	$.00	$.00	$.00	$.00	$.00	$.00	$.00
Arapahoe	67.73	377.74	377.73	3,739.76	76.99	89.75	23.37
Arima	.00	.00	.00	.00	.00	.00	.00
Arlington	180.57	1,007.13	1,007.12	11,668.82	354.28	243.96	62.30
Assiniboia	6.75	37.63	37.62	596.48	6.04	9.15	2.33
Atlantic City	3.56	19.84	19.84	229.83	2.75	4.82	1.23
Atlantis Resort	.00	.00	.00	.00	.00	.00	.00
Atokad	2.09	11.68	11.68	119.08	2.46	3.16	.72

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fees	Breeders & Stallion
Balmoral	27.51	153.43	153.42	1,791.67	52.53	38.63	9.49
Barrie Park	.00	.00	.00	.00	.00	.00	.00
BetAmerica	1.93	10.78	10.78	33.58	2.66	.84	.67
Bet Pad Ltd.	3.73	20.79	20.78	67.43	4.48	1.85	1.29
Beulah Park	18.33	102.24	102.24	1,138.67	31.68	19.96	6.32
Birmingham	26.60	148.35	148.35	609.94	16.57	19.23	9.18
Blue Ribbon Downs	3.85	21.48	21.48	136.26	5.77	2.97	1.33
Bluffs Run	24.15	134.68	134.67	522.54	28.58	14.14	8.33
Buffalo	.00	.00	.00	.00	.00	.00	.00
Calder	.00	.00	.00	.00	.00	.00	.00
Canterbury Downs	21.23	118.40	118.40	1,165.69	16.63	27.54	7.32
Capital Dist OTB	27.40	152.85	152.85	1,776.92	38.08	37.69	9.45
Casino Assn of N.J.	33.10	184.61	184.60	2,173.86	75.24	48.41	11.42
Catskill's OTB	9.52	53.12	53.12	641.93	9.99	15.66	3.29
Charlestown	12.86	71.71	71.71	822.94	33.58	16.52	4.44
Chester	7.47	41.67	41.67	304.33	6.95	8.22	2.58
Choctaw	.00	.00	.00	.00	.00	.00	.00
Churchill	.00	.00	.00	.00	.00	.00	.00
Clinton	.00	.00	.00	.00	.00	.00	.00
Coeur D'Alene Acct	.00	.00	.00	.00	.00	.00	.00
Coeur D'Alene Casino	2.29	12.79	12.78	38.64	3.90	.90	.79
Coeur D'Alene Greyhou	12.80	71.39	71.39	290.27	10.00	8.92	4.42
Colonial Downs	44.44	247.89	247.89	2,959.04	62.61	69.40	15.33
Columbus	.00	.00	.00	.00	.00	.00	.00
ComTech Brazil	.00	.00	.00	.00	.00	.00	.00
Connaught	1.15	6.39	6.38	107.15	.94	1.22	.40
Connecticut OTB	44.46	247.95	247.94	862.66	25.19	24.78	15.34
Connecticut OTB Acct	4.18	23.35	23.34	80.29	1.02	2.26	1.44
Cypress Bayou	2.88	16.04	16.04	51.60	.96	1.71	.99
Dairyland	19.10	106.53	106.52	429.38	17.79	12.92	6.59
Delaware	17.34	96.70	96.69	1,126.36	17.86	24.05	5.98
Delta Downs	4.67	26.06	26.05	304.03	11.02	6.57	1.61
Dover	3.77	21.03	21.03	256.55	7.20	6.49	1.30
Elite Turf Club	.00	.00	.00	.00	.00	.00	.00
Elite Turf Club 2	191.07	1,065.71	1,065.70	7,323.23	277.42	195.53	65.92
Elite Turf Club 3	114.40	638.06	638.06	4,394.73	160.21	118.40	39.47
Elite Turf Club 4	201.65	1,124.71	1,124.71	7,667.81	58.33	198.56	69.57
Elite Turf Club 5	52.26	291.48	291.48	2,024.59	92.83	56.28	18.03
Elite Turf Club 6	44.87	250.29	250.29	1,777.91	19.71	53.38	15.48
Elite Turf Club 7	96.90	540.46	540.46	3,756.51	10.33	104.64	33.43
Elite Turf Club 8	.00	.00	.00	.00	.00	.00	.00
Ellis Park	.00	.00	.00	.00	.00	.00	.00
Emerald Downs	161.47	900.60	900.60	10,303.27	313.01	204.30	55.71
European Simulco	.00	.00	.00	.00	.00	.00	.00
Evangeline Downs	16.46	91.81	91.81	1,048.23	26.39	20.62	5.68
Evansville OTB	29.94	166.99	166.98	964.88	46.50	19.42	10.33
Evergreen	.00	.00	.00	.00	.00	.00	.00
Fair Meadows	11.38	63.48	63.47	634.63	12.78	15.73	3.93
Fairgrounds	47.38	264.24	264.24	2,963.66	247.02	53.91	16.34
Finger Lakes	.00	.00	.00	.00	.00	.00	.00
Fire Lakes	.00	.00	.00	.00	.00	.00	.00
Flamboro	.00	.00	.00	.00	.00	.00	.00
Fonner	9.67	53.95	53.94	519.66	16.81	11.37	3.34
Fort Erie	4.42	24.67	24.66	333.46	3.36	5.32	1.53
Foxwoods	18.97	105.82	105.82	313.29	30.34	8.27	6.55
Frasier	13.40	74.73	74.72	926.06	20.99	14.47	4.62
Freehold	22.45	125.23	125.22	1,457.38	49.35	31.05	7.75
Georgian	.00	.00	.00	.00	.00	.00	.00
Gillespie	4.48	24.96	24.96	240.77	10.26	5.30	1.54
Grand River Raceway	.00	.00	.00	.00	.00	.00	.00
Greentrack	7.42	41.40	41.40	156.79	1.34	5.51	2.56
Gulf Greyhound	9.54	53.24	53.23	551.79	5.55	15.29	3.29
Gulfstream Park	154.67	862.65	862.65	9,994.66	237.22	208.85	53.36
Harrington	3.12	17.40	17.40	199.06	4.93	3.97	1.08
Hastings	50.68	282.69	282.69	3,967.41	44.14	76.00	17.49
Hawthorne	.00	.00	.00	.00	.00	.00	.00
Hazel Park	19.31	107.71	107.70	1,142.31	25.23	25.02	6.66
Hiawatha	.00	.00	.00	.00	.00	.00	.00
Hippodrome De Montre	18.24	101.75	101.75	1,818.21	12.46	25.76	6.29
Hippodrome De Quebe	.00	.00	.00	.00	.00	.00	.00
Ho-Chunk	.00	.00	.00	.00	.00	.00	.00
Hoosier Park	22.19	123.78	123.77	1,403.86	38.33	26.86	7.66

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fees	Breeders & Stallion
Horsemen's Park	23.10	128.85	128.84	1,193.39	56.01	22.06	7.97
Indiana Downs	2.97	16.55	16.55	139.98	4.28	3.61	1.02
John Martin's Manor	.00	.00	.00	.00	.00	.00	.00
Kawartha	.00	.00	.00	.00	.00	.00	.00
Keeneland	.00	.00	.00	.00	.00	.00	.00
Kentucky OTB	76.31	425.61	425.61	4,903.08	245.07	100.09	26.33
Lebanon	7.00	39.06	39.05	458.24	8.42	10.05	2.42
Les Bois	11.90	66.38	66.37	322.03	4.30	9.29	4.11
Lewiston	5.69	31.76	31.75	150.21	2.77	4.08	1.96
Lien Games	.02	.09	.08	.32	.00	.01	.01
Lincoln Greyhound	11.32	63.17	63.16	249.43	23.66	7.11	3.91
Lodge @ Belmont Acct	.00	.00	.00	.00	.00	.00	.00
Lodge @ Belmont	1.36	7.56	7.56	24.14	.00	.25	.47
Lone Star	82.84	462.02	462.01	5,550.08	92.56	132.66	28.58
Louisiana Downs	29.93	166.94	166.94	1,932.73	45.14	40.33	10.33
MagnaBet	2.75	15.32	15.32	152.75	6.15	3.77	.95
Manor Downs	6.07	33.85	33.85	410.71	8.42	10.16	2.09
Marquis Downs	.00	.00	.00	.00	.00	.00	.00
Maryland	80.24	447.57	447.56	5,247.17	123.07	114.96	27.68
Maywood	.00	.00	.00	.00	.00	.00	.00
Meadowlands	68.79	383.70	383.70	4,554.27	117.43	104.21	23.73
The Meadows	42.72	238.24	238.24	2,994.17	43.64	82.41	14.74
Mesquaki	1.80	10.03	10.03	33.58	.00	1.20	.62
Millers OTB	3.97	22.17	22.16	163.72	2.23	4.56	1.37
Mohegun Sun	18.78	104.73	104.72	333.38	15.12	10.63	6.48
Monmouth	41.03	228.82	228.82	2,639.91	92.52	54.27	14.15
Montana	.00	.00	.00	.00	.00	.00	.00
Monticello	.00	.00	.00	.00	.00	.00	.00
Mountaineer Park	3.38	18.88	18.87	216.21	12.11	4.32	1.17
Mt. Pleasant Meadows	.00	.00	.00	.00	.00	.00	.00
NJ Internet	20.25	112.95	112.95	685.45	22.28	16.61	6.99
NY OTB	190.38	1,061.86	1,061.86	12,422.66	345.57	269.77	65.68
NYRA	33.47	186.66	186.66	2,148.43	62.88	43.71	11.55
NYRA Acct	9.51	53.02	53.01	485.77	4.78	8.53	3.28
Nassau OTB	47.50	264.96	264.95	2,963.71	93.11	53.01	16.39
Nevada	368.01	2,052.55	2,052.55	17,927.31	799.32	324.12	126.96
New Mexico	17.14	95.63	95.62	1,008.47	39.18	21.63	5.91
Newport Jai Alai	.00	.00	.00	.00	.00	.00	.00
N.D. Horse Park	.00	.00	.00	.00	.00	.00	.00
Northfield	18.66	104.07	104.07	1,253.15	17.49	30.20	6.44
Northlands	7.94	44.31	44.30	518.45	7.62	11.28	2.74
Northville	13.70	76.39	76.38	829.54	15.36	19.82	4.73
Oaklawn	37.02	206.46	206.45	2,086.43	79.66	37.12	12.77
Ocean Downs	3.14	17.51	17.50	209.83	2.69	5.00	1.08
Oneida Bingo	.00	.00	.00	.00	.00	.00	.00
Paragon Resort	.00	.00	.00	.00	.00	.00	.00
Penn National Acct	3.27	18.23	18.23	106.22	5.75	2.24	1.13
Penn National	50.25	280.30	280.29	3,297.42	101.61	73.24	17.34
Philadelphia Park	74.03	412.89	412.89	4,793.33	107.21	101.05	25.54
Picov Downs	1.66	9.24	9.24	116.88	1.18	1.96	.57
Pinnacle	9.16	51.11	51.10	563.93	25.73	9.12	3.16
Plainfield Greyhound	.00	.00	.00	.00	.00	.00	.00
Plainridge	16.48	91.90	91.89	650.17	15.23	15.84	5.68
Plainridge Acct	1.16	6.49	6.49	38.52	.36	.87	.40
Pocono	27.81	155.11	155.11	1,839.61	51.99	41.98	9.59
Pojoaque	17.72	98.84	98.84	305.95	.00	9.13	6.11
Portland Meadows	55.46	309.33	309.33	3,375.67	49.08	81.89	19.13
Potawatomi	18.91	105.46	105.46	347.70	14.41	11.98	6.52
Prairie Meadows	2.42	13.51	13.51	160.38	4.64	3.70	.84
Presque Island	5.23	29.15	29.14	213.36	2.94	5.77	1.80
RGS	313.07	1,746.14	1,746.13	13,160.07	155.63	384.71	108.01
Raceway Park	11.50	64.13	64.12	540.57	10.65	13.68	3.97
Racing World	.00	.00	.00	.00	.00	.00	.00
Red River Casino	.00	.00	.00	.00	.00	.00	.00
Remington Park	21.51	119.98	119.97	1,408.14	38.66	31.09	7.42
Retama Park	23.30	129.98	129.97	1,529.25	30.19	33.97	8.04
Rideau Carleton	.00	.00	.00	.00	.00	.00	.00
Riders Up OTB	.00	.00	.00	.00	.00	.00	.00
River Downs	13.47	75.13	75.12	867.54	23.67	17.92	4.65
Rockingham Park	16.15	90.10	90.09	1,047.91	30.97	22.29	5.57
Rosecroft	19.29	107.59	107.59	1,298.59	35.44	30.66	6.65
Royal Beach	.00	.00	.00	.00	.00	.00	.00

Interstate Locations	State License Fee	Track Operator Commission	Horsemen Purses	Interstate Location Fee	Interstate Breakage Fee	Workers Comp Fees	Breeders & Stallion
Royal Britania	.00	.00	.00	.00	.00	.00	.00
Royal River Racing	47.42	264.48	264.47	879.40	1.96	26.62	16.36
Ruidoso	3.22	17.98	17.98	213.28	4.54	4.91	1.11
Sam Houston	51.41	286.77	286.76	3,394.22	84.11	76.89	17.74
Running Aces	5.26	29.34	29.34	213.10	5.28	5.63	1.82
Sandown	.00	.00	.00	.00	.00	.00	.00
Saratoga	3.74	20.89	20.88	175.53	2.17	4.42	1.29
Scarborough Downs	4.93	27.47	27.47	170.42	4.00	4.45	1.70
Scioto Downs	.00	.00	.00	.00	.00	.00	.00
Seabrook	32.21	179.68	179.68	767.52	9.66	26.31	11.11
Shoreline	9.59	53.49	53.49	275.67	12.34	7.80	3.31
Sol Mutuel	.00	.00	.00	.00	.00	.00	.00
Southland Greyhound	17.52	97.75	97.74	387.46	12.90	11.19	6.05
Sports Center	4.25	23.69	23.69	91.22	6.66	3.31	1.47
Sports Creek	6.88	38.35	38.35	430.58	3.87	11.44	2.37
Stables	5.69	31.75	31.74	107.53	.00	3.92	1.96
Stampede	22.59	126.00	126.00	1,461.74	16.53	30.38	7.79
State Fair	16.64	92.84	92.83	882.00	30.72	18.23	5.74
Sudbury Downs	.00	.00	.00	.00	.00	.00	.00
Suffolk Dist OTB	32.25	179.85	179.85	2,029.96	47.44	37.91	11.12
Suffolk Downs	30.77	171.61	171.61	2,010.38	48.88	43.92	10.61
Suffolk Downs OTB	2.52	14.05	14.05	45.69	2.61	1.09	.87
Sunray Park	2.85	15.87	15.87	171.74	6.85	4.07	.98
Sunland	18.75	104.59	104.59	1,239.07	34.98	28.24	6.47
TBC Teletheatre	58.10	324.08	324.08	4,660.09	59.23	87.40	20.05
TRNI	.00	.00	.00	.00	.00	.00	.00
TVG Yonkers Acct	.00	.00	.00	.00	.00	.00	.00
Tampa Bay Downs	20.04	111.75	111.74	1,326.84	18.85	30.50	6.91
Tauton Dog Acct	.00	.00	.00	.00	.00	.00	.00
Tauton Dog Track	26.91	150.08	150.08	609.04	17.85	18.62	9.28
The Racing Channel	.00	.00	.00	.00	.00	.00	.00
Thistledown	27.70	154.49	154.48	1,784.91	44.36	36.92	9.56
Time Out Lounge	.00	.00	.00	.00	.00	.00	.00
Tioga Downs	.00	.00	.00	.00	.00	.00	.00
Tote Investment	.00	.00	.00	.00	.00	.00	.00
Tri-State Greyhound	.00	.00	.00	.00	.00	.00	.00
Trois Riviere	.00	.00	.00	.00	.00	.00	.00
Truro	.00	.00	.00	.00	.00	.00	.00
Turf Paradise	195.21	1,088.77	1,088.76	10,067.33	276.39	233.77	67.35
Twin Spires	.00	.00	.00	.00	.00	.00	.00
Turfway Park	.00	.00	.00	.00	.00	.00	.00
ValleyGreyhound	.00	.00	.00	.00	.00	.00	.00
Venezuela	18.97	105.80	105.80	433.25	33.08	6.40	6.54
Vernon	1.80	10.03	10.02	66.51	1.44	1.27	.62
Western Fair	.00	.00	.00	.00	.00	.00	.00
Western OTB	15.67	87.41	87.40	1,056.79	26.96	25.85	5.41
Wheeling Downs	3.98	22.20	22.20	84.73	5.07	2.21	1.37
Will Rogers Downs	.62	3.45	3.44	23.52	.55	.66	.21
Windsor	.00	.00	.00	.00	.00	.00	.00
Winners OTB	.00	.00	.00	.00	.00	.00	.00
Wonderland	.00	.00	.00	.00	.00	.00	.00
Woodbine	205.22	1,144.60	1,144.60	14,277.04	258.06	224.38	70.80
Wyoming	6.24	34.81	34.81	291.98	2.73	7.31	2.15
Yavapai Downs	.00	.00	.00	.00	.00	.00	.00
Yonkers	18.43	102.81	102.80	611.22	45.76	13.75	6.36
YouBet	.00	.00	.00	.00	.00	.00	.00
YouBet III	29.30	163.41	163.40	557.84	3.27	17.99	10.11
Zia Park	3.85	21.49	21.49	214.27	10.82	3.57	1.33
Rocky Mountain Turf Cl	12.27	68.42	68.42	783.26	14.36	15.56	4.23
Totals	$4,915.14	$27,414.39	$27,413.73	$261,594.91	$6,941.05	$5,796.30	$1,695.74

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Sirs:
We submit a summary of the parimutuel pools of Pacific Racing Association for Sunday, February 15, 2009, Race Day Number 34,for the intra-track races from Santa Anita Park.

		Amount	%
State of California License Fees:			
License Fee	$.00		
	6,797.01		
F&E Fund	.00		
Minus Pool	.00	$6,797.01	1.14%
Section 19610.3 Fee (.33%)			
State	.00		
City	1,972.40	1,972.40	.33%
Equine Research		597.69	.1%
Workers Comp Fee		2,128.06	.36%
Track Operator:			
Commissions	34,207.04		
Breakage	1,588.53		
Minus Pools	.00	35,795.57	5.99%
Horsemen			
Purses	32,815.64		
Breakage	1,588.52		
Minus Pools	.00	34,404.16	5.76%
Breeders Awards	3,227.55	3,227.55	.54%
Owners Premiums	418.39	418.39	.07%
Host Association Fee	.00	.00	%
Interstate Location Fee		.00	%
Satellite Wagering Fees:			
Guest Location	7,899.62		
Simulcast Operator:			
Expenses	14,942.37		
Promotion	2,390.78		
Stable & Vanning	7,172.34	32,405.11	5.42%
Amount Payable to Winning Ticket Holders		479,948.86	80.3%
Pay to Public/No. Ca. Adj.		.00	%
Total Handle		$597,694.80	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	On Track	Off Track	Total
State of California:			
State License fee	$1,662.25	$1,326.83	$2,989.08
State License fee- off track exotic		3,807.93	3,807.93
F&E Fund	.00	.00	.00
Breakage	.00	.00	.00
Minus Pools	.00	.00	.00
Section 19610.3 Fee (.33%)			
State	.00	.00	.00
City	668.96	1,303.44	1,972.40
Equine Research	202.71	394.98	597.69
Workers Comp Fee	663.47	1,464.59	2,128.06
Track Operator:			
Commission	13,307.43	3,602.84	16,910.27
Commission- off track exotic		17,296.77	17,296.77
Breakage	665.40	923.13	1,588.53
Minus Pools	.00	.00	.00
Horsemen			
Purses	12,192.51	3,531.40	15,723.91
Purses- off track exotic		17,091.73	17,091.73
Breakage	665.40	923.12	1,588.52
Minus Pools	.00	.00	.00
Breeders Awards	1,094.66	2,132.89	3,227.55
Owners Premiums	141.90	276.49	418.39
Host Association Fee	.00	.00	.00
Interstate Location Fee			
Satellite Wagering Fees:			
Guest Location	.00	7,899.62	7,899.62
Simulcast Operator:			
Expenses	5,067.85	9,874.52	14,942.37
Promotion	810.86	1,579.92	2,390.78
Stable & Vanning	2,432.57	4,739.77	7,172.34
Amount Payable to Winning Tic			479,948.86
Pay to Public/Northern Calif. Adj			.00
Total Handle			$597,694.80

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 Fee
Anderson	$.00	$.00	$.00	$.00	$.00
Bakersfield	3,161.50	9,152.50	12,314.00	246.28	40.64
Bay Meadows	.00	.00	.00	.00	.00
Eureka	561.00	3,041.70	3,602.70	72.05	11.89
Fresno	4,288.20	8,654.00	12,942.20	258.84	42.71
Fresno Club One	947.00	4,760.80	5,707.80	114.16	18.84
Lakeport	.00	.00	.00	.00	.00
Merced	.00	.00	.00	.00	.00
Monterey	3,368.00	8,525.40	11,893.40	237.87	39.25
Pleasanton	14,060.00	39,681.70	53,741.70	1,074.83	177.35
Sacramento	13,433.10	32,778.00	46,211.10	924.22	152.50
San Jose	11,482.90	35,493.50	46,976.40	939.53	155.02
San Mateo	27,090.50	87,192.60	114,283.10	2,285.66	377.13
Santa Rosa	6,309.50	14,648.80	20,958.30	419.17	69.16
Stockton	5,947.40	16,984.50	22,931.90	458.64	75.68
Tulare	2,199.00	4,204.80	6,403.80	128.08	21.13
Turlock	3,561.40	8,836.70	12,398.10	247.96	40.91
Vallejo	5,654.00	18,962.40	24,616.40	492.33	81.23
Yuba City	.00	.00	.00	.00	.00
	$102,063.50	$292,917.40	$394,980.90	$7,899.62	$1,303.44
Total Satellite Handle	$102,063.50	$292,917.40	$394,980.90		$1,303.44
Total Golden Gate Handle	70,020.30	132,693.60	202,713.90		668.96
Total California Handle	172,083.80	425,611.00	597,694.80		1,972.40
Total Interstate Handle	.00	.00	.00		
Total Gross Handle	$172,083.80	$425,611.00	$597,694.80		

Distribution of Day's Handle:		
Win	$105,528.70	
Place	44,174.30	
Show	22,380.80	$172,083.80
Daily Double	17,977.00	
Daily Triples	39,403.00	
Pick 6	36,902.00	
Place Pick All	1,941.00	
Exacta	93,855.00	
Pentafecta	12,264.00	
Trifecta	123,305.00	
Superfecta	66,721.00	
Pick 4	33,243.00	425,611.00
		$597,694.80

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Pacific Racing Association for Sunday, February 15, 2009 , Race Day Number 34, for the out of state races from Aqueduct.

		Amount	%
State of California License Fees:			
License Fee 0.005%	$.00		
License Fee	1,104.07		
F&E Fund	.00		
Minus Pools	.00	$1,104.07	1.19%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	306.83	306.83	.33%
Equine Research 0.001%		92.98	.1%
Track Operator:			
Commission	4,473.97		
Breakage	156.92		
Minus Pools	.00	4,630.89	4.98%
Horsemen			
Purses	4,304.19		
Breakage	156.92		
Minus Pools	.00	4,461.11	4.8%
Breeders Awards		502.10	.54%
Owners Premiums		65.09	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	1,641.53		
Simulcast Operation:			
Expenses 0.025%	2,324.54		
Promotions 0.004%	371.93		
Stable & Vanning 0.012%	1,115.78	5,453.78	5.87%
Host Association Fee 0.035%		3,254.35	3.5%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		73,110.10	78.63%
Carryover/Adjustment		.00	%
Total Handle		$92,981.30	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$178.84	1.30	$292.51	$471.35
State License Fee		.00	1.30	632.72	632.72
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		71.97		234.86	306.83
Equine Research	.10	21.81	.10	71.17	92.98
Satellite Wagering Fees:					
Guest Location	1.00	218.10	2.00	1,423.43	1,641.53
Simulcast Operation:					
Expenses	2.50	545.25	2.50	1,779.29	2,324.54
Promotions	.40	87.24	.40	284.69	371.93
Stable & Vanning Fund	1.20	261.72	1.20	854.06	1,115.78
Breeders Awards	.54	117.77	.54	384.33	502.10

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Anderson	$.00	$.00	$.00	$.00	$.00
Bakersfield	515.00	1,358.70	1,873.70	37.47	6.18
Bay Meadows	.00	.00	.00	.00	.00
Eureka	63.00	249.50	312.50	6.25	1.03
Fresno	1,102.00	2,121.00	3,223.00	64.46	10.64
Fresno Club One	475.00	833.60	1,308.60	26.17	4.32
Lakeport	.00	.00	.00	.00	.00
Merced	.00	.00	.00	.00	.00
Monterey	678.00	2,267.30	2,945.30	58.91	9.72
Pleasanton	1,964.00	6,039.90	8,003.90	160.08	26.41
Sacramento	2,817.00	5,132.70	7,949.70	158.99	26.23
San Jose	3,151.00	6,906.20	10,057.20	201.14	33.19
San Mateo	6,123.00	13,356.60	19,479.60	389.59	64.28
Santa Rosa	1,679.00	2,147.50	3,826.50	76.53	12.63
Stockton	1,209.00	2,879.20	4,088.20	81.76	13.49
Tulare	391.00	641.10	1,032.10	20.64	3.41
Turlock	527.00	2,097.80	2,624.80	52.50	8.66
Vallejo	1,807.00	2,639.40	4,446.40	88.93	14.67
Yuba City	.00	.00	.00	.00	.00
	$22,501.00	$48,670.50	$71,171.50	$1,423.43	$234.86
Total Satellite Handle	$22,501.00	$48,670.50	$71,171.50		$234.86
Total Golden Gate handle	7,262.00	14,547.80	21,809.80		71.97
Total California handle	$29,763.00	$63,218.30	$92,981.30		$306.83

Distribution of Day's Handle:		
Win	$18,137.00	
Place	7,512.00	
Show	4,114.00	$29,763.00
Daily double	2,502.00	
Daily triples	6,826.00	
Pick 6	594.00	
Place Pick All	.00	
Exacta	18,558.00	
Quinella	34.00	
Trifecta	22,785.00	
Superfecta	8,913.30	
Pick 4	3,006.00	63,218.30
		$92,981.30

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Pacific Racing Association for Sunday, February 15, 2009 , Race Day Number 34, for the out of state races from Gulfstream Park.

		Amount	%
State of California License Fees:			
License Fee 0.005%	$.00		
License Fee	2,619.18		
F&E Fund	.00		
Minus Pools	.00	$2,619.18	1.17%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	738.38	738.38	.33%
Equine Research 0.001%		223.75	.1%
Track Operator:			
Commission	11,238.00		
Breakage	461.97		
Minus Pools	.00	11,699.97	5.23%
Horsemen			
Purses	10,791.85		
Breakage	461.96		
Minus Pools	.00	11,253.81	5.03%
Breeders Awards		1,208.23	.54%
Owners Premiums		156.62	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	3,871.75		
Simulcast Operation:			
Expenses 0.025%	5,593.66		
Promotions 0.004%	894.98		
Stable & Vanning 0.012%	2,684.96	13,045.35	5.83%
Host Association Fee 0.030%		6,712.40	3%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		176,088.91	78.7%
Carryover/Adjustment		.00	%
Total Handle		$223,746.60	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$494.61	1.30	$679.29	$1,173.90
State License Fee		.00	1.30	1,445.28	1,445.28
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		199.05		539.33	738.38
Equine Research	.10	60.32	.10	163.43	223.75
Satellite Wagering Fees:					
Guest Location	1.00	603.19	2.00	3,268.56	3,871.75
Simulcast Operation:					
Expenses	2.50	1,507.96	2.50	4,085.70	5,593.66
Promotions	.40	241.27	.40	653.71	894.98
Stable & Vanning Fund	1.20	723.82	1.20	1,961.14	2,684.96
Breeders Awards	.54	325.72	.54	882.51	1,208.23

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Anderson	$.00	$.00	$.00	$.00	$.00
Bakersfield	1,379.00	3,408.20	4,787.20	95.74	15.80
Bay Meadows	.00	.00	.00	.00	.00
Eureka	302.00	615.30	917.30	18.35	3.03
Fresno	2,088.00	3,412.60	5,500.60	110.01	18.15
Fresno Club One	590.00	1,173.70	1,763.70	35.27	5.82
Lakeport	.00	.00	.00	.00	.00
Merced	.00	.00	.00	.00	.00
Monterey	1,843.00	4,438.00	6,281.00	125.62	20.73
Pleasanton	6,875.00	15,500.90	22,375.90	447.52	73.84
Sacramento	6,769.00	12,212.20	18,981.20	379.62	62.64
San Jose	6,377.00	15,195.10	21,572.10	431.44	71.19
San Mateo	14,012.00	32,306.00	46,318.00	926.36	152.85
Santa Rosa	3,477.00	5,767.50	9,244.50	184.89	30.51
Stockton	3,068.00	4,961.90	8,029.90	160.60	26.50
Tulare	1,497.00	1,552.70	3,049.70	60.99	10.06
Turlock	1,424.00	4,438.60	5,862.60	117.25	19.35
Vallejo	2,552.00	6,192.40	8,744.40	174.89	28.86
Yuba City	.00	.00	.00	.00	.00
	$52,253.00	$111,175.10	$163,428.10	$3,268.56	$539.33
Total Satellite Handle	$52,253.00	$111,175.10	$163,428.10		$539.33
Total Golden Gate handle	21,815.00	38,503.50	60,318.50		199.05
Total California handle	$74,068.00	$149,678.60	$223,746.60		$738.38

Distribution of Day's Handle:		
Win	$43,025.00	
Place	20,989.00	
Show	10,054.00	$74,068.00
Daily double	3,756.00	
Daily triples	10,307.00	
Pick 6	398.00	
Place Pick All	.00	
Exacta	46,636.00	
Quinella	.00	
Trifecta	42,784.00	
Superfecta	41,744.10	
Pick 4	4,053.50	149,678.60
		$223,746.60

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Pacific Racing Association for Sunday, February 15, 2009 , Race Day Number 34, for the out of state races from Fair Grounds.

		Amount	%
State of California License Fees:			
License Fee 0.005%	$.00		
License Fee	1,154.62		
F&E Fund	.00		
Minus Pools	.00	$1,154.62	1.18%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	323.65	323.65	.33%
Equine Research 0.001%		98.08	.1%
Track Operator:			
Commission	5,370.60		
Breakage	345.94		
Minus Pools	.00	5,716.54	5.83%
Horsemen			
Purses	5,181.51		
Breakage	345.93		
Minus Pools	.00	5,527.44	5.64%
Breeders Awards		529.63	.54%
Owners Premiums		68.66	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	1,710.71		
Simulcast Operation:			
Expenses 0.025%	2,452.01		
Promotions 0.004%	392.32		
Stable & Vanning 0.012%	1,176.97	5,732.01	5.84%
Host Association Fee 0.025%		2,452.01	2.5%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		76,477.66	77.97%
Carryover/Adjustment		.00	%
Total Handle		$98,080.30	100%

Very truly yours,
Bowen, McBeth, Inc.
Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$205.74	1.30	$323.51	$529.25
State License Fee		.00	1.30	625.37	625.37
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		82.80		240.85	323.65
Equine Research	.10	25.09	.10	72.99	98.08
Satellite Wagering Fees:					
Guest Location	1.00	250.90	2.00	1,459.81	1,710.71
Simulcast Operation:					
Expenses	2.50	627.25	2.50	1,824.76	2,452.01
Promotions	.40	100.36	.40	291.96	392.32
Stable & Vanning Fund	1.20	301.08	1.20	875.89	1,176.97
Breeders Awards	.54	135.48	.54	394.15	529.63

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Anderson	$.00	$.00	$.00	$.00	$.00
Bakersfield	678.00	1,168.50	1,846.50	36.93	6.09
Bay Meadows	.00	.00	.00	.00	.00
Eureka	67.00	343.40	410.40	8.21	1.35
Fresno	623.00	1,366.30	1,989.30	39.79	6.56
Fresno Club One	373.00	773.40	1,146.40	22.93	3.78
Lakeport	.00	.00	.00	.00	.00
Merced	.00	.00	.00	.00	.00
Monterey	978.00	2,166.20	3,144.20	62.88	10.38
Pleasanton	2,668.00	7,178.70	9,846.70	196.93	32.49
Sacramento	4,322.00	4,519.90	8,841.90	176.84	29.18
San Jose	3,682.00	6,798.00	10,480.00	209.60	34.58
San Mateo	6,137.00	13,401.00	19,538.00	390.76	64.48
Santa Rosa	1,219.00	1,973.40	3,192.40	63.85	10.53
Stockton	1,502.00	3,233.30	4,735.30	94.71	15.63
Tulare	689.00	557.70	1,246.70	24.93	4.11
Turlock	765.00	2,157.60	2,922.60	58.45	9.64
Vallejo	1,182.00	2,468.10	3,650.10	73.00	12.05
Yuba City	.00	.00	.00	.00	.00
	$24,885.00	$48,105.50	$72,990.50	$1,459.81	$240.85
Total Satellite Handle	$24,885.00	$48,105.50	$72,990.50		$240.85
Total Golden Gate handle	8,932.00	16,157.80	25,089.80		82.80
Total California handle	$33,817.00	$64,263.30	$98,080.30		$323.65

Distribution of Day's Handle:		
Win	$21,330.00	
Place	9,223.00	
Show	3,264.00	$33,817.00
Daily double	540.00	
Daily triples	5,155.00	
Pick 6	184.00	
Place Pick All	.00	
Exacta	19,547.00	
Quinella	.00	
Trifecta	29,037.00	
Superfecta	7,515.30	
Pick 4	2,285.00	64,263.30
		$98,080.30

BOWEN, MCBETH, INC., C.P.A.'S
10722 ARROW ROUTE, SUITE 110
RANCHO CUCAMONGA, CA 91730
(909) 944-6465

California Horse Racing Board
Sacramento, California

Dear Commissioners:
We submit a summary of the parimutuel pools of Pacific Racing Association for Sunday, February 15, 2009 , Race Day Number 34, for the out of state races from Oaklawn Park.

		Amount	%
State of California License Fees:			
License Fee 0.005%	$.00		
License Fee	1,561.70		
F&E Fund	.00		
Minus Pools	.00	$1,561.70	1.16%
Section 19610.3 Fee 0.330%			
State	.00		
Cities	444.93	444.93	.33%
Equine Research 0.001%		134.83	.1%
Track Operator:			
Commission	6,743.14		
Breakage	244.09		
Minus Pools	.00	6,987.23	5.18%
Horsemen			
Purses	6,457.63		
Breakage	244.08		
Minus Pools	.00	6,701.71	4.97%
Breeders Awards		728.10	.54%
Owners Premiums		94.38	.07%
Satellite Wagering Fees:			
Guest Location 0.020%	2,298.48		
Simulcast Operation:			
Expenses 0.025%	3,370.83		
Promotions 0.004%	539.34		
Stable & Vanning 0.012%	1,618.00	7,826.65	5.8%
Host Association Fee 0.020%		2,696.67	2%
Interstate Location Fee		.00	%
Amount Payable to Winning Ticket Holders		107,657.10	79.84%
Carryover/Adjustment		.00	%
Total Handle		$134,833.30	100%

Very truly yours,
Bowen, McBeth, Inc.

Bowen, McBeth, Inc.

	%	On Track	%	Off Track	Total
State of California					
State License Fee		$326.51	1.30	$343.58	$670.09
State License Fee		.00	1.30	891.61	891.61
Exotic wagering	.00	.00		.00	.00
Exotic wagering	.00	.00		.00	.00
Section 19610.3 0.330%					
State		.00		.00	.00
Cities		131.40		313.53	444.93
Equine Research	.10	39.82	.10	95.01	134.83
Satellite Wagering Fees:					
Guest Location	1.00	398.19	2.00	1,900.29	2,298.48
Simulcast Operation:					
Expenses	2.50	995.47	2.50	2,375.36	3,370.83
Promotions	.40	159.28	.40	380.06	539.34
Stable & Vanning Fund	1.20	477.83	1.20	1,140.17	1,618.00
Breeders Awards	.54	215.02	.54	513.08	728.10

Satellite Handle	Conventional Handle	Exotic Handle	Total Handle	2% Fee	.33 % Fee
Anderson	$.00	$.00	$.00	$.00	$.00
Bakersfield	890.00	2,176.50	3,066.50	61.33	10.12
Bay Meadows	.00	.00	.00	.00	.00
Eureka	223.00	554.20	777.20	15.54	2.56
Fresno	709.00	1,303.30	2,012.30	40.25	6.64
Fresno Club One	452.00	943.50	1,395.50	27.91	4.61
Lakeport	.00	.00	.00	.00	.00
Merced	.00	.00	.00	.00	.00
Monterey	1,126.00	2,787.00	3,913.00	78.26	12.91
Pleasanton	2,604.00	7,609.60	10,213.60	204.27	33.70
Sacramento	3,331.00	6,271.20	9,602.20	192.04	31.69
San Jose	3,656.00	10,184.90	13,840.90	276.82	45.67
San Mateo	7,027.00	21,689.90	28,716.90	574.34	94.77
Santa Rosa	1,444.00	3,408.50	4,852.50	97.05	16.01
Stockton	1,677.00	4,264.90	5,941.90	118.84	19.61
Tulare	686.00	593.90	1,279.90	25.60	4.22
Turlock	1,248.00	2,901.20	4,149.20	82.98	13.69
Vallejo	1,356.00	3,896.90	5,252.90	105.06	17.33
Yuba City	.00	.00	.00	.00	.00
	$26,429.00	$68,585.50	$95,014.50	$1,900.29	$313.53
Total Satellite Handle	$26,429.00	$68,585.50	$95,014.50		$313.53
Total Golden Gate handle	14,244.00	25,574.80	39,818.80		131.40
Total California handle	$40,673.00	$94,160.30	$134,833.30		$444.93

Distribution of Day's Handle:		
Win	$24,821.00	
Place	11,068.00	
Show	4,784.00	$40,673.00
Daily double	646.00	
Daily triples	2,153.00	
Pick 6	116.00	
Place Pick All	.00	
Exacta	30,387.00	
Quinella	.00	
Trifecta	41,628.00	
Superfecta	17,639.30	
Pick 4	1,591.00	94,160.30
		$134,833.30

Exhibit 2

STAFF ANALYSIS
November 18, 2008

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE LOS ANGELES TURF CLUB AT SANTA ANITA (PROPOSED) DECEMBER 26, 2008 THROUGH APRIL 19, 2009.

Los Angeles Turf Club (LATC) filed its application to conduct a thoroughbred horse racing meeting at Santa Anita.

- The race dates are proposed dates. The Board has not allocated 2009 race dates.

- LATC proposes to race December 26, 2008 through April 19, 2009, or 84 days, one day less than the dates allocated to LATC in 2008. The dates correspond to those reflected on the Southern California calendar proposed to the Board at its October Board meeting. The association proposes to race a total of 722 races, or 8.60 per day, over 85 days. In 2008 they raced 696 races with an average of 8.65 runners per race. The (actual) average daily purse for the spring 2008 meet was $496,482. The (estimated) average daily purse for this meet is $498,697. In should be noted that although LATC was allocated 85 days of racing in 2008, it only raced 77 days due to drainage issues with the new track surface.

- Race week Wednesday through Sunday, whereas in 2008 LATC raced Thursday through Monday except February, in which it raced Wednesday through Monday. The 2009 proposed race dates deletes Wednesdays January 21st and February 18th. Adding Mondays December 29th; January 19th; February 16th.

December - 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25 H	26	27
28	29	30	31			

January - 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 H	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 H	20	21	22	23	24
25	26	27	28	29	30	31

February - 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12 H	13	14
15	16 H	17	18	19	20	21
22	23	24	25	26	27	28

March - 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April - 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

- Racing 5 days per week, Wednesday through Sunday, with 8 races per day weekdays and 9 races opening day, weekends and December 29, January 1, 19 and February 16 with the option to program 10 races on such days.

- 11 races Santa Anita Handicap day March 7, 2009 and Santa Anita Derby day April 4, 2009.

- 75 stakes races are proposed (15 overnight/ 60 non-overnight)

- One management change: Addition of Randy Fowler, Director of Food and Beverage

- A $10,000 certified check payable to the Treasurer of the State of California to secure the payment of any license fees, pursuant to Business and Professions Code section 19490 is on file. The Board has required no additional bonds, letter of credit or other financial instruments to be filed in conjunction with a race meeting conducted by PRA.

Magna Entertainment Corporation reports its financial results on a consolidated basis and therefore separate financials of the applicant, LATC are not available. Magna's 2007 audited annual financial statements were provided and the unaudited six-month financial statement for the period ending June 30, 2008 of LATC's parent, Magna Entrainment Corporation were also submitted with the license application.

A more current version of the applicants Securities and Exchange Commission Form 10-Q document was retrieved from their website providing the unaudited nine-month financial statement for the period ending September 30, 2008. The "Notes to the Consolidated Financial Statement" section of the 10-Q under Going Concern states the following:

> "The Company has incurred a net loss of $116.1 million for the nine months ended September 30, 2008, has incurred net losses of $113.8 million, $87.4 million and $105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and at September 30, 2008 has an accumulated deficit of $626.1 million and a working capital deficiency of $195.4 million."

In a recent press release the Daily Racing Form reported that Magna lost $49 million in the third quarter. The article provided the following:

"Magna Entertainment Corp. lost $49.1 million in the third quarter of 2008 and has hired a bankruptcy advisory firm in the wake of hundreds of millions of dollars of losses over the past three years and its struggles to pay off its debt."

Given Magna Entertainment Corporation's reported financial status, the Board may want to consider requesting an additional financial surety be submitted in conjunction with this application.

- Usable stalls available at the track: 1,950
- Minimum number believed necessary for the meeting: 1,853
- 1,500 off-site auxiliary stalls at Hollywood Park, 500 off-site auxiliary stalls at San Luis Rey Downs, and 500 off-site auxiliary stalls at Fairplex will be maintained.
- Total available stalls (track and auxiliary): 4,450

- First post 1:00 p.m. all weekdays; 12:00 p.m. weekends and holidays December 26, 2008-February 1, 2009; 12:30 p.m. weekends and holidays February 4, 2009-April 19, 2009.
- First post 12:00 p.m. December 26, 2008 - Opening Day; March 7, 2009 - Santa Anita Handicap; April 5, 2009 - Santa Anita Derby
- First post 11: 00 a.m. February 1, 2009 - Super Bowl Sunday
- First post 11:45 p.m. January 24, 2009 - Sunshine Millions

- Schedule of charges for admission, seating, parking, program have not changed since the last submission of a LATC application to conduct a horse racing meeting.

- Request that Jennifer Paige be appointed horse identifier pursuant to CHRB Rule 1525.

- Track safety inspection has been requested and will be completed before the beginning of the race meet.

- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meet.

- Fire clearance for the upcoming 2008-2009 race meet has been provided.

- Wagering program will use CHRB rules and ARCI rules.
  - Early wagering will be 8:30 a.m. to 10:00 a.m. each day.

- Proposed Advance Deposit Wagering (ADW) providers are Xpressbet, Youbet, TwinSpires and TVG. As noted on the application, negotiations with proposed ADW providers for 2009 race year are pending. Current ADW contracts/agreements expire December 31, 2008.

- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

- A copy of the 2008 LATC end of meet report has been included for your review. The report was previously presented to the Board at the August 19, 2008 CHRB Board meeting.

Specific information **still needed** to complete this application includes:

1. Horsemen's agreement
2. CTT agreement
3. ADW contracts
4. Track safety inspection
5. Backstretch housing inspection

Specific information which will need **updating** during the proposed race dates:

1. Updated Workers' Compensation Insurance Policy (expires 01/01/2009)
2. Audited financials (provided in the MEC annual report)

RECOMMENDATION:

Staff recommends that the application for license not be heard unless the Horsemen's agreement is received.

If the application is considered for approval, staff recommends a contingent approval pending the submission of outstanding items.

END-OF-MEET OUTLINE SUMMARY

Los Angeles Turf Club
December 26, 2007 - April 20, 2008
Race Days: 77

AVERAGE DAILY STATISTICS

	Percent Change	Total Value
Avg. Daily Handle	2.77	325,052
Avg. Daily On-Track Handle	-9.97	(213,390)
Avg. Daily ITW Network Handle	-3.58	(102,787)
Avg. Daily ADW In Network Handle	33.24	290,939
Avg. Daily Out-Of-State Handle	5.99	350,289
Avg. Daily Attendance	-5.46	(989)
Avg. Daily On-Track Attendance	-5.56	(514)
Avg. Daily ITW Attendance	-5.36	(476)

CALIFORNIA HORSE RACING BOARD
END OF MEET REPORT
Los Angeles Turf Club at Santa Anita

2008 Number's Do not include AB480 Purses and Track Commissions

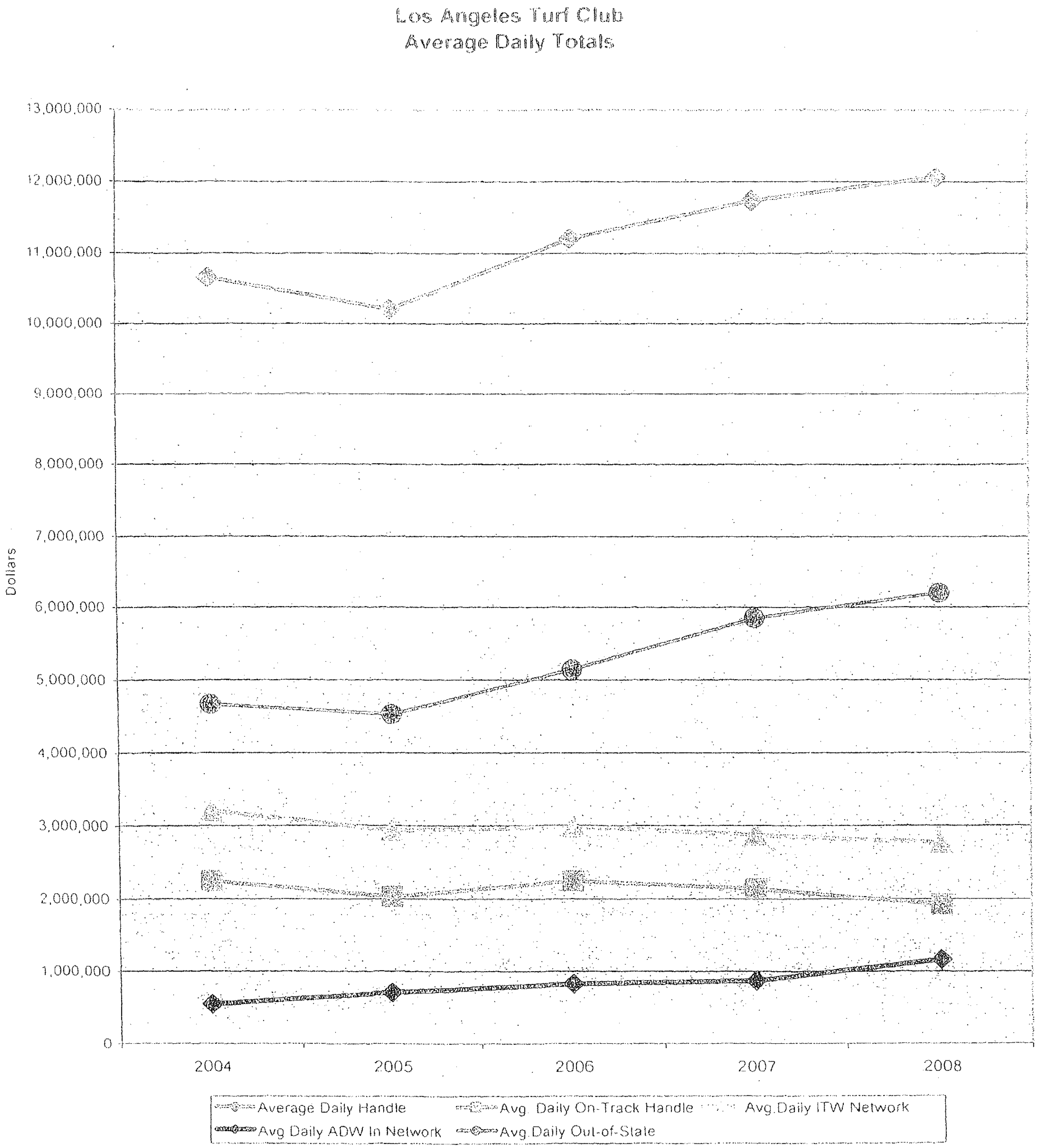
Previous Year $ and % Change

	2004	2005	2006	2007	2008	2008 $ CHANGE	2008 % CHANGE
TOTAL RACE DAYS	84	85	86	85	77	(8)	-9.41%
TOTAL HANDLE	895,295,884	867,614,465	963,949,422	997,699,283	928,827,174	(68,872,108)	-6.90%
BY ORIGIN OF WAGER							
ON-TRACK	188,596,686	172,706,230	193,149,553	181,931,924	148,377,922	(33,554,002)	-18.44%
ITW NETWORK	268,557,636	249,449,558	256,916,467	244,157,759	213,263,622	(30,894,137)	-12.65%
ADW IN NETWORK	46,235,471	60,627,905	71,579,464	74,404,308	89,803,885	15,399,577	20.70%
OUT-OF-STATE	391,906,091	384,830,773	442,303,938	497,205,292	477,381,746	(19,823,546)	-3.99%
BY ORIGIN OF RACE							
LIVE	679,633,218	644,105,147	732,703,490	778,773,589	725,307,400	(53,466,188)	-6.87%
OUT-OF-ZONE	85,771,698	83,258,382	81,258,761	72,877,390	69,555,515	(3,321,875)	-4.56%
INTERSTATE-IMPORT	128,986,161	137,594,006	144,087,908	134,785,738	124,205,288	(10,580,450)	-7.85%
INTERNATIONAL-IMPORT	904,807	2,656,931	5,899,263	11,262,565	9,758,971	(1,503,595)	-13.35%
AVG DAILY HANDLE	10,658,284	10,207,229	11,208,714	11,737,639	12,062,691	325,052	2.77%
AVG BY ORIGIN OF WAGER							
AVG ON-TRACK	2,245,199	2,031,838	2,245,925	2,140,376	1,926,986	(213,390)	-9.97%
AVG ITW NETWORK	3,197,115	2,934,701	2,987,401	2,872,444	2,769,657	(102,787)	-3.58%
AVG ADW IN NETWORK	550,422	713,269	832,319	875,345	1,166,284	290,939	33.24%
AVG OUT OF STATE	4,665,549	4,527,421	5,143,069	5,849,474	6,199,763	350,289	5.99%
AVG BY ORIGIN OF RACE							
AVG LIVE	8,090,872	7,577,708	8,519,808	9,162,042	9,419,577	257,534	2.81%
AVG OUT-OF-ZONE	1,021,092	979,510	944,869	857,381	903,318	45,937	5.36%
AVG INTERSTATE IMPORT	1,535,550	1,618,753	1,675,441	1,585,715	1,613,056	27,341	1.72%
AVG INTERNATIONAL IMPORT	10,772	31,258	68,596	132,501	126,740	(5,761)	-4.35%
TOTAL TAKEOUT	173,099,426	170,261,309	188,187,256	196,470,877	182,709,167	(13,761,709)	-7.00%
EFFECTIVE TAKEOUT %	19.33%	19.62%	19.52%	19.69%	19.67%	-0.02%	-0.11%
STATE LICENSE FEES	10,371,730	9,658,842	10,397,619	10,115,922	8,843,803	(1,272,119)	-12.58%
STATE %	1.16%	1.11%	1.08%	1.01%	0.95%	-0.06%	-6.09%
TRACK COMMISSION	36,084,884	34,717,466	38,173,797	38,256,612	35,179,678	(3,076,934)	-8.04%
TRACK %	4.03%	4.00%	3.96%	3.83%	3.79%	-0.05%	-1.22%
PURSE COMMISSION	35,448,027	34,080,435	37,293,459	37,521,113	34,514,707	(3,006,405)	-8.01%
PURSE %	3.96%	3.93%	3.87%	3.76%	3.72%	-0.04%	-1.19%
CALIFORNIA NETWORK ATT	1,641,055	1,484,947	1,579,223	1,539,010	1,317,996	(221,014)	-14.36%
ON-TRACK	747,640	677,193	789,196	785,167	671,725	(113,442)	-14.45%
ITW NETWORK	893,415	807,754	790,027	753,843	646,271	(107,572)	-14.27%
AVG DAILY ATTENDANCE	19,536	17,470	18,363	18,106	17,117	(989)	-5.46%
AVG DAILY ON-TRACK	8,900	7,967	9,177	9,237	8,724	(514)	-5.56%
AVG DAILY ITW NETWORK	10,636	9,503	9,186	8,869	8,393	(476)	-5.36%
TOTAL RACE EVENTS	726	730	747	740	696	(44)	-5.95%
STARTERS	5,842	5,738	6,330	6,379	6,020	(359)	-5.63%
AVG STARTERS PER EVENT	8.05	7.86	8.47	8.62	8.65	0	0.34%
AVG HANDLE PER START	116,336	112,253	115,751	122,084	120,483	(1,601)	-1.31%

Data Date 6/6/2008

Print Date 6/6/2008

numbers provided by CHRIMS, Inc.



Los Angeles Turf Club
Average Daily Totals
Dollars
13,000,000
12,000,000
11,000,000
10,000,000
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
2004
2005
2006
2007
2008
Average Daily Handle
Avg. Daily On-Track Handle
Avg.Daily ITW Network
Avg Daily ADW In Network
Avg.Daily Out-of-State

STATE OF CALIFORNIA
CALIFORNIA HORSE RACING BOARD
APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING
CHRB-17 (Rev 12/06)

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

A. Name, mailing address, telephone and fax numbers of association:

Los Angeles Turf Club, Incorporated
Santa Anita Park
285 W. Huntington Drive — Telephone: 626/574-7223
Arcadia, CA 91007 — Fax: 626/446-9565

B. Breed of horse: [X] TB [ ] QH [ ] H

C. Racetrack name: **Santa Anita Park**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of $10,000 as deposit for license fees pursuant to B&P Code Section 19490. (Attached)

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: **December 26, 2008 through April 19, 2009**

B. Actual dates racing will be held:
December 26, 27, 28, 29, and 31;
January 1, 2, 3, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 22, 23, 24, 25, 28, 29, 30, 31;
February 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 25, 26, 27, 28;
March 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 25, 26, 27, 28, 29;
April 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19

C. Total number of days or nights of racing: **84 Days**

D. Days or nights of the week races will be held: [X] **Wed - Sun** [ ] Tues - Sat [ ] Other (specify)

Exceptions: Monday, December 29, 2008; Monday, January 19 and Monday, February 16, 2009.

E. Number of days or nights of racing per week: 5 Days
Exception: 6 Days; Monday, December 29, 2008 – Sunday, January 4, 2009

CHRB CERTIFICATION	
Application received:	**Hearing date:**
Deposit received:	**Approved date:**
Reviewed:	**License number:**

3. RACING PROGRAM

A. Total number of races: **Estimate 722**

B. Number of races for each day or night: 8 races weekdays
Nine (9) races Opening Day, Weekends and December 29, January 1, 19 and February 16, with the option to program 10 races on such days. Eleven (11) races Santa Anita Handicap day March 7, 2009, and Santa Anita Derby day April 4, 2009.

C. Total number of stakes races: 75

D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses.
See attached Exhibit 3(D).

E. Will provisions be made for owners and trainers to use their own registered colors?
[X] Yes [ ] No If no, what racing colors are to be used:

F. List all post times for the daily racing program:

	All Weekdays	Weekends &Holidays December 26-February 1, 2009	Weekends & Holidays February 4-April 19, 2009
Race 1	1:00 p.m.	12:00 p.m.	12:30 p.m.
Race 2	1:30 p.m.	12:30 p.m.	1:00 p.m.
Race 3	2:00 p.m.	1:00 p.m.	1:30 p.m.
Race 4	2:30 p.m.	1:30 p.m.	2:00 p.m.
Race 5	3:00 p.m.	2:00 p.m.	2:30 p.m.
Race 6	3:30 p.m.	2:30 p.m.	3:00 p.m.
Race 7	4:00 p.m.	3:00 p.m.	3:30 p.m.
Race 8	4:30 p.m.	3:30 p.m.	4:00 p.m.
Race 9		4:00 p.m.	4:30 p.m.
Race 10		4:30 p.m. *(When Applicable)*	5:00 p.m. *(When Applicable)*
Race 11		5:00 p.m. *(When Applicable)*	5:30 p.m. *(When Applicable)*

Exceptions:

Friday, December 26, 2008	Opening Day	12:00 pm
Saturday, January 24, 2009	Sunshine Millions	11:45 pm
Sunday, February 1, 2009	Super Bowl	11:00 am
Saturday, March 7, 2009	Santa Anita Handicap	12:00 pm
Saturday, April 5, 2009	Santa Anita Derby	12:00 pm

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

2008-09 Santa Anita STAKES COSTS

Run Date	Race	Age	Distance	Purse	COST	Nom Fee
Fri Dec 26	Malibu Stakes (Grade I)	3 YO	7 F	$250,000G	$230,000	$250
Fri Dec 26	Sir Beaufort Stakes (Grade III)	3 YO	1 M (T)	$100,000A	$100,000	$100
Fri Dec 26	California Breeders Champion Stakes	2 YO (CA Breds)	7 F	$125,000A	$125,000	$125
Sat Dec 27	California Breeders Champion Stakes	F, 2 YO (CA Breds)	7 F	$125,000A	$125,000	$125
Sat Dec 27	La Brea Stakes (Grade I)	F, 3 YO	7 F	$250,000G	$230,000	$250
Sat Dec 27	Eddie Logan Stakes	2 YO	1 M (T)	$75,000A	$0	$50
Sun Dec 28	San Gabriel Handicap (Grade II)	3 & UP	1 1/8 M (T)	$150,000G	$135,000	$150
Sun Dec 28	Blue Norther Stakes	F, 2 YO	1 M (T)	$75,000A	$0	$50
Mon Dec 29	Impressive Luck Handicap	3 & UP	abt 6 1/2 F (T)	$75,000A	$0	$50
Wed Dec 31	Kalookan Queen Handicap	F/M, 3 & UP	6 1/2 F	$75,000A	$0	$50
Thu Jan 1	El Conejo Handicap (Grade III)	4 & UP	5 1/2 F	$100,000A	$100,000	$100
Fri Jan 2	Paseana Handicap	F/M, 4 & UP	1 1/16 M	$75,000A	$0	$50
Sat Jan 3	Monrovia Handicap (Grade III)	F/M, 4 & UP	abt 6 1/2 F (T)	$100,000A	$100,000	$100
Sun Jan 4	San Gorgonio Handicap (Grade II)	F/M, 4 & UP	1 1/8 M (T)	$150,000G	$135,000	$150
Sat Jan 10	San Pasqual Handicap (Grade II)	4 & UP	1 1/16 M	$150,000G	$135,000	$150
Sun Jan 11	Santa Ysabel Stakes (Grade III)	F, 3 YO	1 1/16 M	$100,000A	$100,000	$100
Sat Jan 17	**San Fernando Stakes (Grade II)	4 YO	1 1/16 M	$200,000G**	$90,000	$150
Sat Jan 17	San Rafael Stakes (Grade III)	3 YO	1 M	$100,000A	$100,000	$150
Sat Jan 17	Santa Ynez Stakes (Grade II)	F, 3 YO	7 F	$150,000G	$135,000	$150
Sun Jan 18	El Encino Stakes (Grade II)	F, 4 YO	1 1/16 M	$150,000G	$135,000	$150
Mon Jan 19	San Marcos Stakes (Grade II)	4 & UP	1 1/4 M (T)	$150,000G	$135,000	$150
Mon Jan 19	San Pedro Stakes	3 YO	6 1/2 F	$75,000A	$0	$50
Sat Jan 24	Sunshine Millions Turf	4 & UP (CA/FL Breds)	1 1/8 M (T)	$500,000G	$850,000	$100
Sat Jan 24	Sunshine Millions Distaff	F/M, 4 & UP (CA/FL Breds)	1 1/16 M	$500,000G	$0	$100
Sat Jan 24	Sunshine Millions Sprint	4 & UP (CA/FL Breds)	6 F	$300,000G	$0	$100
Sat Jan 24	Sunshine Millions Oaks	F, 3 YO (CA/FL Breds)	6 F	$250,000G	$0	$100
Sun Jan 25	Tuzla Handicap (Grade III)	F/M, 4 & UP	1 M (T)	$100,000A	$100,000	$50
Sun Jan 25	Palos Verdes Handicap (Grade II)	4 & UP	6 F	$150,000G	$135,000	$150
Sat Jan 31	Santa Monica Handicap (Grade I)	F/M, 4 & UP	7 F	$300,000G	$275,000	$250
Sat Jan 31	Wishing Well Handicap	F/M, 4 & UP	abt 6 1/2 F (T)	$75,000A	$0	$50
Sun Feb 1	La Habra Stakes (Grade III)	F, 3 YO	abt 6 1/2 F (T)	$100,000A	$100,000	$100
Sat Feb 7	Strub Stakes (Grade II)	4 YO	1 1/8 M	$300,000G	$275,000	$300
Sat Feb 7	Thunder Road Handicap	4 & UP	1 M (T)	$75,000A	$0	$50
Sat Feb 7	Robert B. Lewis Stakes (Grade II)	3 YO	1 1/16 M	$200,000G	$190,000	$200
Sat Feb 7	Las Virgenes Stakes (Grade I)	F, 3 YO	1 M	$300,000G	$275,000	$250
Sun Feb 8	San Antonio Handicap (Grade II)	4 & UP	1 1/8 M	$200,000G	$180,000	$250
Wed Feb 11	La Zanzara Handicap	F/M, 4 & UP	1 1/2 M (T)	$75,000A	$0	$50
Sat Feb 14	Santa Maria Handicap (Grade I)	F/M, 4 & UP	1 1/16 M	$300,000G	$275,000	$250
Sun Feb 15	La Canada Stakes (Grade II)	F, 4 YO	1 1/8 M	$200,000G	$190,000	$200
Sun Feb 15	Daytona Handicap	4 & UP	abt 6 1/2 F (T)	$75,000A	$0	$50
Mon Feb 16	San Vicente Stakes (Grade II)	3 YO	7 F	$150,000G	$135,000	$150

2008-09 Santa Anita STAKES COSTS

Mon Feb 16	Buena Vista Handicap (Grade II)	F/M, 4 & UP	1 M (T)	$150,000G	$135,000	$150
Sat Feb 21	San Carlos Handicap (Grade II)	4 & UP	7 F	$150,000G	$135,000	$150
Sat Feb 21	Valentine Dancer Handicap	F/M, 4 & UP (CA Breds)	1 M (T)	$100,000A	$100,000	$100
Sun Feb 22	San Luis Obispo Handicap (Grade II)	4 & UP	1 1/2 M (T)	$150,000G	$135,000	$150
Sat Feb 28	Sham Stakes (Grade III)	3 YO	1 1/8 M	$200,000G	$190,000	$200
Sat Feb 28	Crystal Water Handicap	4 & UP (CA Breds)	1 M (T)	$100,000A	$100,000	$100
Sun Mar 1	Baldwin Stakes (Grade III)	3 YO	abt 6 1/2 F (T)	$100,000A	$100,000	$100
Sat Mar 7	Honest Lady Stakes	F/M, 4 & UP	6 F	$100,000A	$100,000	$100
Sat Mar 7	Santa Anita Handicap (Grade I)	4 & UP	1 1/4 M	$1,000,000G	$925,000	$300
Sat Mar 7	Frank E. Kilroe Mile (Grade I)	4 & UP	1 M (T)	$300,000G	$275,000	$300
Sat Mar 7	Santa Anita Oaks (Grade I)	F, 3 YO	1 1/16 M	$300,000G	$275,000	$300
Sun Mar 8	China Doll Stakes	F, 3 YO	1 M (T)	$75,000A	$0	$50
Sat Mar 14	Santa Margarita Handicap (Grade I)	F/M, 4 & UP	1 1/8 M	$300,000G	$300,000	
Sat Mar 14	San Felipe Stakes (Grade II)	3 YO	1 1/16 M	$200,000G	$190,000	$200
Sun Mar 15	Pasadena Stakes	3 YO	1 M (T)	$75,000A	$0	$50
Sun Mar 15	Irish O'Brien Stakes	F/M, 4 & UP (CA Breds)	abt 6 1/2 F (T)	$125,000 A	$125,000	$125
Sat Mar 21	San Luis Rey Handicap (Grade II)	4 & UP	1 1/2 M (T)	$200,000G	$185,000	$200
Sun Mar 22	Santa Ana Handicap (Grade II)	F/M, 4 & UP	1 1/8 M (T)	$150,000G	$135,000	$150
Sat Mar 28	Tokyo City Cup (Grade III)	4 & UP	1 1/2 M	$100,000A	$100,000	$100
Sat Mar 28	San Miguel Stakes	3 YO	6 F	$75,000A	$0	$50
Sun Mar 29	Santa Paula Stakes (Grade III)	F, 3 YO	6 1/2 F	$100,000A	$100,000	$50
Sun Mar 29	Sensational Star Handicap	4 & UP (CA Breds)	abt 6 1/2 F (T)	$125,000A	$125,000	$125
Sat Apr 4	Santana Mile	4 & UP	1 M	$75,000A	$0	$50
Sat Apr 4	Santa Anita Derby (Grade I)	3 YO	1 1/8 M	$750,000G	$650,000	$300
Sat Apr 4	**Potrero Grande Handicap (Grade II)	4 & UP	6 1/2 F	$200,000G**	$90,000	$150
Sat Apr 4	Arcadia Handicap (Grade II)	4 & UP	1 M (T)	$150,000G	$135,000	$150
Sat Apr 4	Providencia Stakes (Grade II)	F, 3 YO	1 M (T)	$150,000G	$135,000	$100
Sun Apr 5	Las Flores Handicap (Grade III)	F/M, 4 & UP	6 1/2 F	$150,000G	$135,000	$150
Sat Apr 11	La Puente Stakes	3 YO	1 M (T)	$100,000A	$100,000	$100
Sat Apr 11	Santa Lucia Handicap (Restricted)	F/M, 4 & UP	1 1/16 M	$75,000A	$0	$50
Sun Apr 12	Las Cienegas Handicap (Grade III)	F/M, 4 & UP	abt 6 1/2 F (T)	$100,000A	$100,000	$100
Sat Apr 18	Santa Barbara Handicap (Grade II)	F/M, 4 & UP	1 1/4 M (T)	$200,000G	$180,000	$200
Sat Apr 18	San Simeon Handicap (Grade III)	4 & UP	abt 6 1/2 F (T)	$100,000A	$100,000	$100
Sun Apr 19	San Juan Capistrano Handicap (Grade II)	4 & UP	abt 1 3/4 M (T)	$250,000G	$250,000	
					$10,695,000	

* Pending TOC Approval

**Includes $100,000 Breeders' Cup Funding

4 RACING ASSOCIATION

A. Association is a: [X] Corporation (complete subsection C)
[ ] LLC (complete subsection D)
[ ] Other (specify, and complete subsection E)

B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. Addendum A on file with CHRB.

C. CORPORATION

1. Registered name of the corporation: Los Angeles Turf Club, Incorporated
2. State where incorporated: California
3. Registry or file number for the corporation: 481360
4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:

The officers of the corporation hold zero shares in Los Angeles Turf Club, Incorporated.
Ron Charles, President & Chief Executive Officer
George Haines II, V.P. & General Manager
Frank De Marco, Jr., V.P. Regulatory Affairs and Assistant Secretary
Allen Gutterman, V.P. Marketing & Sales
Gina Lavo, V.P. Finance
Scott J. Daruty, Director

5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each:
Los Angeles Turf Club, Incorporated is a wholly owned subsidiary of The Santa Anita Companies, Inc., a Delaware Corporation, which is a wholly owned subsidiary of Magna Entertainment Corp., a Delaware Corporation.

6. Number of outstanding shares in the corporation:
Los Angeles Turf Club, Incorporated: 25 shares (Not publicly traded.)
The Santa Anita Companies, Inc.: 100 shares (Not publicly traded.)
Magna Entertainment Corp.: 2,928,447 Class A Subordinate Voting Shares
2,923,302 Class B Shares
As of August 31, 2008

7. Are the shares listed for public trading? [X] Yes [ ] No
If yes, on what exchange and how is the stock listed:
The MEC shares are traded on the NASDAQ Exchange.

8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: N/A

9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity:
Magna Entertainment Corp.

10. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee.

Magna Entertainment Corp. Form 10-Q dated June 30, 2008 on file with the Board.

D. LLC N/A

E. OTHER N/A

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:

Ron Charles, President
George Haines, Vice-President & General Manager
Frank DeMarco, Jr., Vice-President Regulatory Affairs & Assistant Secretary
Allen Gutterman, Vice-President Marketing & Sales
Gina Lavo, Vice-President Finance
Candace Coder-Chew, Director of Print & Graphics
Randy Fowler, Director of Food & Beverage
Randy Hartzell, Director of Mutuels
Dick Honaker, Director of Operations & Security
Chris Quinn, Director of Group Sales
Pete Siberell, Director of Community Service & Special Events
Jason Spetnegal, Director of Facilities
Aaron Vercruysse, Executive Director, Business Development/Simulcasting
Ken Walker, Director of Labor Relations
Mike Willman, Director of Publicity & Public Relations
Amy Zimmerman, Director of Broadcasting
Nina Zukin, Director of Information Services
Jay Cohen, Hornblower
Trevor Denman, Public Address Commentator/Announcer

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:

Frank DeMarco, Jr., Vice-President Regulatory Affairs & Assistant Secretary

5. PURSE PROGRAM

A. Purse distribution:

1. All races other than stakes:

Current meet estimate:	$26,230,600
Prior meet actual:	$26,560,000

Average Daily Purse (5A1 ÷ number of days):

Current meet estimate:	$ 312,269
Prior meet actual:	$ 312,471

2. Overnight stakes:

Current meet estimate:	$ 1,125,000
Prior meet actual:	$ 1,200,000

Average Daily Purse (5A2 ÷ number of days):

Current meet estimate:	$ 13,392
Prior meet actual:	$ 14,118

3. Non-overnight stakes:

Current meet estimate:	$10,695,000
Prior meet actual:	$10,545,000

Average Daily Purse (5A3 ÷ number of days):

Current meet estimate:	$ 127,321
Prior meet actual:	$ 124,059

B. Stakes races:

1. Purse distribution for all stakes races:

Current meet estimate:	$11,820,000
Prior meet actual:	$11,745,000

Average Daily Purse (5B1 ÷ number of days):

Current meet estimate:	$ 140,714
Prior meet actual:	$ 138,176

2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:

Current meet estimate:	13%
Prior meet actual:	13%

Average Daily Purse (5B2 ÷ number of days):

Current meet estimate:	.15%
Prior meet actual:	.15%

C. Funds to be generated for all California-bred incentive awards:

Current meet estimate:	$ 2,700,000
Prior meet actual:	$ 2,750,000

D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):

Recognized Horsemen's Organization

	Current meet estimate:	Prior meet actual:
NTRA	$ 186,000	$ 186,000
TOC	$ 381,600	$ 384,000
CTT Pension	$ 377,784	$ 380,000
CTT Administration	$ 194,616	$ 196,000
Total	$1,140,000	$1,146,000

E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (5A+5C+5D):

Current meet estimate:	$41,890,600
Prior meet actual:	$42,201,000

Average Daily Purse (5E ÷ number of days):

Current meet estimate:	$ 498,697
Prior meet actual:	$ 496,482

F. Purse funds to be generated from on-track handle and intrastate off-track handle:

Current meet estimate:	$26,236,000
Prior meet actual:	$27,400,000

Average Daily Purse (5F ÷ number of days):

Current meet estimate:	$ 312,333
Prior meet actual:	$ 322,353

G. Purse funds to be generated from interstate handle:

Current meet estimate:	$ 9,700,000
Prior meet actual:	$ 9,100,000

Average Daily Purse (5G ÷ number of days):

Current meet estimate:	$ 115,476
Prior meet actual:	$ 107,059

H. Bank and account number for the Paymaster of Purses' purse account:
Wells Fargo Regional Commercial Bank, West Covina Office, paid through Paymaster of Purses Account #ON FILE

I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
Bowen, McBeth Co., 10722 Arrow Route, Suite 110, Rancho Cucamonga, CA 91730Telephone: (909) 944-6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, shall not be deemed as income to the association; shall not be transferred to a parent corporation outside the State of California; and shall, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account, and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of underpayment of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

A. Number of usable stalls available for racehorses at the track where the meeting is held: **1,950**

B. Minimum number of stalls believed necessary for the meeting: **1,853**

C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **2,500**

D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: **Hollywood Park 1,500** **San Luis Rey Downs 500** **Fariplex 500**

E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site.

SCOTWINC agreement on file with CHRB

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

F. Total number of usable stalls made available on-site for the 1986 meeting: 1,950

G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
$3,326,000 **($19.50/day/stall; excludes vanning costs)**

H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse: $350,000
$180 RT for Hollywood and Pomona
$320 RT for San Luis Rey Downs

A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:

Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	$1 E; $1 Double	CHRB #1959; RCI #VE
Race #1	$1E $2DD $1PK3 $1PPN $1PNP4	CHRB #1959, 1957, 1977, 1976.8, 1976.9
Race #2	$1E $2DD $1PK3	CHRB #1959, 1957, 1977
Race #3	$1E $2DD $1PK3 $2PNP6	CHRB #1959, 1957, 1977, 1976.9
Race #4	$1E $2DD $1PK3 $2PNP6	CHRB #1959, 1957, 1977, 1976.9
Race #5	$1E $2DD $1PK3 $2PNP6 $1PNP4	CHRB #1959, 1957, 1977, 1976.9
Race #6	$1E $2DD $1PK3 $1PNP4	CHRB #1959, 1957, 1977, 1976.9
Race #7	$1E $2DD $1PK3 $1PNP4	CHRB #1959, 1957, 1977, 1976.9
Race #8	$1E $2DD $1PK3 Super H5	CHRB #1959, 1957, 1977, 1976.9; ARCI 19599
Race #9	$1E $2DD Super H5	CHRB #1959, 1957; ARCI 19599
Race #10	$1E $2DD Super H5	CHRB #1959, 1957; ARCI 19599

- Rolling $2 Daily Doubles beginning with Race #1. (CHRB #1957)
- $1 Trifecta on all eligible races. (CHRB #1979)
- $0.10 Superfecta wagering on all qualifying races. (CHRB #1979.1) Except on races with Pentafecta.
- Incoming simulcasts will follow host track format.
- $1 Place PK8 on 8-race program; Place PK9 on 9-race program, Place PK10 on 10-race program. Alternate runner provision. [All $1 Wagers] No carryover. Pay all tickets with most winners. (CHRB #1976.8)
- $2 PNP6 Last six live races 70% Carryover, 30% Minor. Alternate runner provision. (CHRB #1976.9)
- $1 PNP4 first race and last four live races. Alternate runner provision. (CHRB #1976.9)
- $2 Parlay Wagering Races 1-10. (CHRB #1954.1)
- $1 Pentafecta selecting the first five finishers in a same race. 100% payout on all tickets selecting five winners. No consolation; 100% carryover if no ticket has five winners. Note: Superfecta will not be offered in a selected Super High-5 race. Super High-5 will be carded as last race of the day. [Applicable rule: ARCI 19599 – T PICK (N) POSITION (X) POOLS]

B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: Unlimited

C. List any options requested with regard to exotic wagering: N/A

D. Will "advance" or "early bird" wagering be offered? [X] Yes [ ] No
If yes, when will such wagering begin: 8:30 a.m. – 10:00 a.m.

E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: Scientific Games Racing, Brooks Pierce, President Expires: September, 2012

8. ADVANCE DEPOSIT WAGERING (ADW)

A. Identify the ADW provider(s) to be used by the association for this race meeting:
Providers include:

Pending Restrictions:
Twin Spires
YouBet
TVG
XpressBet

9. SIMULCAST WAGERING PROGRAM

A. Simulcast organization engaged by the association to conduct simulcast wagering:
Southern California Off-Track Wagering, Inc.

B. Attach the agreement between the associations and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools.
Agreement on file with CHRB.

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

Alameda County Fair
Antelope Valley Fair
Barona Casino
Bay Meadows
Cal. Expo
Desert Expo
Earl Warren Showground's – 19th DAA
ExpoCentre
Fairplex
Fantasy Springs Casino
Fresno District Fair – 21st DAA
Fresno Club One Wagering Facility
Golden Gate
Hollywood Park
Kern County Fair – 15th DAA
Lake Perris Sports Pavilion
Los Alamitos
Monterey County Fair – 7th DAA
National Orange Show
Redwood Acres Fair – 9th DAA
San Bernardino County Fair – 28th DAA
San Joaquin Fair – 2nd DAA
Santa Barbara County Fair – 37th DAA
Santa Clara County Fear
Shasta District Fair – 27th DAA
Solano County Fair
Sonoma County Fair
Stanislaus County Fair, Turlock Satellite
Sycuan Casino
Ventura County Fair – 31st DAA
Viejas Casino & Turf Club
Surfside Race Place at Del Mar
24th District Agricultural Association

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:
See (E) Common Pool Sites and Separate Pool/Flat Fee Sites.

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:

<u>EXPORT SIMULCAST SITE REQUEST – Subject to Change/Additions</u>

All ADW companies should be on the list of sites possibly taking wagers on SA races. All are pending approval.

Amwest Entertainment	North Dakota
Arapahoe Park	Colorado
Arima Race & Sports Book	Trinidad
Arlington International Racecourse,	Illinois
Atlantic City Casino Assn	New Jersey
Atlantic City Race Course	New Jersey
Atokad Downs	Nebraska
Balmoral Park/Maywood	Illinois
Bettor Racing OTB (Royal River),	South Dakota
Beulah Park	Ohio
Birmingham Race Course	Alabama
Blue Ribbon Downs	Oklahoma
Bluffs Run Greyhound Park & Casino,	Iowa
Boyd Gaming, dba Delta Downs	Louisiana
Buffalo Trotting Association	New York
Calder Race Course	Florida
Canterbury Park	Minnesota

Capital District OTB	New York
Capital Sports Pty Ltd.	Australia
Catskill OTB	New York
Charles Town Races	West Virginia
Choctaw Racing Services, LLC, Oklahoma	
Churchill Downs	Kentucky
Churchill Downs Sports Spectrum, Kentucky	
Coeur d' Alene Casino	Idaho
Colonial Downs	Virginia
Columbus Races	Nebraska
Connecticut OTB	Connecticut
Corpus Christi Greyhound Race Track, Texas	
Crystal Palace Casino	Bahamas
Dairyland Greyhound Park	Wisconsin
Delaware Park	Delaware
Dover Downs	Delaware
Downs at Albuquerque	New Mexico
Ellis Park	Kentucky
Emerald Downs	Washington
European Simulco	Austria
Evangeline Downs	Louisiana
Fair Meadows at Tulsa	Oklahoma
Fairgrounds Race Course	Louisiana
Fairmount Park	Illinois
Finger Lakes Race Track	New York
Fonner Park	Nebraska
Freehold Raceway	New Jersey
Geneva Lakes Kennel Club	Wisconsin
Gillespie County Fair Race Meet	Texas
Great Lakes Downs	Michigan
Hawthorne National LLC	Illinois
Hazel Park	Michigan
Hinsdale Greyhound Park	New Hampshire
Hoosier Park	Indiana
Horsemen's Park	Nebraska
Indiana Downs	Indiana
International All Sports Limited	Florida
Jackson Harness Raceway	Michigan
Keeneland Association	Kentucky
Las Vegas Dissemination Co.	Nevada
Lebanon Raceway	Ohio
Les Bois Park	Idaho
Lewiston Raceways, Inc.	Maine
Lien Games, Inc.	North Dakota
Lincoln Park	Rhode Island
Lone Star Race Park Ltd.	Texas
Louisiana Downs	Louisiana
LVDC / Elite Turf Club	Nevada
LVDC / Tribal Locations	Nevada
Manor Downs	Texas
Maryland Jockey Club	Maryland
Midway Slots & Simulcast	Delaware
Monmouth Park	New Jersey
Montana Simulcast Partners	Montana
Monticello Raceway	New York
Mount Pleasant Meadows	Michigan
Mountaineer Park	West Virginia

Nassau/Suffolk OTB	New York
Nevada Pari-Mutuel Association	Nevada
New Jersey Sports & Exposition Authority, NJ	
New York City Off-Track Betting	New York
New York Racing Association	New York
Newport Jai-Alai	Rhode Island
Northfield Park	Ohio
Northville Racing Corp.	Michigan
Oaklawn Park	Arkansas
Ocean Downs	Maryland
Penn National Race Course	Pennsylvania
Philadelphia Park	Pennsylvania
Plainridge Race Course	Massachusetts
Portland Meadows	Oregon
Prairie Meadows	Iowa
Raceway Park	Ohio
Racing & Gaming Services, Inc.,	British WI
Remington Park	Oklahoma
Retama Park	Texas
River Downs	Ohio
Rockingham Park	New Hampshire
Rosecroft Raceway	Maryland
Ruidoso Downs	New Mexico
Saginaw Harness Raceway	Michigan
Sam Houston Race Park, LTD	Texas
Saratoga Raceway	New York
Scarborough Downs	Maine
Scioto Downs	Ohio
Southland Greyhound Park	Arkansas
Sports Creek Raceway	Michigan
State Fair Park	Nebraska
Stevenson & Associates, Inc. (Common), Florida	
Suffolk Downs	Massachusetts
Suffolk OTB	New York
Sunland Park	New Mexico
Sunray Park	New Mexico
The Green Track	Alabama
The Greyhound Park at Post Falls,	Idaho
The Meadows	Pennsylvania
The Texas Hub at Gulf Greyhound,	Texas
Thistledown Racing	Ohio
Tri-State Racetrack & Gaming Center, WV	
Turf Paradise	Arizona
Turfway Park	Kentucky
Twin Spires ADW	
Western Regional OTB	New York
Wheeling Downs	West Virginia
Wichita Greyhound Park	Kansas
Wonderland Greyhound Park	Massachusetts
Woodlands	Kansas
Wyoming OTB	Wyoming
XpressBet, Inc.	California
Yonkers Raceway	New York
Youbet / I.R.G.	California
Zia Park	New Mexico

<u>Canada Pools:</u>

Assiniboia Down., CAN

Charlottetown, CAN

Clinton Raceway, CAN

Connaught Park-Aylmer, CAN

Dresden, CAN
Elmira Raceway, CAN
Evergreen Park Grande Prairie, Can
EX Park IVR, CAN
Flamboro Downs, CAN
Fort Erie Racetrack, CAN
Fraser Downs, CAN
Fredericton Raceway, CAN
Georgian Downs, CAN
Grand River, CAN
Hanover Raceway, CAN
Hastings Park, CAN
Hiawatha, CAN
Hippodrome De Aylmer, CAN
Hippodrome de Montreal, CAN
Hippodrome de Quebec, CAN
Hippodrome De Trois-Rivieres, CAN
Inverness Raceway, CAN
Kawartha Downs, CAN
Marquis Downs, CAN
Mohawk Racetrack, CAN
Northlands Park, CAN
Picov Downs, CAN
Quinte Raceway, CAN
Rideau Carleton Raceway, CAN
Rocky Mountain Turf Club, CAN
St. John's, CAN
Stampede Park, CAN
Sudbury Downs, CAN
Summerside-PEI, CAN
TBC Teletheatres, CAN
Truro Raceway, CAN
Western Fair Raceway, CAN
Windsor Raceway, CAN
Woodbine, CAN
Woodstock-Ontario, CAN

Separate Pools
Stevenson & Associates, Inc.
Caliente: Mexico, Central & South America,
Presidente Remon, Panama

F. For THOROUGHBRED racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track | Race Dates | Full Card or Selected Feature and/or Stakes Races

*Subject to Change-No signals will be full card for the most part with the exception of Canadian Imports which do not count against the 23-race/day-import average.

Track	Dates	Races
Aqueduct - AQU:	DEC-APRIL	Selected Feature and/or Stakes Races
Calder Race Course - CRC:	DEC-JAN	Selected Feature and/or Stakes Races
Fairground @ La. Downs:	DEC-APRIL	Selected Feature and/or Stakes Races
Fort Erie - Canada:	APRIL	Full Card
Gulfstream Park - GP:	JAN-APRIL	Selected Feature and/or Stakes Races
Hastings - HST:	APRIL	Full Card
Hawthorne - HAW:	FEB-APRIL	Selected Feature and/or Stakes Races
Keeneland - KEE:	APRIL	Selected Feature and/or Stakes Races
Laurel Park - LRL:	JAN-APRIL	Selected Feature and/or Stakes Races
Lone Star Park - LS:	APRIL	Selected Feature and/or Stakes Races
Louisiana Downs - LAD:	APRIL	Selected Feature and/or Stakes Races
Northlands Park - NP.	MARCH-APRIL	Full Card
Oaklawn Park - OP:	JAN-APRIL	Selected Feature and/or Stakes Races
Philadelphia Park - PHA:	JAN-APRIL	Selected Feature and/or Stakes Races
Pimlico - PIM:	APRIL	Selected Feature and/or Stakes Races
Portland Meadows -	DEC-APRIL	Selected Feature and/or Stakes Races
Remington Park - RP:	APRIL	Selected Feature and/or Stakes Races
River Downs - RD:	APRIL	Selected Feature and/or Stakes Races
Stampede Park - STP:	APRIL	Full Card
Tampa Bay Downs - TAM:	DEC-APRIL	Selected Feature and/or Stakes Races
Thistledown - TDN:	MARCH-APRIL	Selected Feature and/or Stakes Races
Turf Paradise - TUP:	DEC-APRIL	Selected Feature and/or Stakes Races
Turfway Park - TP:	JAN-APRIL	Selected Feature and/or Stakes Races
Woodbine - WO:	APRIL	Full Card

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track   Race Dates   Full Card or Selected Feature and/or Stakes Races

G. For QUARTER HORSE racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": N/A

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track   Race Dates   Full Card or Selected Feature and/or Stakes Races

H. For STANDARDBRED racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races": N/A

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track   Race Dates   Full Card or Selected Feature and/or Stakes Races

I. For ALL racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported: N/A

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track   Breed of Horse   Race Dates   Number of Races to be Imported

J. For ALL racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Section 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). N/A

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

10. CHARITY RACING DAYS

A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association:
   Board of Directors
   Los Angeles Turf Club, Incorporated
   285 W. Huntington Drive
   Arcadia, CA 91007

B. Names and addresses of the trustees or directors of the distributing agent:
   Los Angeles Turf Club, Incorporated
   Frank De Marco, Assistant Secretary
   285 W. Huntington Drive
   Arcadia, CA 91007

C. Dates the association will conduct races as charity racing days OR:

D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing officials nominated:

Association Veterinarian(s)	Dr. Jill Bailey
Clerk of Scales	Kevin Colosi
Clerk of the Course	Melanie Stubblefield
Film Specialist	Ruben Hernandez
Horse Identifier	Jennifer Paige
Horseshoe Inspector	Victor Tovar
Paddock Judge	Ken Goldberg
Patrol Judges	Ruben Hernandez, Dawn Jackson, Ken Goldberg
Placing Judges	Bob Moreno, Lisa Jones
Starter	Jay Slender
Timer	Jeff Tufts

B. Management officials in the racing department:

Director of Racing	Michael J. Harlow
Racing Secretary	Rick Hammerle
Assistant Racing Secretary	Richard Wheeler
Paymaster of Purses	Cece Connor
Others (identify by name and title)	
Assistant Clerk of Scales	Charles McCaul

C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards:
   Ms. Barbara Weinstein

9582 Hamilton Avenue, Suite 265
Huntington Beach CA 92646, 714/964-7102

D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:
Plusmic Corporation USA/Bill O'Brien Expires December 31, 2009.

E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks. In-house Video System:

MAJOR VIDEO EQUIPMENT LISTING

Cameras

- All cameras, except ENG cameras, are BTS LDK 91 or BTS LDK 100 broadcast color cameras.
- All cameras are equipped with Fujinon lens and Vinten camera Support Equipment.
- All cameras (except the 2 wireless) are on triax camera control systems.
- ENG cameras are Sony DVW-700 digital betacams.
- Enclosed saddling stall cameras are high-8 lock-down cameras.

Camera Positions

1) 3/8 tower on grass 55:1 lens
2) 3/8 tower on dirt 55:1 lens
3) hillside/square box on hill grass (remote) 18:1 lens
4) 1/4 tower on both grass and dirt 24:1 lens
5) tight pan camera on both grass and dirt 70:1 lens
6) loose pan camera on both grass and dirt 36:1 lens
7) 7/8 tower on grass 55:1 lens
8) 7/8 tower on dirt 55:1 lens
9) Winner's circle 24:1 lens
10) wireless starting gate and saddling barn 18:1 lens
11) wireless lower finish line and interviews 14:1 lens
12) walking ring 14:1 lens
13) east saddling barn (remote) 7:1 lens
14) west saddling barn (remote) 7:1 lens
15) studio 18:1 lens
16) infield speaker pole (remote) 18:1 lens
17) ENG camera 20:1 lens
18) East saddling barn enclosed saddling stall (lock-down)
19) West saddling barn enclosed saddling stall (lock-down)
20) 5/16 Camera outside of main track rail 14:1 lens

Public

- 250 - 13" Gateway Flat Screen Monitors
- 30 - 42" LG Plasma Monitors
- Over 600 - 9" Sony receivers
- Over 500 - 27" Sony receivers
- Over 350 - 32" Sony receivers
- Over 75 - 13" Sony receivers
- Over 150 - 10" Sony receivers
- 150 - 20" Sony receivers
- 8 - Barco Video Projectors
- 40'x53' Display Ad Large screen LED video board
- Barco LED Screens
- 32' x 18' Barco mobile LED video board

Control Room Equipment

- 1 - Tektronix 4-channel digital profile file server
- 1 - Digital Betacam VTP
- 2 - Composite Digital Video Tape recorders
- 6 - Betacam record/play VCRs with slo-mo
- 2 - Betacam record/play VCRs
- 1 - 3/4" Umatic record/play VCR
- 1 - 3/4" Umatic VCR
- 5 - Digital Beta cam VCR's
- 1 - GVG IPS-110 Editor
- 2 - Hi 8 record/play VCR
- 6 - VHS record/play VCR
- 1 - BTS 128x128 video router with 64x64 stereo audio follow
- 1 - GVG 3000 composite digital switcher w/dual MEs, PVW/PGM
- 1 - Dual channel GVG DPM 700 digital effects system
- GVG video DAs
- 1 - GVG GF-40 character generator/paint system

- 1 - GVG DSS-4 stillstore
- 1 - Quanta character generator
- Sony video monitors
- 5 - Tektronix WFM and V-scopes
- 1 - GVG 100 video switchers
- 2 - Soundcraft Delta audio mixers
- 1 - GVG 251 Editor
- 30 - Jeroid TV Modulators
- 2 - Chyron MAX! Graphics Generators
- 2 - Chryon Maxine! Graphics Generators
- Abekes Dveous digital effects machine
- Sony DVD Recorder/Players

Number and location of cameras for dirt and turf tracks:

- 1 Tight Pan
- 1 Loose Pan
- 1 7/8th camera *dirt*
- 1 7/8th camera *turf*
- 1 RF Starting Gate camera
- 1 3/8th camera *dirt*
- 1 3/8th camera *turf*
- 1 3/16th camera *dirt*
- 1 3/16th camera *turf*
- 1 ¼ pole camera
- 1 hillside camera *turf*
- 1 5/16th camera *dirt/turf*

F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:

Electronic timing systems on both dirt and turf courses, maintained and operated by Santa Anita personnel. Systems backed by hand timing.

12. SECURITY CONTROLS

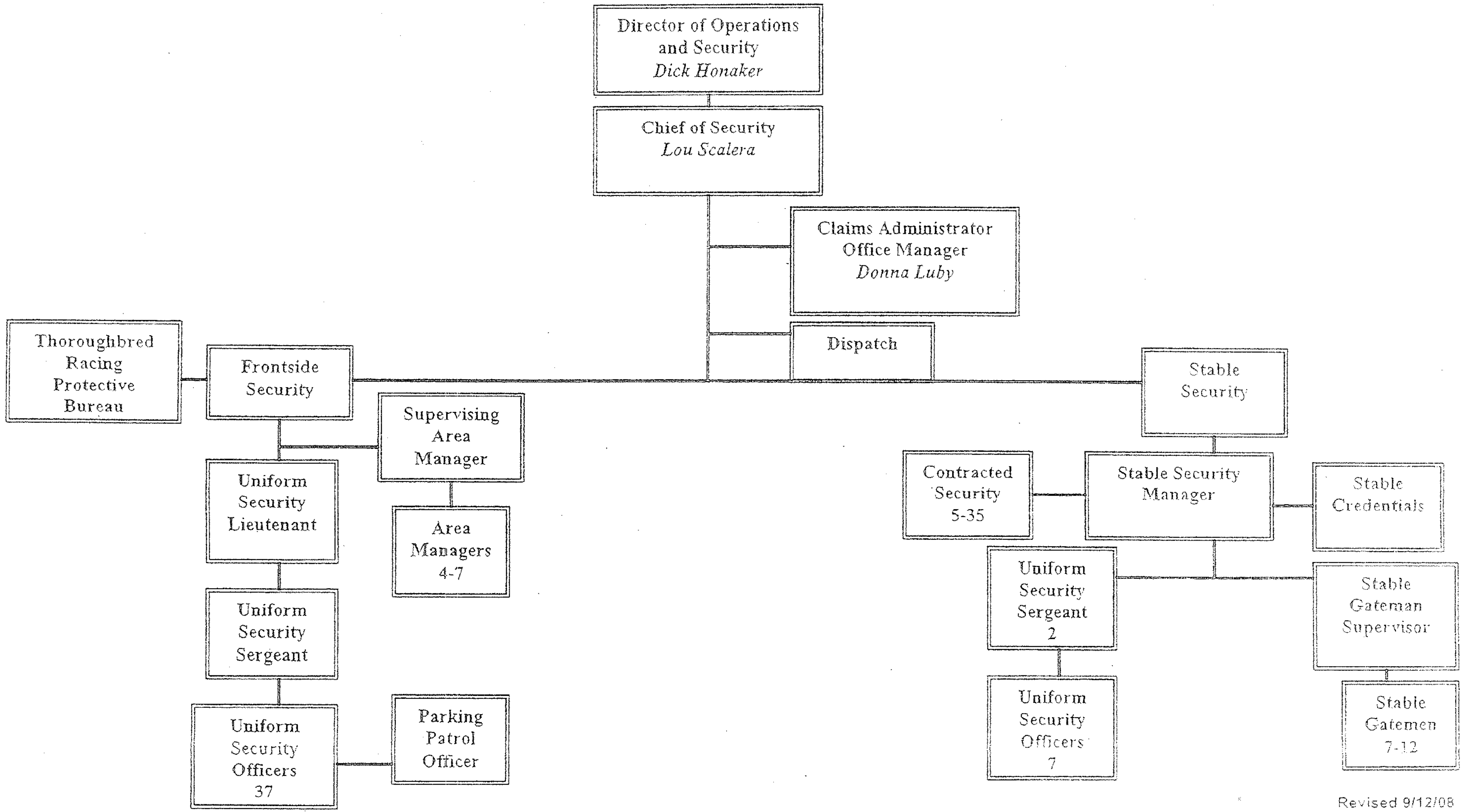
A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers.
Richard Honaker, Director of Operations & Security
Lou Scalera, Chief of Security
Front Side Security Office (626) 574-6406
Stable Security Office (626) 574-6469
Organizational Chart: (Attached Exhibit 12-A)

B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis:
1 Chief of Security
1 Stable Security Manager
7 Investigators
1 Dispatcher/Child Care
40 Security Guards
1 Risk & Office Manager
1 Fire Marshall
13 Gatemen
1 Stable Credentials Secretary

1. Attach a written plan for enhanced security for graded stakes races, and races of $100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns.

Each horse entered in a graded race is assigned a contracted security officer, licensed by the CHRB. Each of these officers will be trained by LATC Stable Security management, the CHRB and one or more track veterinarians. Each officer is issued a hand-held digital video camera and a log sheet to record [in writing and electronically] all activity including persons entering the stall with the horses

Security 2008/2009 Organizational Chart Live Racing



Revised 9/12/08

entered. Each security officer is briefed before starting surveillance a minimum of six (6) hours prior to the post time of the given race.

2. Detention Barns:
   a. Attach a plan for use of graded stakes or overnight races.

As defined in contractual agreements with TOC, CTT and CHRB directives. (See Exhibit 12B-3)

   b. Number of security guards in the detention barn area during a 24-hour period.
   See 12-2a above.

   c. Describe number and location of surveillance cameras in detention barn area.

LATC operates a detention barn located at Barn 121, stalls 9, 10, 11, 12, 12A, 14, 20 and 21 with each having a camera installed offering a wide angle view of the entire stall. In addition, on the outside of stalls 4, 7, 12A and 14, cameras have been installed offering wide-angle views of the shed row from both directions. The stable gates are included with the cameras as mentioned above and all of these cameras are controlled by the same measures.

3. TCO2 Testing:

   A. Number of races to be tested, and number of horses entered in each race to be tested.
      All horses will be tested.
   B. Plan for enhanced surveillance for trainers with high-test results.
      Contractual obligations with TOC, CTT and CHRB directives will be followed. (Exhibit 12-B3)
   C. Plan for detention barns for repeat offenders.
      (Exhibit 12B-3)
   D. Number of security personnel assigned to the TCO2 program.
      As needed.

C. Describe the electronic security system:
Electronic security system consists of video cameras with the ability to pan, tilt and zoom remotely. Camera monitors and control points are managed from secure locations. Video recordings are maintained on hard drives.

Location and number of video surveillance cameras for the detention barn and stable gate.
LATC operates a detention barn located at Barn 121, stalls 9, 10, 11, 12, 12A, 14, 20 and 21 with each having a camera installed offering a wide angle view of the entire stall. In addition, on the outside of stalls 4, 7, 12A and 14, cameras have been installed offering wide-angle views of the shed row from both directions. The stable gates are included with the cameras mentioned in question 2-C above, and all of these cameras are controlled by the same measures.

D. For night racing associations. Describe emergency lighting system: N/A

SANTA ANITA PARK

(from TOC agreement)

2008 Testing Policy & Procedures

The Trainer goes into the TCO2 surveillance-quarantine-protection barn within 72 hours of the CHRB's notice to the public that there has been a complaint filed against a trainer for a TCO2 violation.

1st Offense – For the first test that results in a total carbon dioxide (TCO2) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days from the date set by the TCO2 Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that Track deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the date set by the TCO2 Committee will be quarantined to a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, $150.00 for security and $25.00 for stall renovation per horse/entrant, for stall renovation per day being born by the trainer or owner of such horse.

2nd Offense – For the second test that results in a total carbon dioxide (TCO2) of 37 millimoles per liter of plasma or more, which occurs within 3 years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days from the date set by the TCO2 Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that Track deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the date set by the TCO2 Committee will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to $150.00 for security and $25.00 for stall renovation per horse/entrant, for stall renovation per day being born by the trainer or owner of such horse.

3rd Offense – The third test that results in a total carbon dioxide (TCO2) of 37 millimoles per liter of plasma or more, which occurs within 3 years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days from the date set by the TCO2 Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that Track deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the date set by the TCO2 Committee will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, $150.00 for security and $25.00 for stall renovation per horse/entrant, for stall renovation per day being born by the trainer or owner of such horse.

13 EMERGENCY SERVICES

A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
Huntington Ambulance Service, PO Box 145, Sunset Beach, CA 90742, (714) 325-0363

B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
Hollywood Park: Huntington Ambulance Service (same as above)
Fairplex: Cole-Shaefer Ambulance, 324 N. Towne Ave., Pomona, CA 91767 (909) 622-1273
San Luis Rey Downs: Copy of SLRD emergency plan on file with CHRB.

C. Describe the on-track first aid facility, including equipment and medical staffing:

Description of Santa Anita First Aid Office
(Live Racing)

SERVICES (Mission)

- Yearly Jockey Physicals;
- Preventive and curative medical services for jockeys;
- Urgent care facility for jockeys;
- Urgent care for patrons and Santa Anita employees.

STAFFING

- Contracted Track Physician;
- Contracted two EMTs;
- Licensed Emergency Ambulance

EQUIPMENT

- Basic First Aid Supplies (i.e. bandages and wound care);
- Oxygen equipment;
- Backboard, cervical collars, and splints;
- Blood pressure monitoring.

AVAILABILITY

- When gates open until after last race

D. Name and emergency telephone number of the licensed physician on duty during the race meeting:
Dr. Andrreas T. Subadya (626) 212-0492

E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey:
Arcadia Methodist Hospital, 300 W. Huntington Drive, Arcadia, CA 91007 (626) 445-4441

F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey:
Exhibits 13-F Attached.

Exhibit 13-F (English)

SANTA ANITA PARK

EMERGENCY MEDICAL PROCEDURES
FOR ON-TRACK INJURY TO JOCKEYS

"FIRST RESPONSE"

- In the event of an accident, LATC Trackside Human Ambulance "Unit 41T " which is manned by LATC-contracted EMTs and is following the horses and jockeys in the race will respond immediately to the site of the accident. The attending EMT's shall arrive equipped with basic cardiac life support (BCLS), AED, and full C-spine equipment
- An "on-site evaluation" of injuries to the jockey(s) shall be made by Unit 41T.

↓

"ON-SITE EVALUATION"

- Based on the EMT's "on-site evaluation" of injuries , a decision shall be made to either treat the injured jockey(s) on-site or to transport to Methodist Hospital Emergency Room.
    - If on-site treatment is deemed sufficient, Unit 41T shall transport the injured jockey(s) directly to the First Aid Office where the Track Physician will be primary care provider or,
    - If off-site treatment is deemed necessary Unit 41 will have the Security Department (channel 1) contact the emergency room and advised them of the situation. Unit 41 will then transport jockey(s) to Methodist Hospital Emergency Room.

↓

"INJURY TREATMENT"

- If the injured jockey(s) is treated at the First Aid Office the Track Physician shall be the primary care provider unless or until the Track Physician surrenders custody of the patient based on his/her medical judgment;
    - If deemed necessary Unit 41T will transport the injured jockey(s) to Methodist Hospital.
    - If more than two jockeys need to be transported to the hospital, the City of Arcadia Fire Department will be requested for assistance in transportation.

SANTA ANITA PARK

Exhibit 13-F (Spanish)

PROCEDIMIENTO MEDICO de EMERGENCIAS
PARA HERIDAS A JINETES EN LA PISTA

"PRIMEROS AUXILIOS"

- En el evento de un accidente, la ambulancia humana de LATC "Unidad 41T" es manejada por las EMT's contractados por la LATC, seguiran a los caballos y jinetes en la carrera para responder immediatamente al sitio del accident. El EMT arrivara con el equipo cardiaco basico (BCLS), AED, y equipo para la espina dorsal.
- Un evaluacion de las heridas al jinete seran hechas en sitio del accidente por la Unidad 41T.

↓

"EVALUACION EN EL SITIO DEL ACCIDENTE"

- La decision de transporter al jinete a la sala de emergencias del Hispital Methodista o de ser tratado en la oficina de primeros auxilios del hipodromo sera basada en la evaluacion hecha por el EMT en el sitio del accidente sobre las heridas sufridas.
    - Si el tratamiento es suficiente en el sitio del accidente. La Unidad 41T transportara al jinete directamente a la oficina de primeros auxilios donde el doctor del hipodromo sera el proovedor medico primario.
    - Si se cree que es necesario la Unidad 41T se comunicara con el departmento de seguridad (Canal 1) para que ellos le informen a la sala de emergencias y avisen sobre la situacion. La Unidad 41T entonces transportara el jintete a la Sala de Emergencias del Hospital Methodista.

↓

"TRATAMIENTO DE LAS HERIDAS"

- Si el jinete herido es tratado en la oficina de primeros auxilios, el doctor del hipodromo sera el proovedor medico primario al no ser que el doctor del hipodromo entregue custodia del paciente basado en su dictamen medico;
    - Si se cree necesario la Unidad 41T transportara al jinete al Hospital Methodista.
    - Si mas de dos jinetes necesitan transportacion al hospital, se le pedira a al Departamento de Bomberos de la Ciudad de Arcadia de sus assistancia en la transportacion.

G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d):
George Haines, VP-General Manager
Mary Saenz, Safety Manager

H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Attached

I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details):
Aon Reed Stenhouse Inc. Policy #GLO9302183-06 Renewed each January.

J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation.

(Attached Exhibit 13-J) (Renewal will be forwarded in January, 2009)

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health
and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

City of Arcadia

Fire Department

Tony L. Trabbie
Fire Chief

October 22, 2008

California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Los Angeles Turf Club Fire Clearance (2008-2009 Main Meet)

To Whom It May Concern:

The Arcadia Fire Department, Bureau of Fire Prevention conducted a Fire and Life Safety Inspection of the facilities at Los Angeles Turf Club to be used for the 2008-2009 Main Meet.

It is requested that this letter be accepted as the report of that inspection. During this inspection no serious fire or life safety code violations were noted, and all permitted uses may continue.

In accordance with regulations as adopted by the California Horse Racing Board, this letter my be accepted as a fire clearance from this office for the 2008-2009 Main Meet at Los Angeles Turf Club, Arcadia, California.

Sincerely,

Mark Krikorian
Fire Marshal

cc: George Haines, General Manager, L.A.T.C.
Mary Saenz, Office Operations, L.A.T.C.
Jason Spetnagel, Director of Facilities & Grounds, L.A.T.C.
Doug Thorneberry, Asst. Facility Manager, L.A.T.C.
Jerry Gardner, Fire Safety Consultant, L.A.T.C.
Mike Miser, Fire Marshal, L.A.T.C.

710 S. Santa Anita Avenue
Arcadia, CA 91006
(626) 574-5100
(626) 446-7410

Ref. No. 320005778675

CERTIFICATE OF INSURANCE

Aon Reed Stenhouse Inc.
20 Bay Street
Toronto ON M5J 2N9
tel 416-868-5500 *fax* 416-868-5580

Re: Evidence of Insurance

California Horse Racing Board
Attention : Insurance Department
1010 Hurley Way
Sacramento, CA 95825
USA

Insurance as described herein has been arranged on behalf of the Insured named herein under the following policy(ies) and as more fully described by the terms, conditions, exclusions and provisions contained in the said policy(ies) and any endorsements attached thereto.

Insured

Magna Entertainment Corp a/o Los Angeles Turf Club,
Incorporated a/o MI Developments Inc.
285 West Huntington Drive
Arcadia, CA 91007
USA

Coverage

Commercial General Liability		Insurer	Zurich American Insurance Company	
	Policy #	GLO 9302183-06		
	Effective	01-Apr-2008	Expiry	01-Apr-2009
	Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability		Insurer	Liberty Mutual Insurance Company	
	Policy #	WC1-B71-072827-038		
	Effective	01-Jan-2008	Expiry	01-Jan-2009
	Limits of Liability	Workers Compensation		

THIS CERTIFICATE CONSTITUTES A STATEMENT OF THE FACTS AS OF THE DATE OF ISSUANCE AND ARE SO REPRESENTED AND WARRANTED ONLY TO THE INSURED. OTHER PERSONS RELYING ON THIS CERTIFICATE DO SO AT THEIR OWN RISK.

Aon Reed Stenhouse Inc.

Dated : 20-March-2008
Issued By : Lima,Ashley Marie
Tel : 416-868-5691

THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE
OR, IN THE CASE OF AUTOMOBILE INSURANCE,
THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, other than those already identified, and the goods and/or services to be provided by each:

HANDICAPPERS

Bob's Card Incorporated Tiffany Bohland 6288 Highland Meadows Drive Medina, OH 44256	(CHRB-25A and CHRB-87 on file with CHRB.)
Winners Card Corp. % Don Harris 924 Knob Hill Avenue Redondo Beach, CA 90277-4538	(CHRB-25A and CHRB-87 on file with CHRB.)
Baedeker's Incorporated Mr. Robert Baedeker 130 W. El Portal San Clemente, CA 92672	(CHRB-25A and CHRB-87 on file with CHRB.)
Duke Racing Selections c/o Harry Acquarelli 6632 West 87th Street Los Angeles, CA 90045	(CHRB-25A and CHRB-87 on file with CHRB.)
Today's Racing Digest, Inc. Jason Karches 2080 Las Palmas Drive Carlsbad, CA 92009	(Exempt from CHRB-25A and CHRB-87)

15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A Describe any promotional plans:

PROPOSED 2008-2009 SANTA ANITA PARK MARKETING SCHEDULE

BUDGET

Santa Anita Park is pleased to present the California Horse Racing Board with a preliminary marketing plan for the 2008-2009 race season.

Currently the Los Angeles Turf Club and MEC plans call for a gross 2009 marketing budget of **$5,280,000.** This number includes anticipated sponsorship revenue of approximately $725,000, which places the MEC budget contribution at $4,555,000, a significant number by American racetrack standards today. It also includes salaries, benefits and ancillary expenses. The monies expected to be spent on marketing and advertising the Santa Anita meet during the course of the first four months of 2009 (and closing week of 2008) is well over $4 million. At approximately $1 million a month, this budget realistically reflects the high cost of doing business in the second largest media capital in the country.

This is, as you know, separate and apart from the budget provided by Santa Anita's tenant, the Oak Tree Racing Assn, in the fall.

NEW FOR 2008/2009 SEASON

For the 2008/2009 season, Santa Anita management continues to innovative and introduce fresh new ideas to the sport of thoroughbred racing in the metropolitan Los Angeles area.

On the wagering end, Santa Anita plans to a continue to promote the newest bet in racing, a bet created and made popular here at Santa Anita. It is based on the belief that racing fans around the country, but particularly in the metropolitan Los Angeles area, are looking for life changing wagering opportunities. We've studied, surveyed and scoured the world for interesting games and contests and bets and determined that the best prospect for a new wager is the SANTA ANITA HIGH FIVE. The High Five is basically a Superfecta plus one. In the final race every day, fans select the first five finishers in order in a field that will have no less than ten starters. It is sold as a $1 wager that will automatically carryover following any day that it is not hit. Unlike the Pick Six, there is no consolation payoffs tied to the order of finish. All five numbers must be hit in exact order or the pool carries. Takeout is 20.68 %. We feel that the potential is strong for growth of this wager every afternoon.

Premium items are always popular at Santa Anita and this season we've got terrific new ones. They include a Sunshine Millions portable beach radio, a leather wallet with mystery voucher inside, a t-shirt, a beanie and, of course, the Santa Anita calendar.

We will have live performances in the infield including several radio promotions geared toward bringing new fans to the track.

ANALYSIS and RATIONALE

The undeniable truth about gambling is that there are only so many people on the planet who will ever gamble. Whether because of nature or nurture, gambling is an activity of varying interest to many consumers living in California, but not most.

When betting on live horseracing was the only legal gambling opportunity in the state, racetrack business thrived in Los Angeles and large daily crowds were the norm at Santa Anita and Hollywood Park. Horse racing was the

gateway to gambling and betting on thoroughbreds was most often the maiden voyag
That's no longer the case. Now, at least one generation of Californians, who might have had their first taste of gambling at a California horse track, has been intercepted at the gate by easily accessible casino action, a myriad of lottery games and gaming venues on the Internet.

We've also done a pretty good job of utilizing technology to compete with ourselves, but at least we're keeping (a good deal of) that wagering in the family.

Convenience is an overwhelming factor in the success of most businesses, certainly ours. Customers we have developed on track can also bet by phone, online or at a nearby satellite. That's not so great for the live business, but at least these fans are still in the game. We believe that convenience can work to the advantage of live racing, too and that is reflected in our 2008 marketing plans.

In addition to convenience, it is clear that visiting somewhere that appears to be "in" or "hot" definitely appeals to some Angelinos when they decide how to spend their free time and discretionary dollars. For 2009, we will continue our successful marketing and advertising efforts to create awareness of Santa Anita. Our goal is to place it high in the consciousness of locals as a cool place to go and a hot spot to be, for established fans and newcomers, for young and old, for individuals and families. Additionally, our plans include a focus for the first time on jockeys and the humans who make horse racing so fascinating and interesting.

PRINCIPLES AND PROCEDURES ~advertising and the convenience factor~
Much of Santa Anita's advertising program is designed around the purchase of media rings which support a theory that (outside of our biggest stakes and promotional days), those people most eligible, and, therefore most likely, to attend racing at Santa Anita reside within a 15 to 20 mile ring encircling the city of Arcadia. They would be prime candidates to benefit from the convenience factor.

Our advertising partners, Winner and Associates and Target Enterprises, are buying cable companies (not cable stations) within these rings that provide us heavy ad rotations on major broadcast channels in the neighborhoods from which we expect to get most of our midweek and weekend players. If you reside within these rings, you will be inundated with spots—usually on Wednesdays, Thursdays and Fridays-- on high profile programming pumping Santa Anita. These targeted buys allow us to be a prominent television presence every week of the meet all the way through April. As with our previous advertising programs, the long-range goal, including the incentives, is to bring back long-time fans, and establish a much larger, solid base of new racing fans for years to come.

When it comes to promoting our biggest days, our media buy grows exponentially to cover Los Angeles County and sometimes beyond. These major buys are planned for Opening Day, Sunshine Millions, Big 'Cap Day, Santa Anita Derby Day and to a lesser extent Strub Day, St. Patrick's Day, President's Day and Martin Luther King, Jr. Day. For the major days, the spots run for most of the preceding week.

In essence, there will be television advertising of Santa Anita Racetrack every week that live racing is held. This is an extraordinary effort to mainstream thoroughbred racing into much of the L.A. marketplace and make Santa Anita a cool place to go again and to showcase the young and interesting talent we have in our jockey community.

Additionally, print advertising will reflect that Santa Anita is both convenient and
"a happening place." It will be purchased from the Los Angeles Newspaper Group, whose publications cover Arcadia and neighboring towns. Also, we will buy space in *La Opinion* and a number of Asian dailies and weeklies in our area (still to be determined) as well as the *L.A. Times*, the *Daily Racing Form* and several specialty publications. Radio partnerships, such as those with KROQ and KBIG are dedicated to promoting

special events such as microbrews, carnivals and chili cook offs.

~preaching to the choir or how to get your best customers back for more~

Santa Anita is the proud developer of THOROUGHBREDS, a membership club that provides real value and rewards for players who come to the track frequently. It is not based on handle; it is based only on their willingness to leave the convenience of their home to visit Santa Anita Park. This is the model that is used by the rest of the industry when attempting to communicate with fans...no matter how much they wager.

The popular *Day On Us* will return in 2009. This is the day each month where we provide a mailing that offers free clubhouse admission, free parking and a free program all on the same day with coupons provided through direct mail.

Over the course of the four month meet, SA will send out a myriad of offers and notices of events and upcoming races and promotions to fans whose names we have secured. These will include free passes, mystery mutuel vouchers, handicapping challenges and contest entries. Add to this a growing number of e-mail blasts featuring special offers and immediate pick six carryover notices. A major direct mail newsletter is sent to over 160,000 fans each month with exclusive offers specifically for them.

Dollar Days is a popular promotion, especially in difficult financial times. We have several scheduled with admission, beer, program, soft drinks, popcorn and hot dogs all just one dollar each.

Additionally, the revamped and improved Santa Anita website offers everything a serious player AND a new visitor to the game needs to know to get started.

We plan to continue a program that we continue to nurture. Use a big day to get your next big day off on the right foot. This is a Pass Program that thanks you for coming on a big day (such as Sunshine Millions) by providing you a free clubhouse admission pass or $1 BuckPass for the next big day on our stakes calendar (such as the Strub Stakes Day).

Santa Anita stays closely in touch with all the major promotional companies that create and provide high quality premium giveaway items. Our research told us that our fans will come to the track more often on days when they can take something home.

~ what makes Santa Anita special~

To begin with, nature has provided Santa Anita with the most beautiful backdrop of any racetrack in the world. There's nothing like it in all of sports. More and more, we use the infield for special events to take advantage of our unique location.

Santa Anita is the home of Seabiscuit and every Saturday and Sunday two tram loads of tourists take the spectacular Seabiscuit guided tour through the backstretch, to his stall, into the jocks room and finally to a face-to-face meeting with Fighting Ferrari, the horse who played Seabiscuit in the film.

Santa Anita Park has an ongoing fun and informative Speakers Bureau featuring Hall of Fame jockeys Laffit Pincay, Jr., Eddie Delahoussaye, bugler Jay Cohen and a variety of others. They will be appearing at fraternal organizations, business meetings and fundraisers singing the praises of thoroughbred racing.

The Microbrew festivals offered at Santa Anita and partnered with KROQ-FM are the envy of the racing world. 8,000 and 11,000 prime young prospects come out to drink a brew, make a bet and have some fun in the sun. Two are planned this year during L.A.T.C.: Big 'Cap Day and Santa Anita Derby Day. This has developed into one of the best media partnerships in all of sports. KROQ delivers for Santa Anita. We have also developed partnerships with KBIG-FM and KTLA CH.5 to be the broadcast promoter's of Carnival Days, a very promising infield event seeking a more family oriented audience. Carnival Days is a scaled down version of the L.A. County Fair all inside the Santa Anita infield.

Our Group Events business is growing with leaps and bounds. The number of groups is up, the number of individuals in the groups is up and bookings for 2009 are ahead of last year's pace at this time.

The Handicapping Education Programs are prevalent all weekend long near the Santa Anita walking ring highlighted by veteran handicapper Jim Quinn's special sessions.

The popular Santa Anita website handicapping contest, SHOWVIVOR, will return with the start of the new meet. Its unique popularity brings racing fans from all over the country to the Santa Anita website including contest winners from Maryland and Pennsylvania.

Family Fun Days are an infield staple every Sunday and feature pony rides, face painters, a petting zoo and children's activities.

A hit with serious students of the game will return in 2009. It's the Battle of the Handicapping Stars, a buy in event that will bring in some of the nation's best handicappers and biggest players to town looking to win the tournament.

Santa Anita will continue the Ambassador Program begun during the Oak Tree meet. This permits a racing fan to host newcomers on behind the scenes backstretch tours of Santa Anita Park, then spends the day with them teaching the finer points of wagering.

On the drawing board, too, is the officially sanctioned SA Chili Cook Off, plus
a salute to St. Patrick's Day with horseshoe pitches and celebrity players. In 2009, this day drew over 16,000 fans.

For those players who don't want to leave their box seat to get on line for food, we take orders and deliver food to box holders on weekends.

We hold our seniors in high regard and appreciate their loyalty. They receive free admission every Thursday. Thursday is Seniors Day.

B. Number of hosts and hostesses employed for meeting:

1. Patron Service Representatives (through Group Sales) 1-4 per day, depending on total groups' bookings by day, that offers handicapping assistance for newcomers.
2. Patron Service Representatives (through Operations) 4-12 per day, depending on needs.
3. Hosts & Hostesses, 15 weekdays, 18-20 weekends

C. Describe facilities set aside for new fans:

1. Newcomers' Seminar offers a daily handicapping seminar one hour before first post (locations vary).
2. Baldwin Terrace which over looks the Top O' the Stretch from the Mezzanine level hosts the Jim Quinn All-Day Seminar's.
3. Fans Forum located in the East Paddock Gardens hosts a handicapping seminar every Saturday and Sunday.

D. Describe any improvements to the physical facility in advance of the meeting that directly benefit:

1. Fans. General maintenance and cleaning of the facility as needed.

16. SCHEDULE OF CHARGES

A. Proposed charges, note any changes from the previous year:

Admission (General)	$ 5.00	
Admission (Club House)	$ 8.50	
Admission (Turf Club)	$ 20.00	
		GS Reserved seating: Free
Reserved seating (Club House)	$ 5.00	Club House seating sold on premium days only.
	$ 7.50	Box Seats, sold daily.
Parking (general)	$ 4.00	
Parking (preferred)	$ 6.00	
Parking (valet)	$ 10.00	
Programs (on-track)	$ 2.25	
(off-track)	$ 2.25	

A. Describe any "Season Boxes" and "Turf Club Membership" fees:

Turf Club Season admission: One Card - $ 750
Two Cards -$1,175

Season Box Seat: $ 380 per seat

D. Describe any "package" plans such as combined parking, admission and program: N/A

17. JOCKEYS/DRIVERS' QUARTERS

A. Check the applicable amenities available in the jockeys/drivers' quarters:

[X] Corners (lockers and cubicles) How many [40+]
[X] Showers [X] Steam room, sauna or steam cabinets [X] Lounge area
[X] Masseur [X] Food/beverage service [X] Certified platform scale

B. Describe the quarters to be used for female jockeys/drivers:
Same amenities as above, but in separate quarters.
They share food and beverage service area.

18. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by CHRB: Has been requested and will be completed before the beginning of the race meet

B. Number of rooms used for housing on the backstretch of the racetrack: 445

C. Number of restrooms available on the backstretch of the racetrack.
29 Restrooms (116 toilets, 99 lavatories, 45 urinals, 64 showers)

D. Estimated ratio of restroom facilities to the number of backstretch personnel: 47

19. TRACK SAFETY

A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: 5,200 feet.

B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.

Inside rail of the main track has metal goosenecks with a 6 inch aluminum rail and covering. Main track outside rail is a 4 inch round rail on a metal gooseneck. Turf Course has metal gooseneck with a 4 inch round rail with safety netting. The outside turf rail is a 2 inch metal rail.

C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:
George Haines, Vice President-General Manager

D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474.

E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of $3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. N/A

20. DECLARATIONS

A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): No exceptions.

B. Attach each horsemen's agreement pursuant to CHRB Rule 2044. Pending TOC approval.

C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). N/A

D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): No exceptions.

E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): No exceptions.

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

21. CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

George Haines	[signature]
Print Name	Signature
Vice President-General Manager	September 25, 2008
Print Title	Date

MEC

Magna Entertainment Corp.
285 West Huntington Drive
Arcadia, California 91007
Phone: 626-574-6304
Fax: 626-821-1518

November 4, 2008

VIA FACSIMILE AND FEDERAL EXPRESS

California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, California 95825

Attention Kirk E. Breed

RE: Los Angeles Turf Club, Incorporated Application for License

Ladies and Gentlemen:

The undersigned, Magna Entertainment Corp., is the parent of Los Angeles Turf Club, Incorporated, a California corporation doing business as "Santa Anita Park." You have pending before you the application of Los Angeles Turf Club, Incorporated for a license to conduct a Thoroughbred horse racing meet at Santa Anita Park for the period December 26, 2008 through April 19, 2009.

Magna Entertainment Corp. is a publicly traded company as defined in CHRB Rule 1433. In support of said application Magna Entertainment Corp. has provided the Board with a copy of its audited Consolidated Annual Financial Statement for the period ended December 31, 2007 and its unaudited statement for the period ended June 30, 2008.

Magna Entertainment Corp., pursuant to the provisions of CHRB Rule 1433, amended as of July 21, 2005, hereby guarantees to the Board that it shall discharge all obligations of Los Angeles Turf Club, Incorporated to the State of California and racing 'ated obligations to third persons growing out of Los Angeles Turf Club, Incorporated's ation of Santa Anita Park for the period covered by the aforesaid application.

Very truly yours,

Frank De Marco, Jr.
Vice President, Regulatory Affairs

Exhibit 3

STAFF ANALYSIS
November 18, 2008

Issue: APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE PACIFIC RACING ASSOCIATION AT GOLDEN GATE FIELDS (PROPOSED) DECEMBER 26, 2008 THROUGH JUNE 28, 2009.

Pacific Racing Association [PRA] filed its application to conduct a thoroughbred horse racing meeting at Golden Gate Fields:

- The race dates are proposed dates. The Board has not allocated 2009 race dates.
- The race dates listed in the license application do not reflect the race dates PRA intends to propose to the Board. In a letter received November 9, 2008, staff was informed that PRA would be proposing to race December 26, 2008 through June 14, 2008, two weeks less than the original proposed dates submitted. Additionally, the association intends on racing only four days per week during the winter meet. An amended license application will be provided upon the approval of the Northern California race date calendar. This staff analysis reflects the information provided by PRA in the license application submitted October 14, 2008.
- PRA has proposed to conduct thoroughbred racing at Golden Gate Fields December 26, 2008 through June 28, 2009, or 134 days, 74 days more than the total race days in 2008. The association proposes to race a total of 1,130 races, or 8.43 races per day. In 2008 they raced 30 days from December 26, 2007 through February 3, 2008 and 30 days from May 14, 2008 through June 22, 2008. They raced 8.63 races per day with an average of 7.98 runners per race during the 2008 winter meet. During the 2008 spring meet they raced 8.63 races per day with an average of 8.02 runners per race. In the combined 2008 race meetings they raced 8.63 races per day with an average of 8.00 runners per race. The (actual) average daily purse for the combined 2008 meets was $178,186.32. The (estimated) average daily purse for this meet is $164,300.90.

December - 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January - 2009

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19 H	20	21	22	23	24
25	26	27	28	29	30	31

February - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12 H	13	14
15	16 H	17	18	19	20	21
22	23	24	25	26	27	28

March - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25 H	26	27	28	29	30

June - 2009						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

- Proposed race week of Wednesday through Sunday, whereas during the winter 2008 meet PRA raced Thursday through Monday to coordinate racing between the north and south. A traditional Wednesday through Sunday race week was used during the spring 2008 meet. The 2009 proposed race dates deletes Wednesdays January 21, 2009; February 18, 2009; May 27, 2009. Adding Mondays December 29, 2008; January 19, 2009; February 16, 2009; May 25, 2009.

- Racing 5 days per week, Wednesday through Sunday, with 8 races weekdays and 9 on weekends and holidays. If horse population permits may run additional races, not to exceed an 8.43 average per day for the race meeting. Administrative approval will be requested if plans develop to exceed this amount.

- 18 stakes races are proposed. (0 overnight / 18 non-overnight)

- No management changes since the last submission of a PRA application to conduct a horse racing meeting.

- A $10,000 certified check payable to the Treasurer of the State of California to secure the payment of any license fees, pursuant to Business and Professions Code section 19490 is on file. The Board has required no additional bonds, letter of credit or other financial instruments to be filed in conjunction with a race meeting conducted by PRA.

Magna Entertainment Corporation reports its financial results on a consolidated basis and therefore separate financials of the applicant, Pacific Racing Association are not available. Magna's 2007 audited annual financial statements were provided and the unaudited six-month financial statement for the period ending June 30, 2008 of PRA's parent, Magna Entrainment Corporation were also submitted with the license application.

A more current version of the applicants Securities and Exchange Commission Form 10-Q document was retrieved from their website providing the Unaudited Nine-Month Financial Statement for the period ending September 30, 2008. The "Notes to the Consolidated Financial Statement" section of the 10-Q under Going Concern states the following:

> "The Company has incurred a net loss of $116.1 million for the nine months ended September 30, 2008, has incurred net losses of $113.8 million, $87.4 million and $105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and at September 30, 2008 has an accumulated deficit of $626.1 million and a working capital deficiency of $195.4 million."

In a recent press release the Daily Racing Form reported that Magna lost $49 million in the third quarter. The article provided the following:

"Magna Entertainment Corp. lost $49.1 million in the third quarter of 2008 and has hired a bankruptcy advisory firm in the wake of hundreds of millions of dollars of losses over the past three years and its struggles to pay off its debt."

Given Magna Entertainment Corporation's reported financial status, the Board may want to consider requesting an additional financial surety be submitted in conjunction with this application.

- Usable stalls available at the track: 1325
- Minimum number believed necessary for the meeting: 2000
- 650 off-site auxiliary stalls at Pleasanton will be maintained.
- Total available stall (track and auxiliary): 2005
- Vanning and Stabling contract on file with Board has expired. Current copy has been requested. To date has not been received.

- First post 12:45 p.m. daily.
  - Request the option to change post times to coordinate north/south signals.

- Schedule of charges for admission, seating, parking, program have not changed since the last submission of a PRA application to conduct a horse racing meeting.

- Request Patrick Kealy be appointed horse identifier pursuant to CHRB Rule 1525.

- Track safety inspection has been requested and will be completed before the beginning of the race meet.

- Inspection of backstretch worker housing has been requested and will be completed before the beginning of the race meet.

- Fire clearance from the City of Albany has been submitted. The fire clearance letter on file for the City of Berkeley will expire January 24, 2009. The Berkeley Department of Fire and Emergency Services performs its fire safety inspection annually and is scheduled to inspect the facilities at Golden Gate Fields shortly after the new year. The new Berkeley fire clearance letter, upon receipt, will expire in 2010.

- Wagering program will use all CHRB rules.
  - Early wagering will not be offered.

- Proposed Advance Deposit Wagering (ADW) providers are Xpressbet, Youbet, TwinSpires and TVG. As noted on the application, negotiations with proposed ADW provider TVG for 2009 race year is pending. Current ADW contracts/agreements expire December 31, 2008.

- Simulcasting conducted with out-of-state racing jurisdictions pursuant to Business and Professions Code Section 19602; and with authorized locations throughout California.

- A copy of the 2007 Pacific Racing Association end of meet reports has been included for your review. The report was previously presented to the Board at the March 27, 2008 CHRB Board meeting.

Specific information **still needed** to complete this application includes:

1. Horsemen's agreement
2. CTT agreement
3. ADW contracts
4. Track safety inspection
5. Backstretch inspection
6. Updated vanning and stabling contract

Specific information, which will need **updating** during the proposed race dates:

1. Berkeley fire clearance (expires 01/24/09)
2. Updated Workers' Compensation Insurance Policy (expires 01/01/2009)
3. Audited financials (provided in the MEC annual report)
4. Plusmic Corp., USA contract renewal (exp 12/31/08)

RECOMMENDATION:

Staff recommends that the application for license not be heard until the Horsemen's agreement is received.

If the application is considered for approval, staff recommends a contingent approval pending the submission of outstanding items.

END-OF-MEET OUTLINE SUMMARY

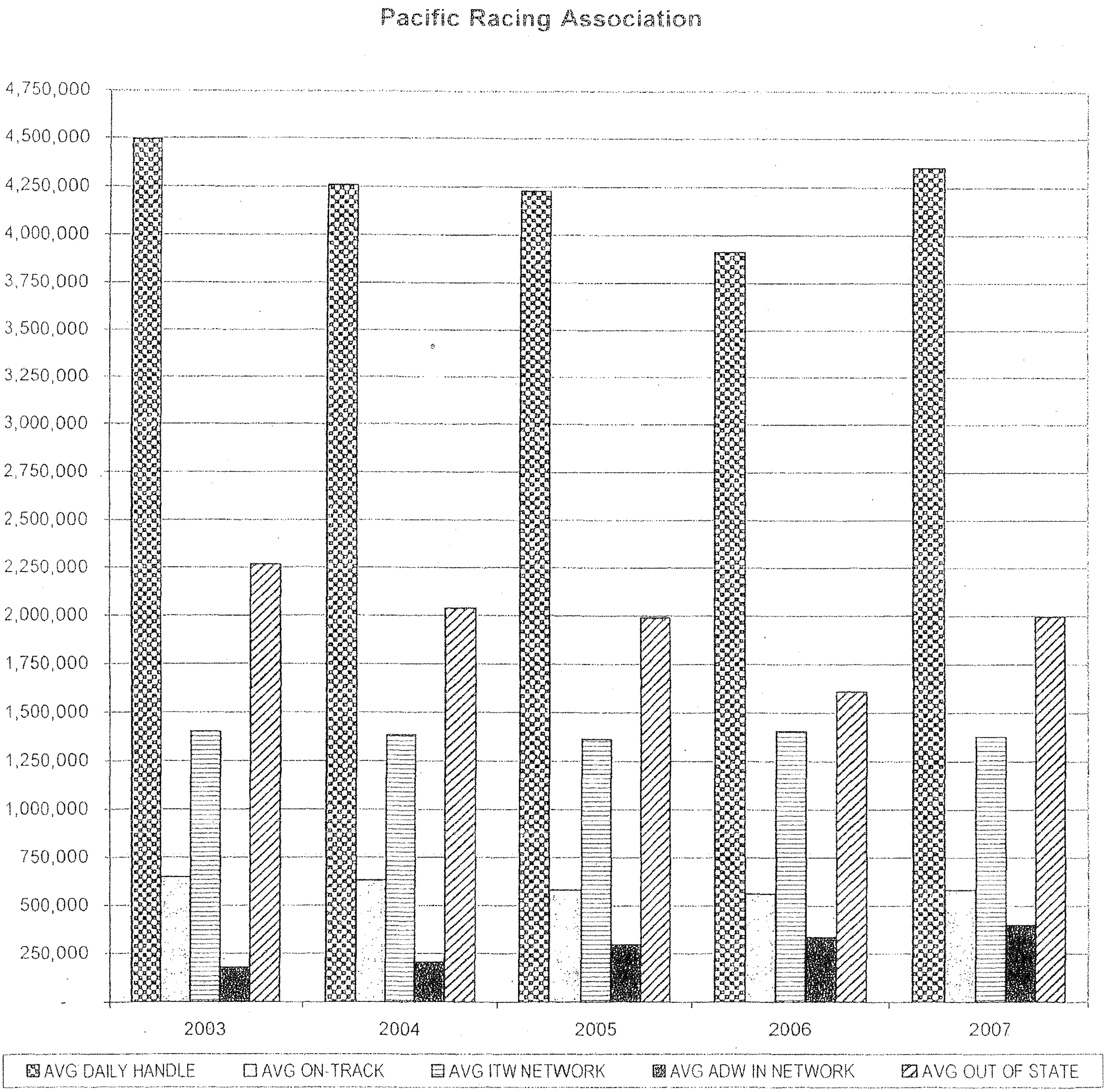
Pacific Racing Association
December 26, 2006 - December 22, 2007
Race Days: 98

AVERAGE DAILY STATISTICS

	Percent Change	Total Value
Avg. Daily Handle	11.29%	441,789
Avg. On-Track Handle	3.49%	19,631
Avg. ITW Network Handle	-2.09%	(29,414)
Avg. ADW In Network Handle	18.47%	62,051
Avg. Out-Of-State Handle	24.22%	389,522
Avg. Daily Attendance	3.60%	216
Avg. Daily On-Track Attendance	12.04%	267
Avg. Daily ITW Attendance	-1.34%	(51)

	2003	2004	2005	2006	2007	YTY CHANGE 2007 $ CHANGE	2007 % CHANGE
TOTAL RACE DAYS	105	105	103	101	98	(3)	-2.97%
TOTAL HANDLE	471,901,779	447,320,522	435,843,312	395,115,632	426,674,872	31,559,240	7.99%
BY ORIGIN OF WAGER:							
ON-TRACK	68,070,821	66,372,434	59,817,436	56,743,646	56,981,990	238,343	0.42%
ITW NETWORK	147,222,103	145,324,304	140,436,504	142,046,643	134,944,857	(7,101,787)	-5.00%
ADW IN NETWORK	18,637,207	21,573,198	30,593,993	33,922,447	38,995,835	5,073,389	14.96%
OUT-OF-STATE	237,971,647	214,050,586	204,995,380	162,402,896	195,752,190	33,349,295	20.53%
	471,901,779	447,320,522	435,843,312	395,115,632	426,674,872	31,559,240	7.99%
BY ORIGIN OF RACE							
LIVE	319,777,153	290,312,645	277,030,667	222,622,346	258,343,976	35,721,631	16.05%
OUT- OF- ZONE	83,077,543	80,245,884	67,042,052	77,791,160	76,422,596	(1,368,564)	-1.76%
INTERSTATE-IMPORT	68,569,205	73,749,215	81,205,388	84,000,108	79,876,999	(4,123,109)	-4.91%
INTERNATIONAL-IMPORT	477,878	3,012,779	10,565,205	10,702,019	12,031,301	1,329,282	12.42%
	471,901,779	447,320,522	435,843,312	395,115,632	426,674,872	31,559,240	7.99%
proof	-	-	-	-	-		
AVG DAILY HANDLE	4,494,303	4,260,195	4,231,488	3,912,036	4,353,825	441,789	11.29%
AVG BY ORIGIN OF WAGER:							
AVG ON-TRACK	648,294	632,118	580,752	561,818	581,449	19,631	3.49%
AVG ITW NETWORK	1,402,115	1,384,041	1,363,461	1,406,402	1,376,988	(29,414)	-2.09%
AVG ADW IN NETWORK	177,497	205,459	297,029	335,866	397,917	62,051	18.47%
AVG OUT OF STATE	2,266,397	2,038,577	1,990,246	1,607,949	1,997,471	389,522	24.22%
AVG BY ORIGIN OF RACE							
AVG LIVE	3,045,497	2,764,882	2,689,618	2,204,182	2,636,163	431,981	19.60%
AVG OUT-OF-ZONE	791,215	764,247	650,894	770,210	779,822	9,613	1.25%
AVG INTERSTATE-IMPORT	653,040	702,373	788,402	831,684	815,071	(16,613)	-2.00%
AVG INTRNL-IMPORT	4,551	28,693	102,575	105,961	122,768	16,808	15.86%
TOTAL TAKEOUT	92,014,373	91,133,857	86,714,882	85,984,184	78,081,695	(7,902,489)	-9.19%
EFFECTIVE TAKEOUT %	19.50%	20.37%	19.90%	21.76%	18.30%	(0)	-15.91%
STATE LICENSE FEES	3,076,042	2,945,532	2,746,397	2,531,991	2,710,217	178,226	7.04%
STATE %	0.65%	0.66%	0.63%	0.64%	0.64%	(0)	-0.88%
TRACK COMMISSION	17,589,927	17,229,886	16,586,749	16,011,386	16,243,093	231,707	1.45%
TRACK %	3.73%	3.85%	3.81%	4.05%	3.81%	(0)	-6.06%
PURSE COMMISSION	17,143,872	16,780,856	16,118,362	15,567,045	15,746,311	179,265	1.15%
PURSE %	3.63%	3.75%	3.70%	3.94%	3.69%	(0)	-6.33%
CALIFORNIA NETWORK							
ATTENDANCE	690,221	670,820	634,636	606,103	609,290	3,187	0.53%
ON-TRACK	248,761	248,215	239,411	224,054	243,572	19,518	8.71%
ITW NETWORK	441,460	422,605	395,225	382,049	365,718	(16,331)	-4.27%
AVG DAILY ATTENDANCE	6,574	6,389	6,162	6,001	6,217	216	3.60%
AVG DAILY ON-TRACK	2,369	2,364	2,324	2,218	2,485	267	12.04%
AVG DAILY ITW NETWORK	4,204	4,025	3,837	3,783	3,732	(51)	-1.34%
TOTAL RACE EVENTS	882	890	886	866	855	(11)	-1.27%
STARTERS	6,863	6,524	6,280	6,361	5,725	(636)	-10.00%
AVG STARTERS PER EVENT	7.78	7.33	7.09	7.35	6.70	(1)	-8.84%
AVG HANDLE PER START	46,594	44,499	44,113	34,998	45,126	10,128	28.94%

Source: CHRIMS


Pacific Racing Association
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2003
2004
2005
2006
2007
AVG DAILY HANDLE
AVG ON-TRACK
AVG ITW NETWORK
AVG ADW IN NETWORK
AVG OUT OF STATE

Golden Gate Fields

November 7, 2008

Kirk Breed
California Horse Racing Board
1010 Hurley Way Suite 300
Sacramento, CA 95825

Re: Northern California Race Date Calendar

Dear Kirk:

Based upon the 2009 race date calendar agreed upon by the Northern California stake holders today, our current CHRB license application before you does not correspond to the number of race days allotted for Pacific Racing Association.

The license application to be heard at the CHRB meeting on Tuesday, November 18, 2008, proposes we run within the period of December 26, 2008 – June 28, 2009. In actuality, the new proposed Northern California calendar proposes we run within the period of December 26, 2008 – June 14, 2009 with four day race weeks during the Winter meet.

Once the CHRB approves the Northern California race date calendar, we will provide an amended license application if necessary.

Thank you.

Sincerely,

Robert Hartman
General Manager

Cc: Jackie Wagner
Colleen Germek

Pacific Racing Association
1100 Eastshore Highway, Berkeley, California 94710
A Magna Entertainment Corp. Facility

Golden Gate Fields

October 30, 2008

California Horse Racing Board
1010 Hurley Way Suite 300
Sacramento, CA 95825

Re: Status of TOC and CTT Horsemen Agreements

To Whom It May Concern:

The California Horse Racing Board has not allocated the 2009 race dates to Pacific Racing Association; therefore, the CTT and the TOC Horsemen agreements cannot be completed to accompany the PRA license application at this time.

Once dates are awarded, Pacific Racing Association will work diligently with the CTT and the TOC to finalize the agreements. We fully understand our obligation of providing the CHRB with signed TOC and CTT agreements before we begin racing on December 26, 2008.

Thank you.

Sincerely,

Robert Hartman
General Manager

Pacific Racing Association
1100 Eastshore Highway, Berkeley, California 94710
A Magna Entertainment Corp. Facility

Application is hereby made to the California Horse Racing Board (CHRB) for a license to conduct a horse racing meeting in accordance with the California Business and Professions (B&P) Code, Chapter 4, Division 8, Horse Racing Law, and the California Code of Regulations, Title 4, Division 4, CHRB Rules and Regulations.

1. APPLICANT ASSOCIATION

A. Name, mailing address, telephone and fax numbers of association:
Pacific Racing Association
1100 Eastshore Highway
Berkeley, California 94710
Phone (510) 559-7300 **Administration Fax (510) 559-7464**

B. Breed of horse: [X] TB [ ] QH [ ] H

C. Racetrack name: **Golden Gate Fields**

D. Attach a certified check payable to the Treasurer of the State of California in the amount of $10,000 as deposit for license fees pursuant to B&P Code Section 19490. **On file with the Board.**

NOTICE TO APPLICANT: Application must be filed not later than 90 days before the scheduled start date for the proposed meeting pursuant to CHRB Rule 1433.

2. DATES OF MEETING

A. Inclusive dates for the entire meeting: **December 26, 2008 through June 28, 2009**

B. Actual dates racing will be held: **December 26-28, 29, 31; January 1-4, 7-11, 14-18, 19, 22-25, 28-31; February 1, 4-8, 11-15, 16, 19-22, 25-28; March 1, 4-8, 11-15, 18-22, 25-29; April 1-5, 8-12, 15-19, 22-26, 29-30; May 1-3, 6-10, 13-17, 20-24, 25, 28-31; June 3-7, 10-14, 17-21, 24-28**

C. Total number of days or nights of racing: **134 days**

D. Days or nights of the week races will be held:
[X] Wed - Sun [ ] Tues - Sat [ ] Other (specify)

Exceptions:
Racing Mondays December 29, 2008, January 19, 2009, February 16, 2009, and May 25, 2009.
Dark Wednesdays January 21, 2009, February 18, 2009, and May 27, 2009.

E. Number of days or nights of racing per week: **5 days per week except as set forth in Item D above.**

3. RACING PROGRAM

A. Total number of races: 1,130

CHRB CERTIFICATION

Application received:	**Hearing date:**
Deposit received:	**Approved date:**
Reviewed:	**License number:**

B. Number of races for each day or night: **8.43 will be the average throughout the meet; we propose to conduct 8 races on weekdays and 9 races on weekends and holidays. If the horse population permits, we may run additional races as long as we do not exceed an average of 8.43 races per day for the meet. If we plan to exceed this amount, we will request administrative approval.**

C. Total number of stakes races: **18**
(Overnight Stakes, 18 Non-Overnight Stakes)

D. Attach a listing of all stakes races and indicate the date to be run and the added money or guaranteed purse for each. Note the races that are designated for California-bred horses. **Stakes schedule attached.**

E. Will provisions be made for owners and trainers to use their own registered colors?
[X] Yes [ ] No If no, what racing colors are to be used:

F. List all post times for the daily racing program:

Post Time	Race Number
12:45 p.m.	1
1:15 p.m.	2
1:45 p.m.	3
2:15 p.m.	4
2:45 p.m.	5
3:15 p.m.	6
3:45 p.m.	7
4:15 p.m.	8
4:45 p.m.	9
5:15 p.m.	10

Request the option to change post time schedules in order to coordinate North/South signals and to coordinate 10 card race days with daylight savings time.

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall each racing day provide for the running of at least one race limited to California-bred horses, to be known as the "California-bred race" pursuant to CHRB Rule 1813. For thoroughbred and quarter horse meetings, the total amount distributed for California-bred stakes races from the purse account, including overnight stakes, shall not be less than 10% of the total amount distributed for all stakes races pursuant to B&P Code Section 19568(b).

4. RACING ASSOCIATION

A. Association is a:
[X] Corporation (complete subsection C)
[ ] LLC (complete subsection D)
[ ] Other (specify, and complete subsection E)

B. Complete the applicable subsection and attached Addendum, Background Information and Ownership. **On file with the Board.**

C. CORPORATION
1. Registered name of the corporation: **Pacific Racing Association**
2. State where incorporated: **California**
3. Registry or file number for the corporation: **Federal ID #94-1585367**
California ID #173-1919-5

	Golden Gate Fields Winter/Spring 2008-2009					Page 1
	Stakes Schedule					10/9/2008
December 26, 2008 - June 28, 2009					67 Days	
Stakes Race	**Purse**	**Distance**	**Date**	**Closes**	**Nom**	**Entry**
Campanile	**$75,000 G**	1 1/16	Thu, Jan 1	Sun, Dec 21	$50	$750
F&M 4 Yo's & Up						
California Derby	**$100,000 G**	1 1/16	Sat, Jan 17	Sat, Jan 10	$50	$1,000
3 Yo's						
California Oaks	**$100,000 G**	1 1/16	Sat, Jan 24	Sat, Jan 17	$50	$1,000
Fillies, 3 Yo						
Silveyville (CA)	**$75,000 G**	1 1/16	Sat, Feb 7	Sat, Jan 31	$50	$750
4 Yo's & Up	Inc $25,000 CBRF					
El Camino Real Derby GIII	**$200,000 G**	1 1/8	Sat, Feb 14	Sat, Feb 7	$50	$2,000
3 Yo's						
Work The Crowd (CA)	**$75,000 G**	1 1/16	Sat, Feb 21	Sat, Feb 14	$50	$750
F&M 4 Yo's & Up	Inc $25,000 CBRF					
Golden Gate Fields Sprint GIII	**$100,000 G**	6 Furlongs	Sat, Mar 7	Sat, Feb 28	$50	$1,000
4 Yo's & Up						
Silky Sullivan (CA)	**$75,000 G**	1 1/16	Sat, Mar 14	Sat, Mar 7	$50	$750
3 Yo's						
Tiburon	**$75,000 G**	6 Furlongs	Sat, Mar 21	Sat, Mar 14	$50	$750
Fillies, 3 Yo						
Golden Bear	**$75,000 G**	6 Furlongs	Sat, Apr 4	Sat, Mar 28	$50	$750
3 Yo's						

Stakes Race	Purse	Distance	Date	Closes	Nom	Entry
Yerba Buena	**$75,000 G**	1 13/8 (T)	Sat, Apr 11	Sat, Apr 4	$50	$750
F&M 4 Yo's & Up						
Golden Poppy	**$75,000 G**	1 1/16 (T)	Sat, Apr 18	Sat, Apr 11	$50	$750
Fillies, 3 Yo						
San Francisco Mile GII	**$300,000 G**	1 M (T)	Sat, Apr, 25	Sat, Apr 18	$50	$750
4 Yo's & Up						
Variety Road	**$75,000 G**	6 Furlongs	Sat, May 9	Sat, May 2	$50	$750
F&M 4 Yo's & Up						
Alcatraz	**$75,000 G**	1 1/16 (T)	Sat, May 23	Sat, May 16	$50	$750
3 Yo's						
Berkeley GIII	**$150,000 G**	1 1/16	Mon, May 25	Sat, May 16	$50	$1,500
4 Yo's & Up						
Golden Gate Fields Turf GIII	**$100,000 G**	1 13/8 (T)	Sat, May 30	Sat, May 23	$50	$1,000
4 Yo's & Up						
Lost In The Fog	**$75,000 G**	5 Furlongs	Sat, Jun 13	Sat, Jun 6	$50	$750
2 Yo's						

4. Names of all officers and directors, titles, and the number of shares of the corporation held by each:
Pacific Racing Association has only one shareholder, Magna Entertainment Corporation, a Delaware Corporation:
Frank Stronach, Chairman & Interim Chief Executive Officer
Ron Charles, Chief Operating Officer
Blake Tohana, Executive Vice-President and Chief Financial Officer
James Bromby, Senior Vice-President, Operations
Frank DeMarco, Jr., Vice-President Regulatory Affairs
Mary Lyn Seymour, Vice-President and Controller
William G. Ford, Secretary
Peter W. Tunney, Vice-President, Community Relations
Calvin Rainey, Vice-President and Assistant General Manager

5. Names (true names) of all persons, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the corporation and the number of shares held by each: **None**
6. Number of outstanding shares in the corporation: **69,347 shares of no par value common stock.**
7. Are the shares listed for public trading? ☐ Yes ☒ No
If yes, on what exchange and how is the stock listed:
8. Name of the custodian of the list of shareholders and/or the transfer agent for the share holdings of the corporation: **Not applicable.**
9. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: **Magna Entertainment Corporation**
10. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the corporation and/or the Securities and Exchange Commission and/or the California Corporations Commission. The licensee may submit the audited consolidated annual financial statements of its parent owner if the parent owner is a publicly traded company and guarantees the obligations of the licensee. **On file with CHRB.**

D. LLC

1. Registered name of the LLC: **Not applicable**
2. State where articles of organization are filed: **Not applicable**
3. Registry or file number for the LLC: **Not applicable**
4. Names of all officers and directors, titles, and the number of shares of the LLC held by each: **Not applicable**
5. Names (true names) of all members, other than the officers and directors listed above, that hold 5% or more of the outstanding shares in the LLC and the number of shares held by each:
6. Are the shares listed for public trading? ☐ Yes ☐ No
If yes, on what exchange and how is the stock listed:
7. If more than 50% of the shares are held by a parent corporation or are paired with any other corporation or entity, give the name of the parent and/or paired corporation or entity: **Not applicable**
8. Attach the most recent audited annual financial statement for the licensee, including balance sheet and profit and loss statement, and a copy of a report made during the preceding 12 months to shareholders in the LLC and/or the Securities and Exchange Commission and/or the

California Corporations Commission. **Not applicable**

E. OTHER

1. Name(s) of partners/sole proprietor: **Not applicable**
2. If a partnership, attach partnership agreement. **Not applicable**

F. Management and Staff

1. Name and title of the managing officer and/or general manager of the association and the name and title of all department managers and staff, other than those listed in 10B, who will be listed in the official program:
   Ron Charles, President, MEC California Operations
   Blake Tohana, Executive Vice-President and Chief Financial Officer
   Frank DeMarco, Jr., Vice-President Regulatory Affairs
   William Ford, Secretary
   Peter W. Tunney, Vice-President, Community Relations
   Calvin Rainey, Vice-President, Assistant General Manager
   Robert Hartman, General Manager
   Adam Njaa, Controller of Operations
   Jerry Aldoroty, Director of Hospitality and Sales
   Bryan Wayte, Manager of Mutuels
   Tom Ferrall, Publicity Manager
   Merry Scalzo, Director of Operations
   Kristin Finkel, Marketing Manager
   T.W. Johnson, Security Manager
   Michael Wrona, Announcer
   Juan Meza, Track Superintendent
   Richard Somers, Price Maker
   William Vassar, Track Photographer
   Aaron Vercruysse, Simulcast Coordinator
   Robert Hemmer, Operations Manager
   David Seftel, M.D., Track Physician

2. Name and title of the person(s) authorized to receive notices on behalf of the association and the mailing address of such person(s) if other than the mailing address of the association:
   Robert Hartman, General Manager

5. PURSE PROGRAM

A. Purse distribution: *Prior meet actual represents 12/26/07-2/3/08 and 5/14/08-6/22/08 (60 Days)*

1. All races other than stakes:
   Current meet estimate: **$17,459,530.00**
   Prior meet actual: **$8,313,109.00**

   Average Daily Purse (5A1 ÷ number of days):
   Current meet estimate: **$130,295.00**
   Prior meet actual: **$138,551.82**

2. Overnight stakes:
   Current meet estimate: **$0.00**
   Prior meet actual: **$191,800.00**

   Average Daily Purse (5A2 ÷ number of days):
   Current meet estimate: **$0.00**
   Prior meet actual: **$3,196.67**

3. Non-overnight stakes:
   Current meet estimate: **$1,825,000.00**
   Prior meet actual: **$936,750.00**

   Average Daily Purse (5A3 ÷ number of days):
   Current meet estimate: **$13,619.40**
   Prior meet actual: **$15,612.50**

B. Stakes races:

1. Purse distribution for all stakes races:
   Current meet estimate: **$1,825,000.00**
   Prior meet actual: **$1,128,550.00**

   Average Daily Purse (5B1 ÷ number of days):
   Current meet estimate: **$13,619.40**
   Prior meet actual: **$18,809.17**

2. Percentage of the purse distribution for all stakes races that will be distributed for California-bred stakes races:
   Current meet estimate: **10%**
   Prior meet actual: **7.5%**

   Average Daily Purse (5B2 ÷ number of days):
   Current meet estimate: **.001%**
   Prior meet actual: **.125%**

C. Funds to be generated for all California-bred incentive awards:
Current meet estimate: **$1,874,273.60**
Prior meet actual: **$855,828.71**

D. Payment to each recognized horsemen's organization contracting with the association and the name(s) of the organization(s):
Recognized Horsemen's Organization

Current meet estimate:		Prior meet actual:	
TOC (NTRA Contribution)	**$353,095.19**	TOC (NTRA Contribution)	**$162,108.25**
TOC	**$201,768.68**	TOC	**$ 92,633.29**
CTT (Administration)	**$100,884.34**	CTT (Administration)	**$ 46,316.64**
CTT (Pension)	**$201,768.68**	CTT (Pension)	**$ 92,633.29**

Total	$857,516.89	Total	$393,691.47

E. Amount from all sources to be distributed in the form of purses or other benefits to horsemen (5A+5C+5D):
Current meet estimate: **$22,016,320.49**
Prior meet actual: **$10,691,179.18**

Average Daily Purse (5E ÷ number of days):
Current meet estimate: **$164,300.90**
Prior meet actual: **$178,186.32**

F. Purse funds to be generated from on-track handle and intrastate off-track handle:
Current meet estimate: **$15,328,412.54**
Prior meet actual: **$6,889,355.87**

Average Daily Purse (5F ÷ number of days):
Current meet estimate: **$114,391.14**
Prior meet actual: **$114,822.60**

G. Purse funds to be generated from interstate handle:
Current meet estimate: **$4,623,277.19**
Prior meet actual: **$2,292,662.62**

Average Daily Purse (5G ÷ number of days):
Current meet estimate: **$34,502.07**
Prior meet actual: **$38,211.04**

H. Bank and account number for the Paymaster of Purses' purse account:
Wells Fargo Bank - Account # On File

I. Name, address and telephone number of the pari-mutuel audit firm engaged for the meeting:
Bowen & McBeth, 10722 Arrow Route, Suite 110, Rancho Cucamonga, California 91730, (909) 944-6465

NOTICE TO APPLICANT: All funds generated and retained from on-track pari-mutuel handle which are obligated by law for distribution in the form of purses, breeders' awards or other benefits to horsemen, **shall not** be deemed as income to the association; **shall not** be transferred to a parent corporation outside the State of California; and **shall**, within 3 calendar days following receipt, be deposited in a segregated and separate liability account in a depository approved by the CHRB and shall be at the disposition of the Paymaster of Purses, who shall pay or distribute such funds to the persons entitled thereto. All funds generated from off-track simulcast wagering, interstate wagering, and out-of-state wagering which are obligated by law for distribution in the form of purses and breeders' awards, shall also be deposited within 3 calendar days following receipt, into such liability account. In the event the association is obligated to the payment of purses prior to those obligated amounts being retained from pari-mutuel wagering for such purpose, or as a result of overpayment of earned purses at the conclusion of the meeting, the association shall transfer from its own funds such amounts as are necessary for the Paymaster of Purses to distribute to the horse owners statutorily or contractually entitled thereto. The association is entitled to recover such transferred funds from the Paymaster of Purses' account; and if insufficient funds remain in the account at the conclusion of the meeting, the association is entitled to carry forward the deficit to its next succeeding meeting as provided by B&P Code Section 19615(c) or (d). In the event of **underpayment** of purses which results in a balance remaining in the Paymaster of Purses' account at the conclusion of the meeting after distribution of amounts due to horsemen and breeders and horsemen's organizations, the association may carry forward the surplus amount to its next succeeding meeting; provided, however, that the amount so retained does not exceed an amount equivalent to the average daily distribution of purses and breeders' awards during the meeting. All amounts in excess shall be distributed retroactively and proportionally in the form of purses and breeders' awards to the horse owners and breeders having earned purses or awards during the conduct of the meeting.

6. STABLE ACCOMMODATIONS

A. Number of usable stalls available for racehorses at the track where the meeting is held: **1325**

B. Minimum number of stalls believed necessary for the meeting: **2000**

C. Total number of usable stalls to be made available off-site at approved auxiliary stabling areas or approved training centers: **680**

D. Name and location of each off-site auxiliary stabling area and the number of stalls to be maintained at each site: **Pleasanton – 680 Stalls**

E. Attach each contract or agreement between the association and the person(s) furnishing off-site stabling accommodations for eligible racehorses that cannot be provided stabling on-site. **On file.**

Complete subsections F through H if the association will request reimbursement for off-site stabling as provided by B&P Code Sections 19607, 19607.1, 19607.2, and 19607.3; otherwise, skip to Section 7.

F. Total number of usable stalls made available on-site for the **1986** meeting: **1405**

G. Estimated cost to provide off-site stalls for this meeting. Show cost per day per stall:
Stabling costs for this meet: $1,379,000.00
Stabling costs per day per stall: $10.30

H. Estimated cost to provide vanning from off-site stalls for this meeting. Show fees to be paid for vanning per-horse:
Vanning fees for this meet: $261,300.00 **Vanning fee per horse: $130.00**

7. PARI-MUTUEL WAGERING PROGRAM

A. Pursuant to B&P Code Section 19599, and with the approval of the CHRB, associations may elect to offer wagering programs using CHRB Pari-mutuel Rules, the Association of Racing Commissioners International (RCI) Uniform Rules of Racing, Chapter 9, Pari-mutuel Wagering, or a combination of both. Please complete the following schedule for the types of wagering other than WPS and the minimum wager amount for each:
Use DD for daily double, E for exacta (special quinella), PK3 for pick three, PK4 for select four, PNP for pick (n) pool, PPN for place pick (n), Q for quinella, SF for superfecta, TRI for trifecta, and US for unlimited sweepstakes (pick 9).

	TYPE OF WAGERS	APPLICABLE RULES
Example Race:	$1 E; $1 Double	CHRB #1959; RCI #VE
Race #1	$2 DD*; $1 E; $2 Q; $1 PK3+; $1 TRI++, $1 PPN%; $.10 SF# $2 PAR^, $1 PNP!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1954.1; 1976.9
Race #2	$2 DD*; $1 E; $2 Q; $1 PK3+; $1 TRI++; $1 PPN%; $.10 SF# $2 PAR^, $1 PNP!	CHRB#1957; 1959; 1958; 1977; 1979; 1976.8; 1979.1; 1954.1; 1976.9
Race #3	$2 DD*; $2 PNP@; $1 E; $2 Q; $1 PK3+; $1 TRI++; $.10 SF#; $1 PPN%; $2 PAR^, $1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1954.1, 1976.9
Race #4	$2 DD*; $2 PNP@; $1 E; $2 Q; $1 PK3+; $1 TRI++; $.10 SF# $1 PPN%; $2 PAR^, $1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1954.1, 1976.9
Race #5	$2 DD*; $2 PNP@; $1 E; $2 Q; $1 PK3+; $1 TRI++; $.10 SF#	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8;

Golden Gate Fields

November 6, 2008

Kirk Breed
California Horse Racing Board
1010 Hurley Way Suite 300
Sacramento, CA 95825

Re: Stable/Vanning Agreement

Dear Kirk:

The parties in Northern California cannot complete a Stabling/Vanning agreement until dates are allocated by the California Horse Racing Board. The whole agreement is predicated on what facilities are open during certain times of the year. Without confirmed 2009 race dates, facility costs cannot be determined nor can an agreement be reached.

Please do not hesitate to contact me if you have any questions regarding this matter.

Thank you.

Sincerely,

Robert Hartman
General Manager

Cc: Jackie Wagner
Colleen Germek

Pacific Racing Association
1100 Eastshore Highway, Berkeley, California 94710
A Magna Entertainment Corp. Facility

	\$1 PPN%, \$1 PNP!, \$2 PAR^	1976.9; 1954.1
Race #6	\$2 DD*, \$2 PNP@; \$1 E, \$2 Q; \$1 PK3+; \$1 TRI++, \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #7	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q, \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!, \$2 PAR^	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #8	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!, \$2 PAR^	CHRB#1957, 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #9	\$2 DD*; \$2 PNP@; \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!; \$2 PAR^	CHRB#1957, 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9; 1954.1
Race #10	\$2 DD*; \$2 PNP @, \$1 E; \$2 Q; \$1 PK3+; \$1 TRI++; \$.10 SF# \$1 PPN%; \$1 PNP!	CHRB#1957; 1976.9; 1959; 1958; 1977; 1979; 1979.1; 1976.8; 1976.9

* - \$2 Daily Double on all races
@ - \$2 Pick 6 on last six races
\+ - \$1 Pick 3 on every race
++ - \$1 Trifecta on every eligible race
# - \$ .10 cent Superfecta on all eligible races
% - \$1 Place Pick All on all races carded
! - \$1 Pick 4 on first four and last four races
^ - \$2 Parlay on every eligible race

B. Maximum carryover pool to be allowed to accumulate before its distribution OR the date(s) designated for distribution of the carryover pool: **June 28, 2009 for the period of December 26, 2008 through June 28, 2009.**

C. List any options requested with regard to exotic wagering: **2 Tier – 70%/30% split (\$2 Pick (n) Pool (Pick 6) will be offered on the final six races of each card, with 70% to the major pool or carryover, and 30% to the minor pool)**

D. Will "advance" or "early bird" wagering be offered? [ ] Yes [X] No
If yes, when will such wagering begin:

E. Type(s) of pari-mutuel or totalizator equipment to be used by the association and the simulcast organization, name of the person(s) supplying equipment, and expiration date of the service contract: **Scientific Games Racing, LLC, Bill Huntley, Expires: September 2012**

8. ADVANCE DEPOSIT WAGERING (ADW)

A. Identify the ADW provider(s) to be used by the association for this race meeting:
Xpressbet
YouBet
TwinSpires
TVG (pending necessary approvals)

9. SIMULCAST WAGERING PROGRAM

A. Simulcast organization engaged by the association to conduct simulcast wagering:
Northern California Off-Track Wagering, Inc.

B. Attach the agreement between the association and simulcast organization permitting the organization to use the association's live audiovisual signal for wagering purposes and providing access to its totalizator for the purpose of combining on-track and off-track pari-mutuel pools. **On file.**

C. California simulcast facilities the association proposes to offer its live audiovisual signal:

Northern California
Alameda County Fair, Pleasanton
Big Fresno Fair, Fresno
California State Fair & Exposition, Sacramento
Club One, Fresno
Kern County Fair, Bakersfield
Monterey County Fair, Monterey
Redwood Acres Fair, Eureka
San Joaquin County Fair, Stockton
San Mateo Event Center, San Mateo
Santa Clara County Fair, San Jose
Shasta District Fair, Anderson
Solano County Fair, Vallejo
Sonoma County Fair, Santa Rosa
Stanislaus County Fair, Turlock
Tulare County Fair, Tulare

Southern California
Antelope Valley Fair, Lancaster
Barona Casino, Lakeside
California Mid-State Fair, Paso Robles
Del Mar Thoroughbred Club, Del Mar
Derby Club at Seaside Park, Ventura
EarlWarren Showgrounds, Santa Barbara
Fairplex Park, Pomona
Hollywood Park, Inglewood
Indian Fantasy Springs Casino, Indio
Los Alamitos Racecourse, Los Alamitos
National Orange Show, San Bernardino
Santa Anita Park, Arcadia
Santa Barbara County Fair, Santa Maria
Shalimar Sports Center, Indio
Sports Pavilion, Lake Perris
Sports Pavilion, Victorville
Sycuan Casino, El Cajon
Viejas Casino, Alpine

D. Out-of-state wagering systems the association proposes to offer its live audiovisual signal:

Pacific Racing Association/Golden Gate Fields
December 26, 2008 through June 28, 2009
Out-of-State & International Imports - Full or Partial Card (Subject to Change)

OUT-OF-STATE TRACK
AQUEDUCT
ARLINGTON
BELMONT
CALDER RACECOURSE
CHURCHILL DOWNS
FAIRGROUNDS
GULSTREAM PARK
HAWTHORNE RACECOURSE
KEENELAND
LAUREL
LONE STAR PARK
PIMLICO
OAKLAWN
PORTLAND MEADOWS
SUNLAND PARK
TAMPA BAY DOWNS
TURF PARADISE
TURFWAY PARK
INTERNATIONAL TRACK
WOODBINE
HASTINGS
SAN ISIDRO
MARONAS

E. Out-of-state wagering systems that will combine their pari-mutuel pools with those of the association:

American Tab, OH
Arapahoe Park, CO
Arima Race Club
Arlington International Race Course, IL
Atlantic City Casino Assn., NJ
Atlantic City Race Course, NJ
Atokad Downs, NE
Balmoral Park, IL
Beulah Park, OH
Birmingham Race Course, AL
Blue Ribbon Downs, OK
Bluffs Run Greyhound
Buffalo Raceway, NY
Calder Race Course, FL
Canadian Associations
Canterbury Park, MN
Capital District OTB
Capital Sports Ply, Ltd, Australia
Casino Association
Catskills OTB
Charlestown Race Course, VA
Chester Downs & Marina LLC
Choctaw Racing Services, LLC, OK
Churchill Downs, KY
Coeur d'Alene Greyhound, ID
Coeur d'Alene Casino, ID
Colonial Downs, VA
Columbus Races, NE
Comanche Nation
Connecticut OTB, CT
Corpus Christi Greyhound Track, TX
Crystal Palace
Dairyland Greyhound Park, WI
Darwin All Sports
Delaware Park, DE
Delta Downs
Downs at Albuquerque, NM
Elite Turf Club
Ellis Park, KY
Emerald Downs, WA
Equus St. Thomas Racing, Inc.
European Simulco, Austria
Evangeline Downs, LA
Evansville OTB
Fair Meadows
Fairgrounds Race Course, LA
Finger Lakes Race Track, NY
Fonner Park, NE
Foxwoods
Freehold Raceway, NJ
Geneva Lakes
Gillespie County Downs
Great Lakes Downs, MI
Greentrack
Gulf Greyhound, TX
Gulfstream Park, FL
Harrington Raceway
Hawthorne
Hazel Park, MI
Hinsdale Greyhound Park, NH
Hoosier Park, IN
Horsemen's Park, NE
Indiana Downs, IN
International Racing Group
Jackson Harness Raceway, MI
John Martin's Manor Restaurant
Keeneland Association, KY
Kentucky OTB
Lebanon Raceway, OH
Les Bois/Idaho
Lewiston Raceway Inc., ME
Lien Games, Inc., ND
Lein Games, LLC
Lincoln Greyhound
Lodge Belmont Greyhound Park
Lone Star., TX
Louisiana Downs, LA
Manor Downs
Maryland Jockey Club, MD
Maywood
Meadowlands
Meadowlands The
Meskwaki Casino
Millers OTB
Mohegun Sun
Monmouth Park, NJ
Montana OTB, MT
Monticello Raceway, NY
Mount Pleasant Meadows, MI
Mountaineer Park, WV
Nevada Indian Casinos
Nevada Pari-Mutuel Association, NV
New Mexico
New York City Off-Track Betting, NY
New York Racing Association, NY
Newport Jai Alai, FL
North Dakota Horse Park, ND
Northfield Park, OH
Northville Racing Corp., MI
Oaklawn Park, AR
Ocean Downs, MD
Oneida Bingo and Casino
Penn National Race Course, PA
Philadelphia Park, PA
Plainfield Greyhound Park, NJ
Plainridge Racecourse, MA
Poconos
Pojoaque
Portland Meadows, OR
Prairie Meadows, IA
Raceway Park, OH
Racing & Gaming Services, British WI
Red River Casino
Remington Park, OK
Retama Park, TX
Riders Up OTB
River Downs, OH
Rockingham Park, NH
Rosecroft Raceway, MD
Royal Beach Casino
Royal River Racing
Ruidoso Downs, NM
Sam Houston, TX
Saratoga Raceway, NY
Scarborough Downs, ME
Scioto Downs, OH
Seabrook Greyhound
Shoreline Star Greyhound Park
Skydancer Casino
Southland, AR
Sports Center
Sports Creek Raceway, MI
Stables
State Fair Park, NE
Suffolk District OTB
Suffolk Downs, MA
Sunland Park, NM
Sunray Park, NM
Tampa Bay Downs, FL
Tauton Dog Track, Inc.
Thistledown Racing, OH
Timeout Lounge
Tioga Downs
Tri-State Racetrack & Gaming Center, WV
Turfway Park, KY
TVG
Turf Paradise, AZ
Valley Greyhound Park
Vernon Downs, NY
Western Fair Raceway
Western Regional OTB
Wheeling Downs, WV
Wichita Greyhound Park, KS
Will Rogers Downs, OK
Wonderland Greyhound Park, MA
Woodlands, KS
Wyoming OTB, WY
XpressBet, Inc., CA
Yonkers Raceway, NY
YouBet
Zia Park, NM

Separate Pools:
Caymanas
Hipodromo Presidente Remon, Panama
LVDC (NV)
MIR/Caliente

F. For **THOROUGHBRED** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country thoroughbred races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

NOTICE TO APPLICANT: B&P Code Section 19596.2(a) stipulates that on days when live thoroughbred or fair racing is being conducted in the state, the number of thoroughbred races which may be imported by an association or fair during the calendar period the association or fair is conducting its racing meeting cannot exceed a combined daily total of 23 imported thoroughbred races statewide. The limitation of 23 imported thoroughbred races per day statewide does not apply to those races specified in B&P Code Section 19596.2(a)(1), (2), (3) and (4).

THOROUGHBRED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
See 9D above.	**TBD**	

G. For **QUARTER HORSE** racing associations, list the host track from which the association proposes to import out-of-state and/or out-of-country quarter horse races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

QUARTER HORSE SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Los Alamitos	**Per CHRB calendar**	**Full Card**

H. For **STANDARDBRED** racing associations, list the host tracks from which the association proposes to import out-of-state and/or out-of-country harness races. Include the dates imported races will be held, and whether or not a full card will be accepted. If the full card will not be imported, state "selected feature and/or stakes races":

HARNESS SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Race Dates	Full Card or Selected Feature and/or Stakes Races
Cal Expo Harness	**Per CHRB calendar**	**Full Card**

I. For **ALL** racing associations, list imported simulcast races the association plans to receive which use breeds other than the breed of the majority of horses racing at its live horse racing meeting. Include the name of the host track, the dates imported races will be held, and how many races will be imported:

OTHER BREED SIMULCAST RACES TO BE IMPORTED

Name of Host Track	Breed of Horse	Race Dates	Number of Races to be Imported
None			

J. For **ALL** racing associations, if any out-of-state or out-of-country races will commence outside of the time constraints set forth in B&P Code Sections 19596.2 and 19596.3, attach a copy showing the agreement by the appropriate racing association(s). **Not applicable.**

NOTICE TO APPLICANT: All interstate wagering to be conducted by an association is subject to the provisions of Title 15, United States Codes, which require specific written approval of the CHRB and of the racing commission having jurisdiction in the out-of-state venue. All international wagering to be conducted by an association is subject to the provision of B&P Code Sections 19596, 19596.1, 19596.2, 19596.3, 19601, 19602, and 19616.1, and will require specific written approval of the CHRB.

Every association shall pay over to the simulcast organization within 3 calendar days following the closing of wagering for any day or night racing program, or upon receipt of the proceeds, such amounts that are retained from off-track simulcast wagering, interstate and out-of-state wagering, and which are obligated by statute for guest commissions, simulcast operator's expenses and promotions, equine research, local government in-lieu taxes, and stabling and vanning deductions. Every association shall pay to its Paymaster of Purses' account within 3 calendar days following the closing of wagering for each day or night racing program, or upon receipt of the proceeds, such amounts that are retained or obligated from off-track simulcast wagering, interstate and out-of-state wagering for purses, breeders' awards or other benefits to horsemen. (See Notice to Applicant, Section 5.)

10. CHARITY RACING DAYS

A. Name and address of the distributing agent (charity foundation) for the net proceeds from charity racing days held by the association: **Pacific Racing Association is agent for distribution.**

B. Names and addresses of the trustees or directors of the distributing agent:
Pacific Racing Association will act as its own distributing agent.

C. Dates the association will conduct races as charity racing days OR:

D. Will the association pay the distributing agent an amount equal to the maximum required under B&P Code Section 19550(b)? [X] Yes

NOTICE TO APPLICANT: Net proceeds from charity racing days shall be paid to the designated and approved distributing agent within 180 days following the conclusion of the association's race meeting in accordance with the provisions of B&P Code Section 19555. Thereafter, the distributing agent shall distribute not less than 90% of the aggregate proceeds from such charity racing days within 12 calendar months after the last day of the meeting during which the charity racing days were conducted and shall distribute the remaining funds as soon thereafter as is practicable. At least 20% of the distribution shall be made to charities associated with the horse racing industry in accordance with the provisions of B&P Code Section 19556(b).

11. RACING OFFICIALS, OFFICIALS, AND OFFICIATING EQUIPMENT

A. Racing officials nominated:

Association Veterinarian(s)	**Heather Kerr, D.V.M** (Track Veterinarian)
	Joan Hurley, D.V.M. (CHRB Veterinarian)
	Diane Isbell, D.V.M. (Examining Veterinarian)
Clerk of Scales	**Ken Sjordal**
Clerk of the Course	**Tina Walker**
Film Specialist	**Ross Allardyce**
Horse Identifier	**Patrick Kealy**
Horseshoe Inspector	**Jack Hammonds**
Paddock Judge	**Linda Anderson**
Patrol Judges	**Paul Nicolo & Tammy McDuffie-Morris**
Placing Judges	**Ella Robinson & Myra Truitt**
Starter	**Gary Stensgar**
Timer	**Richard Somers**

B. Management officials in the racing department:

Director of Racing	**Sean Greely**
Racing Secretary	**Sean Greely**
Assistant Racing Secretary	**C. Gregory Brent, Jr.**
Associate Racing Secretary	**David Jerkens**
Paymaster of Purses	**Patricia Prospero**

Others (identify by name and title)

Main Track Superintendent	**Juan Meza**
Turf Track Superintendent	**Calvin Rainey**
Price Maker	**Richard Somers**
Stable Superintendent	**Carrie Fawcett**

C. Name, address and telephone number of the reporter employed to record and prepare transcripts of hearings conducted by the stewards: **Christine Niccoli**
Niccoli Reporting Service, 619 Pilgrim Drive, Foster City, CA 94404-1707, (650) 573-9339

D. Photographic device to be used for photographing the finish of all races, name of the person supplying the service, and expiration date of the service contract:
Plusmic Corp., USA, Bill O'Brien, Expires: December 31, 2008
New Contract will be forwarded to CHRB upon receipt.

E. Photo patrol video equipment to be used to record all races, name of the person supplying the service, and expiration date of the service contract. Specify the number and location of cameras for dirt and turf tracks.
Pegasus Communications, Inc, Jim Porep, Jr., System maintained in house, Equipment contract expires: March 5, 2013

F. Type of electronic timing device to be used for the timing of all races, name of the person supplying the service, and expiration date of the service contract:
Electronic timer is installed and maintained by on-site staff.

12. SECURITY CONTROLS

A. Name and title of the person responsible for security controls on the premises. Include an organizational chart of the security department and a list of the names of security personnel and contact telephone numbers.
T.W. Johnson, Security Manager is responsible for security on site.
Security Department organizational chart is attached.
Security Department phone number (510) 559-7370
Stable Security phone number (510) 559-7533
T.W. Johnson cell phone number (510) 418-3161

B. Estimated number of security guards, gatemen, patrolmen or others to be engaged in security tasks on a regular full-time basis: **29**

1. Attach a written plan for enhanced security for graded/stakes races, and races of $100,000 or more, to include the number of security guards in the restricted areas during a 24-hour period and a plan for detention barns. **Attached**

2. Detention Barns:

A. Attach a plan for use of graded stakes or overnight races.
6 hour surveillance prior to race in Graded Stakes with purses of $100,000 or over
24 hour surveillance in detention barn for Trainers with high-test results and repeat offenders

B. Number of security guards in the detention barn area during a 24-hour period.

Four Security Guards

C. Describe number and location of surveillance cameras in detention barn area.
Attached

3. TCO2 Testing:

A. Number of races to be tested, and number of horses entered in each race to be tested.
Every horse in every race has been tested since early January 2005

B. Plan for enhanced surveillance for trainers with high-test results.
24 Hour detention and video surveillance prior to the race

C. Plan for detention barns for repeat offenders.
Assigned to detention barns with 24 hour surveillance

D. Number of security personnel assigned to the TCO2 program.
As needed per the direction of CHRB staff

C. Describe the electronic security system:

1. Location and number of video surveillance cameras for the detention barn and stable gate.
Attached

D. For night racing associations. Describe emergency lighting system: **Not Applicable.**

13. EMERGENCY SERVICES

A. Name, address and emergency telephone number of the ambulance service to be used during workouts and the running of the races:
Brad Winding Turf Rescue, LLC, 19615 Barclay Road, Castro Valley, CA 94546, (510) 581-8470

B. Name, address and emergency telephone number of the ambulance service to be used during workouts at auxiliary sites:
Pleasanton – American Medical Response, 640-143rd Ave., San Leandro, CA 94577, 510-895-7600

C. Describe the on-track first aid facility, including equipment and medical staffing: **Attached**

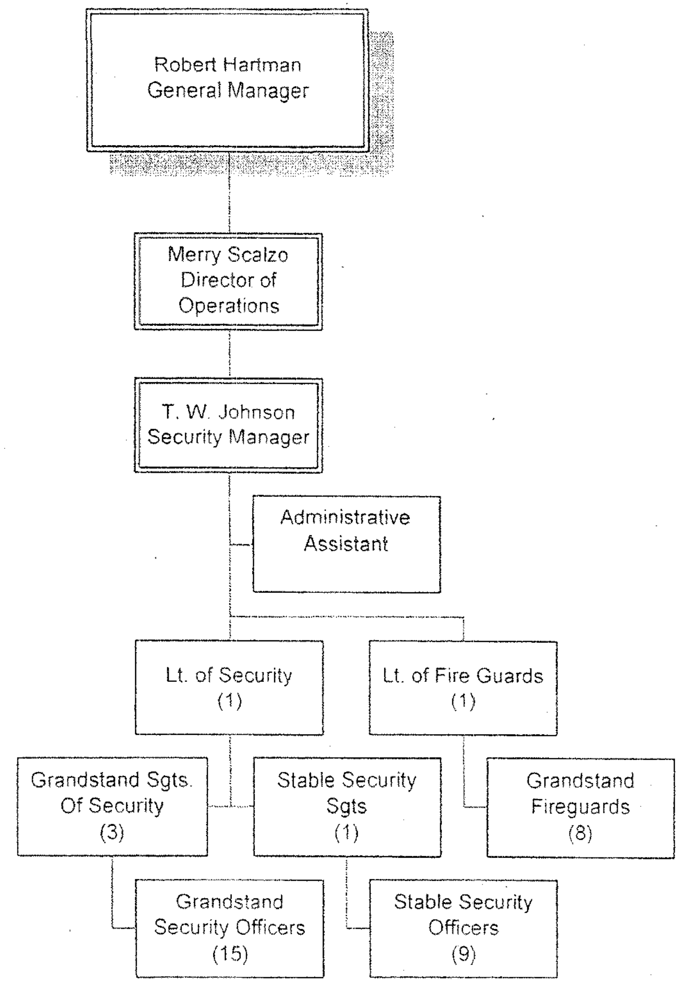
D. Name and emergency telephone number of the licensed physician on duty during the race meeting: (If quarter horse racing association see D(1):
Dr. David Seftel
Office Number: 510-559-7375, Cell Number: 650-520-6204

1. Name address and emergency telephone number of hospital located within 1.5 miles of the racetrack, which whom an agreement is in place to provide emergency medical services:
N/A

E. Name, address and emergency telephone number of the hospital to be used for admittance and treatment of emergency injuries in the event of an on-track injury to a jockey:
Alta Bates Summit Medical Center, 2450 Ashby, Berkeley, CA 94705 (510) 204-4444

F. Attach, in English and Spanish, the emergency medical plan procedures that will be posted in each jockey's room to be used in the event of an on-track injury to a jockey: **Attached**

GOLDEN GATE FIELDS 2008
SECURITY DEPARTMENT ORGANIZATIONAL CHART
ATTACHMENT 12A



Attachment to Golden Gate Fields License Application
12B (1) and 12B (2):

SECURITY CONTROLS

Graded Stakes and Races of $100,000 or more

The following procedures have been put in place at Golden Gate Fields to ensure that proper security surveillance guidelines for races of $100,000 or more are followed:

- Carrie Fawcett, Stable Superintendent, provides a list of starters to T. W. Johnson, Director of Security which includes the following information:
  1. Name of horse
  2. Name of trainer
  3. Barn number
  4. Stall number
- Supplemental security staff, provided by a licensed security contractor and licensed by the CHRB, are called in the morning of the race to meet with the Director of Security for the following instruction:
  A. An overview of the race track operating procedures
  B. A briefing of their duties throughout the day
  C. All guards are asked to sign out for their specific video camera
  D. A form is provided by the CHRB to each guard which is to be signed by the attending veterinarian when administering medication to bleeders.
  E. Each guard is given a video camera to record ALL activities involving individuals entering and exiting their assigned stall. Instruction is given to first record the posted number on the stall to confirm that the camera is directed at the assigned horse.
  F. Instruction is given to monitor any and all suspicious activity and to contact the Director of Security if and when suspicious activity occurs.
  G. Guards are instructed to position themselves as close to the horse's stall without jeopardizing safety.
  H. The horse and handler will be followed on foot by each guard to the receiving barn before the race.
  I. After all horses are safely in the receiving barn, the guards are instructed to meet in the Security office with the Director of Security. The guards sign that they have returned their video camera and participate in a discussion of the day's surveillance activities.

- Surveillance videotapes are saved until all test results have received a negative result.

Attachment to Golden Gate Fields License Application
12B (2) and 12C (1):

Detention Barn Surveillance:

Barn #44 contains 27 stalls and is utilized as our Transit and Detention Barn. The surveillance system in place contains cameras strategically placed to monitor entrances and exits along with a camera monitoring each stall.

The camera equipment is connected to a digital recording system which is kept in a secured area with a power back-up in place.

Stable Gate Surveillance:

Cameras are strategically placed to monitor all activities at the Main Stable Gate and the Horsemen Walk-In Gate.

GOLDEN GATE FIELDS
ATTACHMENT 12B (3)

EXHIBIT A

Track is entitled to perform physiological tests consisting of the taking of blood samples from owners' horses entered in races to be conducted at the 2008/2009 race meets. It is the understanding of the parties that such samples will be tested for bicarbonate levels. Trainers of horses showing a total carbon dioxide (TCO_2) of 37 millimoles per liter of plasma or more, and owners' horses within their control, will be subject to the following:

1st **Incidence** - For the first test that results in a total carbon dioxide (TCO_2) of 37 millimoles per liter of plasma or more, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, subject to surveillance for a period of 45 days from the date set by the TCO_2 Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 30 days from the date set by the TCO_2 Committee, will be quarantined to a Protection Barn beginning at noon on the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, $150.00 for security and $25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

B. **2nd Incidence** - For the second test that results in a total carbon dioxide (TCO_2) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 75 days from the date set by the TCO_2 Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 60 days from the date set by the TCO_2 Committee, will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, $150.00 for security and $25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

C. **3rd Incidence** - For the third test that results in a total carbon dioxide (TCO_2) of 37 millimoles per liter of plasma or more, which occurs within three years of a prior incidence, the registered trainer of such horse shall have his/her barn, and all owners' horses stabled therein, under surveillance for a period of 105 days from the date set by the TCO_2 Committee. Such surveillance may include, but not be limited to, the placing of surveillance cameras with recording devices in any location within that barn that TRACK deems necessary and appropriate to ensure the integrity of racing. Additionally, owners' horses entered by said trainer anytime within a period of 90 days from the date set by the TCO_2 Committee, will be quarantined to a Protection Barn beginning at noon the day before said horse is scheduled to compete. The costs of such quarantine/surveillance including, but not limited to, \$150.00 for security and \$25.00 for stall renovation per horse/entrant for stall renovation, per day, being born by the trainer or owner of such horse.

Track further agrees that it shall enforce these penalties when imposed as a result of similar contract provisions with other racing associations in California. By way of example only, Track agrees that should any horse running at its meet be subject to detention barn confinement as the result of a positive at another association, Track will continue to require detention barn confinement for the remainder of said 30 day period. Also by way of example, should a trainer have a TCO_2 positive or positives at a race meet other than its own and a subsequent positive at Track's race meet or at another associations meet, Track will enforce paragraph B, and may, at its discretion, enforce paragraph C above as though the original positive(s) had taken place at its meet.

GOLDEN GATE FIELDS

Description of GGF Medical Clinic
(Live Racing)

Services (Mission)

- Pre-race examinations on jockeys;
- Preventive & curative medical services for jockeys;
- Urgent care facility for jockeys;
- Assist CHRB in assessment of any impaired individuals;
- Urgent care for patrons & GGF employees.

Staffing

- Physician Medical Director ("Track Physician");
- Full-time Medical Assistant;
- Part-time Medical Assistant "Intern".

Equipment

- Advanced cardiac life support (ACLS) equipment;
- 12-Lead EKG;
- Lung function testing equipment;
- Ultrasound (for internal organ injury assessment);
- Blood work & hematology supplies & equipment;
- Basic surgical care supplies & equipment.

Availability

- One-hour before first posted race until one-to-two hours following last posted race;
- Extended hours for necessary follow-up care and/or upon request from track management or CHRB.

GOLDEN GATE FIELDS

EMERGENCY MEDICAL PROCEDURES

FOR ON-TRACK INJURY TO JOCKEYS

"FIRST RESPONSE"

- In the event of an accident, the Stewards and/or Outriders shall immediately contact the Track Physician ("Jockey Down") using Radio Channel #7 *(or the accident may very well be witnessed directly by the Track Physician)*;
- The on-track GGF Human Ambulance (manned by GGF-contracted EMTs) and the Track Physician (transported via the GGF "chase" or "Vet" truck) shall respond immediately to the site of the accident;
- The attending medical professionals shall arrive equipped with advanced cardiac life support (ACLS) and other necessary acute medical treatment equipment & supplies;
- An "on-site evaluation" of injuries to the jockey(s) shall be made by the Track Physician.

"ON-SITE EVALUATION"

- Based on the Track Physician's "on-site evaluation" of injuries, a decision shall be made to either treat the injured jockey(s) on-site or to request emergency medical transport for off-site treatment at a hospital trauma center;
  - If on-site treatment is deemed sufficient, the GGF Human Ambulance shall transport the injured jockey(s) directly to the GGF Medical Clinic; or,
  - If off-site treatment is deemed necessary, "911" shall be used to summon a City of Albany Fire Dept. ambulance *(a Fire Dept. truck shall also respond)*.

"INJURY TREATMENT"

- If the injured jockey(s) is treated at the GGF Medical Clinic, the Track Physician shall be the primary care provider unless (or until) the Track Physician surrenders custody of the patient based on his/her medical judgment;
- If the City of Albany Fire Dept. ambulance is summoned to respond, the injured jockey(s) shall be transferred to this ambulance *(accompanied by the Track Physician)* at either of the two following locations for transport to a local hospital;
  - If the injuries are deemed less severe, the jockey will be transported by the GGF Human Ambulance to an off-track location for pick-up by the City of Albany Fire Dept. ambulance; or,
  - If the injuries are deemed severe and the jockey(s) cannot be moved, the City of Albany Fire Dept. ambulance will be escorted by GGF security personnel directly onto the track for patient pickup.

In consultation with the Track Physician, an "Accident/Injury Investigation Report" must be completed by track management following completion of the above-noted procedures.

(REV 1.0, JUNE 2007)

PROCEDIMIENTOS MÉDICOS EN EMERGENCIAS

PARA LESIONES DE JOCKEYS EN LA PISTA

"PRIMERA RESPUESTA"

- En caso de accidente, los comisarios y/o escoltas deberán contactar inmediatamente al Médico de Pista ("Jockey Abajo") usando el canal de radio nº7 *(salvo que el Médico de Pista sea testigo directo del accidente)*;
- La Ambulancia para Humanos de GGF (con personal de emergencias médicas contratado por GGF) y el Médico de Pista (transportado a través del camión de "chase" o "Vet" de GGF) deberá acudir en forma inmediata al lugar del accidente;
- Los médicos que asistan deberán estar equipados con soporte vital cardíaco avanzado (ACLS) y otros equipos y elementos necesarios para el tratamiento médico;
- El Médico de Pista hará una "evaluación en el lugar" de las lesiones del jockey.

"EVALUACIÓN EN EL LUGAR"

- En base a la "evaluación en el lugar" de lesiones por parte del Médico de Pista, se tomará una decisión acerca de si tratar al jockey lesionado en el lugar o pedir transporte de emergencia médica para un tratamiento en un hospital o centro de salud;
  - Si se considera suficiente el tratamiento en el lugar, la Ambulancia para Humanos de GGF trasladará al jockey lesionado directamente a la Clínica Médica de GGF; o,
  - Si se considera necesario un tratamiento fuera del lugar, se usará el "911" para pedir una ambulancia del Departamento de Bomberos de la Ciudad de Albany *(un camión del Departamento de Bomberos también acudirá)*.

"TRATAMIENTO DE LA LESIÓN"

- Si el jockey lesionado recibe tratamiento en la Clínica Médica de GGF, el Médico de Pista será el que proporcione atención primaria a menos que (o hasta que) el Médico de Pista dé de alta al paciente en base a su juicio médico;
- Si se requiere que acuda la ambulancia del Departamento de Bomberos de la Ciudad de Albany, el jockey lesionado será transferido a esta ambulancia *(acompañado por el Médico de Pista)* en cualquiera de los siguientes lugares para luego ser trasladado a un hospital local;
  - Si se considera que las lesiones son menos severas, el jockey será trasladado por la Ambulancia Humana de GGF a una ubicación fuera de la pista para ser recogido por la ambulancia del Departamento de Bomberos de la Ciudad de Albany; o,
  - Si se considera que las lesiones son severas y no puede moverse al jockey, la ambulancia del Departamento de Bomberos Ciudad de Albany será conducida por el personal de seguridad de GGF directamente sobre la pista para recoger al paciente.

La gerencia de la pista debe completar un "Informe de Investigación de Accidente/Lesión" en base a lo consultado con el Médico de Pista luego de completar los procedimientos mencionados arriba.

G. Name of health and safety manager and assistant manager responsible for compliance of health and safety provisions pursuant to B& P Code 19481.3(d):
Roy Roenbeck, Director of Safety and Compliance
Calvin Rainey, Assistant General Manager, serves as Assistant Safety Manager.

H. Attach a fire clearance from the fire authority having jurisdiction over the premises.
Berkeley fire clearance on file.
Albany fire clearance on file.

I. Name of the workers' compensation insurance carrier for the association and the number of the insurance policy (if self-insured, provide details): **Liberty International - #WC1-B71-072827-036**

J. Attach a Certificate of Insurance for workers' compensation coverage. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of insurance that secures the liability of the association for payment of workers' compensation. **Attached.**

NOTICE TO APPLICANT: Every licensee conducting a horse racing meeting shall pursuant to B&P Code 19481.3 maintain, staff, and supply an on-track first aid facility, that may be either permanent or mobile, and which shall be staffed and equipped as directed by the board. A qualified and licensed physician shall be on duty at all times during live racing, except that this provision shall not apply to any quarter horse racing at the racetrack if there is a hospital situated no more than 1.5 miles from the racetrack and the racetrack has an agreement with the hospital to provide emergency medical services to jockeys and riders. An ambulance licensed to operate on public highways provided by the track shall be available at all times during live racing and shall be staffed by two emergency medical technicians licensed in accordance with Division 2.5 (commencing with Section 1797) of the Health and Safety Code, one of whom may be an Emergency Medical Technician Paramedic, as defined in Section 1797.84 of the Health and Safety Code. (b) Each racing association and racing fair shall adopt and maintain an emergency medical plan detailing the procedures that shall be used in the event of an on-track injury. The plan shall be posted in each jockey room in English and Spanish. (c) Prior to every race meeting, the racing association or racing fair shall contact area hospitals to coordinate procedures for the rapid admittance and treatment of emergency injuries. (d) Each racing association or racing fair shall designate a health and safety manager and assistant manager, who shall be responsible for compliance with the provisions of this section and one of whom shall be on duty at all times when live racing is conducted. The health and safety manager may, at the discretion of the racing association, be the person designated to perform risk management duties on behalf of the association.

14. CONCESSIONAIRES AND SERVICE CONTRACTORS

Names and addresses of all persons to whom a concession or service contract has been given, **other than those already identified**, and the goods and/or services to be provided by each:

Tip Sheets	**Jack's Blue Card, 127 Sun Avenue, Hayward, CA 94544**
Armored Car Services	**Loomis Armored Car, P.O. Box 44196, San Francisco, CA 94144**
Track Physician	**Dr. David Seftel, Conocen Corp., 20066 Austin Lane, Castro Valley, CA 94546**
Official Program	**Del Mar Graphics, 1100 Eastshore Highway, Albany, CA 94706**
Jockey's Laundry	**F. Lorene Dutton, Bailey's Mobile Laundry, 3263 Vineyard Ave., Pleasanton, CA 94566**
Starting Gate	**Mike Costello, United Puett Starting Gate Co., P.O. Box 18, S. Salem, NY 10590**
Track Photographer	**Bill Vassar, Vassar Photography, 1167 Sapphire Drive, Livermore, CA 94550**

CITY OF ALBANY CALIFORNIA
NORTHERN GATEWAY TO ALAMEDA COUNTY

City of Albany

1000 SAN PABLO AVE. ◦ ALBANY, CALIF. 94706 ◦ TELEPHONE (510) 528-5775 ◦ FAX (510) 528-5774

FIRE DEPARTMENT
FIRE PREVENTION BUREAU

October 21, 2008

Calvin Rainey
Vice-President and Assistant General Manager
Golden Gate Fields
1100 Eastshore Highway
Albany, CA 94706

Dear Mr. Rainey

On October 10, 2008, this office under the Fire Prevention Code, NFPA 1, conducted a Fire and Life Safety inspection and the Fundamental Requirements listed in the *Life Safety Code*, NFPA 101, Chapter 2, the 2007 California Fire Code and California Code of Regulations. Listed below are the results of the inspection and code references. Specific areas of Golden Gate Fields Race Track, within the jurisdiction of the Albany Fire Department have been inspected. Areas that have been inspected include the Administration Offices, kitchens, public areas and non-public areas of the Club House & Turf Club and snack shops on those levels. Public areas and non-public areas of A & B Decks, Equine Hospital and the Corp Yard have not been completed.

GENERAL

This building is in good condition. Housekeeping in the public areas are maintained, fire extinguishers and existing exit/panic hardware and egress doors are in serviceable condition. Some of the Exit signs and emergency illumination need replacement of their back-up batteries and/or bulbs, the rest are in good working order. The fire alarm system had an annual test on December 20th, 2007 with no deficiencies or problems noted at that time. However, recent problems with the Fire Alarm System is indicating that the FACP (Fire Alarm Control Panel) is getting old and a new upgraded FACP may be in the near future. If the fire alarm system fails, notification to the fire department and fire watch of the all facilities at GGF shall commence immediately. All other Fire & Life Safety requirements appear to be in order.

Letter of Correction Notices for GGF Main Building – Administration Offices, Turf Club, Club House, and Public & Non Public Areas shall follow under separate cover. Public & Non Public Areas of A & B Decks, Equine Hospital, GGF, Corporation Yard will be scheduled for inspection at a later date.

Conditional Fire Clearance

Conditional fire clearance is granted for the December 26, 2008 through June 28, 2009 Racing Season. All old Fire & Life Safety items have been completed. Before the September/December 2008 racing season ends, all areas of GGF shall be inspected. During the course of the September/December 2008 Racing Season and the December/June 2008/2009 Racing Season, the Albany Fire Prevention Bureau will conduct periodic Fire & Life Safety Inspections. <u>In the event of a flagrant Fire or Life Safety violations, their 2008 clearance will be revoked, to include the 08/09 racing season.</u>

If you have any questions, please do not hesitate to contact me at (510) 528-5775.

Sincerely,

Brian J. Crudo

Brian J. Crudo
Battalion Chief/Fire Marshal

cc: Marc McGinn, Fire Chief
Andrea Ogden, C.H.R.B.
Peter Tunney, Vice-President, GGF
Robert Hartman, General Manager, GGF
Merry Scalzo, Director of Operations, GGF
Roy Roenbeck, Director of Safety and Compliance, GGF

CITY OF BERKELEY
Department of Fire and Emergency Services
Division of Fire Prevention

January 24, 2008

Golden Gate Fields
Attn: Mary Scalzo
Director of Operations
Berkeley, CA 94710

Re: Fire Life Safety Inspection (Conducted 1/24/2008 valid thru 1/24/2009)

Ms. Scalzo,

First of all it was pleasure to meet with you and your staff at the site. We were very impress with your layout, upkeep and maintenance procedures for the fire detection / notification devices.

We did not discover any outstanding fire life and safety violations; although we would like to suggest recommendations should you want to entertain them.

- Install emergency lighting in temporary lodging dormitories, in case of a power outage.
- Place no smoking signs throughout the property (Stalls, sleeping areas, etc.) – as a preventive measure due to the construction type and dry feed.

We do very much appreciate the interest you have taken to ensure that Golden Gate Fields- horse stables and adjoining buildings are compliant. As mentioned, we would be more than happy to assist your primary insurance carrier (Factory Mutual) with their next compliance inspection. Should you have any questions regarding the inspection process, contact my office at 510.981-5582. Once again, thank you for the opportunity to be of service.

Sincerely,

Stan Fernandez

Stan Fernandez, Fire Inspector

2100 Martin Luther King Jr. Way, Berkeley, CA 94704 Tel: (510) 981-5585 TDD: (510) 981-5799 Fax: (510) 981-5579
E-mail: sfernandez@ci.berkeley.ca.us

Ref. No. 320005753045

CERTIFICATE OF INSURANCE

Aon Reed Stenhouse Inc.
20 Bay Street
Toronto ON M5J 2N9
tel 416-868-5500 *fax* 416-868-5580

Re: Evidence of Insurance

California Horse Racing Board
Attention : Insurance Department
1010 Hurley Way
Sacramento, CA 95825
USA

Insurance as described herein has been arranged on behalf of the Insured named herein under the following policy(ies) and as more fully described by the terms, conditions, exclusions and provisions contained in the said policy(ies) and any endorsements attached thereto.

Insured

Magna Entertainment Corp.;a/o Pacific Racing Association;a/o Golden Gate Fields;a/o MI Developments Inc.
1100 Eastshore Highway
Albany, CA 94706
USA

Coverage

Commercial General Liability	**Insurer**	Zurich American Insurance Company		
	Policy #	GLO 9302183-05		
	Effective	01-Jan-2007	**Expiry**	01-Apr-2008
	Limits of Liability	Bodily Injury & Property Damage, Each Occurrence USD2,000,000 Subject to Aggregate Where Applicable Policy may be subject to a general aggregate and other aggregates where applicable		
US Workers Comp/Employers Liability	**Insurer**	Liberty Mutual Insurance Company		
	Policy #	WC1-B71-072827-038		
	Effective	01-Jan-2008	**Expiry**	01-Jan-2009
	Limits of Liability	Workers Compensation		

THIS CERTIFICATE CONSTITUTES A STATEMENT OF THE FACTS AS OF THE DATE OF ISSUANCE AND ARE SO REPRESENTED AND WARRANTED ONLY TO THE INSURED. OTHER PERSONS RELYING ON THIS CERTIFICATE DO SO AT THEIR OWN RISK.

Aon Reed Stenhouse Inc.

Dated : 07-January-2008
Issued By : Lima,Ashley Marie
Tel : 416-868-5691

THE POLICY CONTAINS A CLAUSE THAT MAY LIMIT THE AMOUNT PAYABLE
OR, IN THE CASE OF AUTOMOBILE INSURANCE,
THE POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE

AON

15. ON-TRACK ATTENDANCE/FAN DEVELOPMENT

A. Describe any promotional plans:

The tentative 2008-2009 promotional/giveaway schedule is listed below (subject to change).

December 26, 2008 - Opening Day

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

December 27, 2008

- Calendar Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

December 28, 2008

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

January 1, 2009

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.
- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 2, 2009

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

January 3, 2009

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

January 4, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

January 8, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

January 10, 2009

- Snow Day - 40 tons of snow along with sleds will be brought to the race track so children can build snowmen, make snow angels, and sled down slopes.

January 11, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

January 14, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

<u>January 15, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>January 16, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

<u>January 17, 2009</u> – Cal Derby Day

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.

<u>January 18, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

<u>January 19, 2009</u> – Martin Luther King, Jr. Holiday

- GGF will host a 5k run onsite in coordination with the MLK, Jr. holiday

<u>January 22, 2009</u>

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>January 24, 2009</u>

- Sunshine Millions Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

<u>January 25, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

<u>January 28, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

<u>January 29, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>January 30, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

<u>February 1, 2009</u> - Super Bowl Sunday

- TV Giveaway- Drawing contest to win a 42" flat screen television after each race.
- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

<u>February 5, 2009</u>

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>February 7, 2009</u>

- Fleece Pullover Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

<u>February 8, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1

Hot Dog, $1 Soda, and $1 Beer.

February 12, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 14, 2009 – El Camino Real Derby

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

February 15, 2009

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.
- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

February 16, 2009 – Presidents' Day

- Day on Us - Fans on GGF Mailing List will receive two Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

February 19, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 21, 2009

- Bounce Back admission coupons from Fleece Blanket giveaway.

February 22, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

February 25, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

February 26, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

February 27, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

February 28, 2009

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.

March 1, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

March 5, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 7, 2009

- Tote Bag Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

March 8, 2009
- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

March 11, 2009
- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

March 12, 2009
- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 13, 2009
- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

March 14, 2009
- St. Patrick's Day horseshoe pitch contest.

March 15, 2009
- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

March 19, 2009
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 22, 2009
- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

March 26, 2009
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

March 28, 2009
- THOROUGHBREDS members only will receive one free giveaway item.

March 29, 2009
- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

April 1, 2009
- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

April 2, 2009
- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

April 3, 2009
- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

April 4, 2009 – Santa Anita Derby
- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.

<u>April 5, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

<u>April 9, 2009</u>

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>April 12, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Easter Brunch in the Turf Club.

<u>April 16, 2009</u>

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>April 18, 2009</u>

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

<u>April 19, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

<u>April 23, 2009</u>

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>April 25, 2009</u> – San Francisco Mile

- T-Shirt Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

<u>April 26, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.

<u>April 29, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

<u>April 30, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

<u>May 1, 2009</u>

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Turf Club Admission Passes and Valet Parking.

<u>May 2, 2009</u> – Kentucky Derby

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.
- Hat Contest where the fan with the best Kentucky Derby hat will win a prize.

<u>May 3, 2009</u>

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout

the race day.

May 7, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 10, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

May 14, 2007

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 16, 2009 – Preakness Stakes

- Microbrew Festival

May 17, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

May 21, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 23, 2009

- Day on Us - Fans on GGF Mailing List will receive 2 Complimentary Turf Club Admission Passes, Valet Parking, Complimentary Racing Form and a purchased 2 for 1 Buffet.

May 24, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

May 25, 2009 – Memorial Day

- Picnic Blanket Giveaway where all fans will receive one giveaway item with paid admission while supplies last.
- Family Day – Pony Rides, Petting Zoo, Face Painters, and Bounce Jumps

May 28, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

May 31, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

June 3, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

June 4, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.
- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 5, 2009

- Direct Mail Offer – Fans on GGF Mailing List will receive two complimentary Club House Admission Passes and Valet Parking.

June 6, 2009 – Belmont Stakes

- Mystery Mutuel Voucher – Fans on GGF Mailing List will receive a complimentary voucher.
- Wine Festival – A variety of wineries from Napa, Sonoma and the Central Coast will be onsite for sampling California wine and new varietals from their vineyards. Fans participating in the event will receive a complimentary wine glass with admission into the festival.

June 7, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

June 11, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 14, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.
- Father's Day Brunch in Turf Club.

June 18, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 20, 2009

- West Coast Handicapping Contest – Fans from selected racetracks will compete in a handicapping contest.

June 21, 2009

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

June 25, 2009

- Senior Thursday – Seniors 62 and Older will receive FREE Club House or FREE Grandstand Admission with a THOROUGHBREDS card.

June 27, 2009

- Grab Bag Giveaway where all fans will receive one giveaway item with paid admission while supplies last.

June 28, 2009 – Closing Day

- $1 Day – Fans will receive $1 General Admission, $1 General Parking, $1 Program, $1 Hot Dog, $1 Soda, and $1 Beer.
- Live Entertainment – Fans will enjoy the excitement of a band performing throughout the race day.

B. Number of hosts and hostesses employed for meeting:
4 Customer Service Representatives
5 Group Sales Representatives

C. Describe facilities set aside for new fans:

Project Rover – Initiated a customer service outreach program called "Project Rover" that brings customer service representatives directly to the fans.

Customer Service – Our customer service center is open year round with trained customer service representatives to assist fans with general racing information, maintain our frequent fan club known as the THOROUGHBREDS, and assist with XpressBet sign ups and account maintenance.

Mutuel Newcomer Window - A specific Mutuel teller window has been created which includes a hand-selected Mutuel clerk trained in customer service.

Manager on Duty Program – This program was designed to ensure interaction between managers, employees and the fans. There are 16 managers in rotation who are assigned specific days in which they interact with the fans to help with any questions while doing a site inspection for safety and cleanliness.

Group Sales Contest Area – All group attendees can enter contests for prizes which creates a festive atmosphere where people can mingle and share their handicapping prowess.

D. Describe any improvements to the physical facility in advance of the meeting that directly benefit:

1. Horsemen
   - Raised the Paddock roof 4 feet to ensure safety to horses.
   - Constructed a new Owner/Trainer Lounge that includes a business center and morning workout viewing area in close proximity to the Paddock.
2. Fans
   - Replaced carpet in the entire Turf Club with customized color scheme, logo, and GGF Crest.
   - Added a new NFL football viewing area for fans to view all the Sunday football games provided on the NFL Ticket.

3. Facilities in the restricted areas
   - Added an awning on the outside of the Equine Hospital to protect the generator.

16. SCHEDULE OF CHARGES

A. Proposed charges, note any changes from the previous year:

Admission (general)	**$4.00**
Admission (club house)	**$6.00**
Admission (turf club)	**$10.00 Weekdays**
Admission (turf club)	**$15.00 Weekends & Holidays**
Reserved seating (general)	N/A
Reserved seating (clubhouse)	**$3.00 (No charge with Thoroughbreds card)**
Parking (general)	**$4.00**
Parking (preferred)	**$8.00**
Parking (valet)	**$8.00**
Programs (on-track)	**$2.25**
(off-track)	**$2.25**

Thoroughbred Club Members

General Admission:		Club House Admission:	
1-3 Visits	$3.00	1-3 Visits	$4.00
4-8 Visits	$2.50	4-8 Visits	$3.50
9-15 Visits	$2.00	9-15 Visits	$3.00
16-20 Visits	$1.50	16-20 Visits	$2.50
Over 20 Visits	$1.00	Over 20 Visits	$2.00
		Reserved seating	Free

Thoroughbred Club Prepaid Admissions

Valid during live and ITW

TB Club Members can purchase a minimum of 30 Prepaid G/A admissions @ $1.75 each

TB Club Members can purchase a minimum of 15 Prepaid C/H admissions @ 3.50 each

B. Describe any "Season Boxes" and "Turf Club Membership" fees:

Turf Club – Full Season Single Membership	**$ 1,000.00**
Turf Club – Full Season Dual Membership	**$ 2,000.00**
Top of the Stretch – Full Season Membership	**$ 500.00**
Club House Box (4 seats, no admission)	**$ 450.00**
Club House Season Pass (Admission only)	**$ 400.00**
Grandstand Season Pass (Admission only)	**$ 200.00**

C. Describe any "package" plans such as combined parking, admission and program: **None**

17. JOCKEYS/DRIVERS' QUARTERS

A. Check the applicable amenities available in the jockeys/drivers' quarters:

[x] Corners (lockers and cubicles) How many [23]

[x] Showers [x] Steam room, sauna or steam cabinets [x] Lounge area

[x] Masseur [x] Food/beverage service [x] Certified platform scale

B. Describe the quarters to be used for female jockeys/drivers:

Fifteen by twenty foot room accessed from a community hallway. The room has a television and bed with an attached shower room, sink and toilet.

18. BACKSTRETCH EMPLOYEE HOUSING

A. Inspection of backstretch housing was completed by (name) ___Ann Glasscock__ on (date)____TBD_____.
CHRB to schedule inspection with Carrie Fawcett, Stable Superintendent.

B. Number of rooms used for housing on the backstretch of the racetrack: **128**

C. Number of restrooms available on the backstretch of the racetrack:
18 with showers, 7 in office areas.

D. Estimated ratio of restroom facilities to the number of backstretch personnel:
1 restroom for every 12 people.

19. TRACK SAFETY

A. Total distance of the racecourse - measured from the finish line counterclockwise (3' from the inner railing) back to the finish line: 5,280 feet.

B. Describe the type(s) of materials used for the inner and outer railings of the race course, the type of inner railing supports (i.e., metal gooseneck, wood 4" x 4" uprights, offset wood 4" x 4" supports, etc.), the coverings, if any, on the top of the inner railing, and the approximate height of the top of the inner railing from the level of the race course.
Inner and outer railings are metal gooseneck. Coverings are Rider Protection Rail by Horsemen's Track & Equipment, Inc. Approximate height of the top of the inner railing is 42 inches.

C. Name of the person responsible for supervision of the maintenance of the racetrack safety standards pursuant to CHRB Rule 1474:
Juan Meza

D. Attach a Track Safety Maintenance Program pursuant to CHRB Rule 1474. **Attached**

E. If the association is requesting approval to implement alternate methodologies to the provisions of Article 3.5, Track Safety Standards, pursuant to CHRB Rule 1471, attach a Certificate of Insurance for liability insurance which will be in force for the duration of the meeting specified in Section 2. The CHRB is to be named as a certificate holder and given not less than 10 days' notice of any cancellation or termination of liability insurance. Additionally, the CHRB must be listed as additionally insured on the liability policy at a minimum amount of $3 million per incident. The liability insurance certificate must be on file in the CHRB headquarters office prior to the conduct of any racing. **Not applicable.**

20. DECLARATIONS

A. All labor and lease agreements and concession and service contracts necessary to conduct the entire meeting have been finalized except as follows (if no exceptions, so state): **No exceptions.**

B. Attach each horsemen's agreement pursuant to CHRB Rule 2044.
CTT Agreement in negotiation – will be submitted to Board upon receipt.
TOC Agreement in negotiation – will be submitted to Board upon receipt.

C. Attach a lease agreement permitting the association to occupy the racing facility during the entire term of the meeting. (In the absence of either a lease agreement or a horsemen's agreement, a request for an extension pursuant to CHRB Rule 1407 shall be made). **Not applicable.**

D. All service contractors and concessionaires have valid state, county or city licenses authorizing each to engage in the type of service to be provided and have valid labor agreements, when applicable, which remain in effect for the entire term of the meeting except as follows (if no exceptions, so state): **No exceptions.**

E. Absent natural disasters or causes beyond the control of the association, its service contractors, concessionaires or horsemen participating at the meeting, no reasons are believed to exist that may result in a stoppage to racing at the meeting or the withholding of any vital service to the association except as follows (if no exceptions, so state): **No exceptions.**

NOTICE TO APPLICANT: Pursuant to CHRB Rules 1870 and 1871, the CHRB shall be given 15 days' notice in writing of any intention to terminate a horse racing meeting or the engagements or services of any licensee, approved concessionaire, or approved service contractor.

21. CERTIFICATION BY APPLICANT

I hereby certify under penalty of perjury that I have examined this application, that all of the foregoing statements in this application are true and correct, and that I am authorized by the association to attest to this application on its behalf.

Robert Hartman
Print Name

Signature

General Manager
Print Title

10/13/08
Date

Exhibit 4

10-K 1 a2183268z10-k.htm EXHIBIT 10-K
QuickLinks -- Click here to rapidly navigate through this document

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________ .

Commission File No. 000-30578

MAGNA ENTERTAINMENT CORP.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**98-0208374** (I.R.S. Employer Identification No.)
337 Magna Drive **Aurora, Ontario, Canada** (Address of Principal Executive Offices)	**L4G 7K1** (Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Subordinate Voting Stock	NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this

Form 10-K or any amendment to this Form 10-K.
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", and "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one). Large accelerated filer ☐ Accelerated Filer ☒ Non-accelerated Filer ☐ (Do not check if a smaller reporting company) ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

As of June 30, 2007, the aggregate market value of the Class A Subordinate Voting Stock held by non-affiliates of the registrant was approximately $143,839,197 (based on the closing sale price of $2.92 per share of Class A Subordinate Voting Stock reported on The Nasdaq Global Market on June 30, 2007, the last day of the registrant's most recently completed second quarter). As of June 30, 2007, non-affiliates held no shares of Class B Stock. There is no active market for such stock.

The number of shares of Class A Subordinate Voting Stock of the registrant outstanding as of March 10, 2008 was 58,158,887.

The number of shares of Class B Stock of the registrant outstanding as of March 10, 2008 was 58,466,056.

Documents Incorporated by Reference

Portions of the registrant's definitive proxy statement (our "Proxy Statement") to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the registrant's fiscal year end of December 31, 2007 are incorporated by reference in Parts II and III of this Annual Report to the extent stated herein. Except with respect to information specifically incorporated by reference in this Annual Report, the documents incorporated by reference are not deemed to be filed as part hereof.

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Part I

Item 1. Business

Available Information

We file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K with the Securities and Exchange Commission ("SEC"). You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NW, Washington, DC 20549. You may obtain information on the hours of operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

We maintain a website that contains information about us, none of which is incorporated by reference in, or shall be deemed included in, this Annual Report. It is accessible at *www.magnaentertainment.com*. Through our website, stockholders and the general public may access free of charge (other than any connection charges from internet service providers) our SEC filings, including this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to these reports, as soon as reasonably practicable after filing. Information contained in or otherwise accessed through our website does not form part of this Annual Report. Any reference to our website is an inactive textual reference only.

In this Annual Report, when we use the terms "we", "us", "our", "MEC" and the "Company", we are referring to Magna Entertainment Corp., the Registrant, and its subsidiaries, unless the context otherwise requires. In this Annual Report, unless stated otherwise, all references to "$" are to U.S. dollars and all references to "Cdn. $" are to Canadian dollars.

Special Note Regarding Forward-Looking Information

This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of applicable securities legislation, including Section 27A of the Securities Act, Section 21E of the Exchange Act and the *Securities Act* (Ontario). These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the *Securities Act* (Ontario). Please see "Management's Discussion and Analysis of Results of Operations and Financial Position — Forward-looking Statements" for commentary applicable to all forward-looking statements contained in this Annual Report.

Incorporation and Corporate Structure

We were incorporated on March 4, 1999 under the laws of the State of Delaware as MI Venture Inc. Our certificate of incorporation was amended by a certificate of amendment on August 30, 1999 to reclassify our Common Stock into Class A Common Stock and to add a new class of stock designated as Class C Common Stock. Our certificate of incorporation was further amended on November 4, 1999 to change our name to MI Entertainment Corp., add share provisions for our Class A Subordinate Voting Stock and Class B Stock, and reclassify and subdivide our issued and outstanding Class C Common Stock into Class B Stock. Our certificate of incorporation was further amended on January 26, 2000 to change our name to Magna Entertainment Corp. Our certificate of incorporation was further amended on February 29, 2000 to broaden our corporate purpose, clarify the attributes of our Class A Subordinate Voting Stock and Class B Stock, and implement our Corporate Constitution. Subsequently, our certificate of incorporation was restated on March 1, 2000 to consolidate all prior amendments.

Our registered office is located at 1209 Orange Street, Wilmington, Delaware, 19801 and our principal executive office is located at 337 Magna Drive, Aurora, Ontario, Canada L4G 7K1.

Our Business

We own horse racetracks in California, Florida, Maryland, Texas, Oklahoma, Ohio, Oregon and Ebreichsdorf, Austria. In addition, we operated a racetrack in Michigan until November 2007 and, under a management agreement, operate a racetrack in Pennsylvania that we previously owned. Based on revenues, MEC is North America's number one owner and operator of horse racetracks, and is a leading supplier, via simulcasting, of live racing content to the growing inter-track, off-track and account wagering markets. We currently operate or manage seven thoroughbred racetracks, one standardbred (harness racing) racetrack and two racetracks that run both thoroughbred and quarterhorse meets, as well as the simulcast wagering venues at these tracks. Also, we previously managed the thoroughbred and standardbred meets at Magna Racino™, but now expect that a local operator will manage future meets at that facility. Three of the racetracks owned or operated by us (Gulfstream Park, Remington Park and Magna Racino™), include casino operations with alternative gaming machines. In addition, we operate off-track betting facilities, a United States national account wagering business known as XpressBet®, which permits customers to place wagers by telephone and over the Internet on horse races at over 100 North American racetracks and internationally on races in Australia, South Africa, Dubai, Germany, the United Kingdom and Hong Kong, and a European account wagering service known as MagnaBet™. Under a series of March 2007 agreements with Churchill Downs Incorporated ("Churchill Downs" or "CDI"), we own a 50% interest in a joint venture, TrackNet Media Group, LLC ("TrackNet Media"), the content management company formed for distribution of the full breadth of MEC's horse racing content. In addition to making horse racing content available for both MEC and CDI, it also makes such content available for third parties, including racetracks, off-track betting facilities, casinos and advance deposit wagering companies, and purchases horse racing content from third parties to be made available through CDI's and MEC's respective outlets. The TrackNet Media arrangement also involves the exchange by MEC and CDI of their respective horse racing signals such that Churchill Downs racing content is available for wagering through MEC-owned tracks and simulcast-wagering facilities and through our advance deposit wagering platform, XpressBet®, and our racing content is similarly available for wagering through CDI tracks and off-track betting facilities and through CDI-owned advance deposit wagering platforms. A separate joint venture with Churchill Downs also involves the ownership by MEC and CDI of equal (50%) shares in HorseRacing TV™ ("HRTV™"), a television network focused on horse racing that we initially launched on the Racetrack Television Network ("RTN"). HRTV™ is currently distributed to more than 15 million cable and satellite TV subscribers. RTN, in which we have a minority interest, was formed to telecast races from our racetracks and other racetracks to paying subscribers, via private direct to home satellite. We also own AmTote International, Inc. ("AmTote"), a provider of totalisator services to the pari-mutuel industry. To support certain of our thoroughbred racetracks, we own and operate thoroughbred training centers in Palm Beach County, Florida and in the Baltimore, Maryland area and, under a lease agreement, operate an additional thoroughbred training center situated near San Diego, California. We also own and operate production facilities in Austria and in North Carolina for StreuFex™, a straw-based horse bedding product.

We own all the land on which our racetracks are located, with the exception of Lone Star Park at Grand Prairie, Remington Park and Portland Meadows (in which we own a minority interest in the land). In December 2007, we re-acquired the land upon which Great Lakes Downs is located and that land has been listed for sale in connection with our debt elimination efforts.

At December 31, 2007, in addition to our racetracks, our real estate portfolio includes a residential development in Austria. We are also working with potential developers and strategic partners on proposals for developing leisure and entertainment or retail-based projects on excess lands surrounding, or adjacent to, certain of our premier racetracks. We entered into a Limited Liability Company Agreement with Forest City Enterprises, Inc. ("Forest City") concerning the proposed development of "The Village at Gulfstream Park™", a mixed-use retail, entertainment and residential project on a portion of the Gulfstream Park property. The Limited Liability Company Agreement also contemplated additional agreements, including a ground lease, a reciprocal easement agreement, a development agreement, a leasing agreement and a management agreement which were executed upon satisfaction of certain conditions. We have also entered into definitive operating agreements with certain affiliates of Caruso Affiliated regarding the proposed mixed use development of approximately 51 acres surrounding Santa Anita Park, though construction has not yet proceeded due to a legal challenge from a neighboring developer. See "Our Strategy — Developing Our Significant Real Estate Assets".

In recent years, particularly since mid-2004, there has been much activity impacting the proposed passage of legislation that would permit our racetracks to offer alternative gaming, such as slot machines, video lottery terminals and other forms of non-pari-mutuel gaming. A March 2005 referendum having a direct impact on our plan to provide alternative gaming at Gulfstream Park was held in Broward County, in which that track is located. The referendum resulted in voters approving the authorization of slot machines in the county and, in respect of a challenge to the validity of the referendum, a lower court decision granted summary judgment in favor of "Floridians for a Level Playing Field" ("FLPF"), a group in which Gulfstream Park is a member. However, an August 2006 Florida First District Court of Appeals decision ruled that a trial is necessary to determine whether the constitutional amendment adopting the slots initiative was invalid because the petitions bringing the initiative forward did not contain the minimum number of valid signatures. Though FLPF pursued various procedural options in response to the First District Court of Appeals decision, the Florida Supreme Court ruled in late September 2007 that the matter was not procedurally proper for consideration by the court. That ruling effectively remanded the matter to the trial court for a trial on the merits, which will likely take an additional year or more to fully develop and could take as many as three years to achieve a full factual record and trial court ruling for an appellate court to review. Notwithstanding the status of the FLPF litigation, new July 2007 Florida legislation (i) clarified Florida Slot Machine Act provisions regarding on-site availability of automated teller machines, check cashing services and hours of operations, as well as the permitted number of slot machines, which was increased, and (ii) addressed the activities of card rooms, specifically the permitted hours of operations, bet limits, prizes and jackpot payouts, and the types of permitted card games. Under legislation that was approved by the citizens of the State of Oklahoma in a referendum held in November 2004, Remington Park is permitted to operate electronic gaming machines. Initially permitted to offer 650 gaming machines, Remington Park is entitled to install an additional 50 electronic gaming machines on each of the third and fifth anniversaries of the gaming license, which would bring the total number of electronic gaming machines to 750. For additional information on our alternative gaming efforts and the impact of legislative changes and judicial decisions, see "Our Properties".

In February 2006, we announced the formation of PariMax, Inc. ("PariMax"), a new company to oversee the development of our various electronic distribution platforms including XpressBet®, HRTV™ (in which we now have a 50% interest), MagnaBet™, RaceONTV™ and AmTote. The recently formed TrackNet Media joint venture with Churchill Downs is also in the purview of PariMax.

We have also continued to increase the international aspect of our business. In the more traditional, licensed betting office market, since March 2006 one of our Austrian subsidiaries has been operating a service with Ladbrokes which provides U.S. horse racing to the Ladbrokes Xtra service in Britain and Ireland. Ladbrokes Xtra currently serves approximately 2,000 Ladbrokes shops in the U.K. and Ireland. In 2007, we extended our relationship with Satellite Information Services (SIS), to continue to provide selected U.S. horse races to all of the approximately 10,000 betting shops in the U.K. and Ireland through 2009. In January 2008 one of our subsidiaries entered into simulcast agreements with each of International Betting Association Ltd., the owner of Bet 3000, the largest bookmaker chain in Germany, and Pferdewetten, de GmbH, the largest horse racing account wagering company in Germany.

2007 was a challenging year for MEC. Although revenues from continuing operations increased by 9.0% to $625.7 million, our net loss increased to $113.8 million from $87.4 million in 2006, primarily due to increased losses at Gulfstream Park and continued high debt service costs. Also, in 2006 we recognized a $126.4 million gain on sale of intangible assets related to The Meadows and a write-down of long-lived assets of $88.6 million.

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments and Current Initiatives" for further information.

Please see our financial statements under "Financial Statements and Supplementary Data" for financial information concerning our business and segments, including a geographic breakdown of revenues and information concerning long-lived assets.

Our Strategy

MEC has had a brief history. In its formative years from 1998 to 2002, its focus was on acquiring racetracks and other operations related to the horse racing industry. As a result, MEC now has a diversified portfolio of operations and assets related to horse racing, as well as casino interests. More recently, particularly since 2005, the Company's strategic focus has shifted in an effort to improve operations and reduce indebtedness. During 2007, debt elimination became a key objective. We intend to improve the financial situation of the Company by:

Proceeding with Debt Elimination Plan

Following the completion of a strategic review of assets and operations, on September 12, 2007, our Board of Directors approved a debt elimination plan (the "Plan"), designed to eliminate the Company's net debt by December 31, 2008 by generating funding from: (i) the sale of certain real estate, racetracks and other assets; (ii) the sale of, or entering into strategic transactions involving, the Company's other racing, gaming and technology operations; and (iii) a possible future equity issuance. We also arranged for $100.0 million of funding to address immediate liquidity concerns and provide sufficient time to implement the Plan. This funding was comprised of: (i) a $20.0 million private placement of Class A Subordinate Voting Stock ("Class A Stock") to Fair Enterprise Limited ("Fair Enterprise"), a company that forms part of an estate planning vehicle for the family of Frank Stronach, MEC's Chairman and Interim Chief Executive Officer (the "Fair Enterprise Private Placement"); and (ii) a short-term bridge loan facility of up to $80.0 million (the "Bridge Loan") with a subsidiary of our controlling shareholder, MI Developments Inc. ("MID"). Although we continue to implement the Plan, since the adoption of the Plan, weakness in the U.S. real estate and credit markets has adversely impacted our ability to execute the Plan as market demand for our assets has been weaker than expected and financing for potential buyers has become more difficult to obtain. These conditions have not abated through the date of this Report, with the result that it will take us longer to execute the Plan than originally anticipated. As a result, we will likely need to seek extensions from existing lenders and additional funds in the short-term from one or more possible sources. The availability of such extensions and additional funds is not assured and, if available, the terms thereof are not determinable at this time. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Long-term and related party debt" for further details of the terms of the Bridge Loan, including the security granted, and the Gulfstream Park and Remington Park project financings.

The Plan contemplates selling certain real estate properties, including those situated in the following locations: Dixon, California; Ocala, Florida; Aventura and Hallandale, Florida, both adjacent to Gulfstream Park; Porter, New York; Anne Arundel County, Maryland, adjacent to Laurel Park; and Ebreichsdorf, Austria, adjacent to the Magna Racino™. We have initiated an active program to sell the Dixon and Ocala real estate properties and have listed both of these properties for sale with a real estate broker. The Porter lands, which comprise three parcels of land, have been sold. The sale of one parcel closed in December 2007 and sales of the remaining two parcels closed in early January 2008. The sale of these properties generated net proceeds of approximately $1.7 million, net of transaction costs, which was used to repay a portion of the Bridge Loan subsequent to December 31, 2007. We recognized an impairment charge of $1.3 million in 2007 in relation to the Porter Lands. On December 21, 2007, MEC entered into an agreement to sell 225 acres of excess real estate located in Ebreichsdorf, Austria to a subsidiary of Magna International Inc. ("Magna") for a purchase price of 20.0 million Euros (approximately $29.4 million), subject to customary closing adjustments. The closing of the transaction is expected to occur during the first quarter of 2008 following the satisfaction of customary closing conditions including the receipt of all necessary regulatory approvals. We are required to use Euros 7.5 million of the net proceeds to repay a portion of a Euros 15.0 million term loan facility and the remaining portion of the net proceeds is required to be used to repay a portion of the Bridge Loan.

We also intend to explore the sale of our membership interests in the mixed-use developments at Gulfstream Park in Florida and Santa Anita Park in California that we are pursuing under joint venture arrangements with Forest City and Caruso Affiliated, respectively.

The racetracks that we intend to sell include: Great Lakes Downs in Michigan, Remington Park in Oklahoma, Thistledown in Ohio and our interest in Portland Meadows in Oregon. We ceased racing at Great Lakes Downs on November 4, 2007 and listed the property for sale with a real estate broker in October 2007. In September 2007, we engaged a U.S. investment bank, recognized as an experienced advisor in the gaming industry, to assist in soliciting potential purchasers and manage the sale process for certain assets and in October 2007, the U.S. investment bank began marketing Remington Park and Thistledown for sale. In

November 2007, we initiated an active program to locate a buyer and began marketing our interest in Portland Meadows for sale.

We have also entered into two consulting agreements related to the Plan. Upon completion of a strategic review of the Company by Greenbrook Capital Partners Inc. ("Greenbrook") in September 2007, we entered into a consulting agreement with Greenbrook under which Greenbrook will assist us with the implementation of the Plan by providing consulting services until December 12, 2008 (unless terminated earlier). Tom Hodgson, the senior partner of Greenbrook and former President and Chief Executive Officer of the Company (from March 2005 to March 2006), carried out Greenbrook's strategic review and is responsible for carrying out Greenbrook's obligations under the consulting agreement. We also entered into a September 2007 consulting agreement with our parent company, MID, pursuant to which MID will provide consulting services to our management and Board of Directors in connection with the Plan. We are required to reimburse MID for its expenses, but there are no fees payable to MID in connection with the consulting agreement. This consulting arrangement may be terminated by either party under certain circumstances.

Although we continue to implement our Plan, real estate and credit markets have continued to demonstrate weakness in the first part of 2008. This has reduced the likelihood that we will be able to complete asset sales at acceptable prices as quickly as originally contemplated. In light of these adverse developments, combined with our upcoming debt maturities and operational funding requirements, we will likely need to seek extensions or additional funds in the short-term from one or more possible sources. The availability of such extensions or additional funds from existing lenders, including MID, or from other sources is not assured and, if available, the terms thereof are not determinable at this time. We expect that we will enter into negotiations with such existing lenders, including MID, with a view to extending, restructuring or refinancing such facilities. There is no assurance that such negotiations, if any, will result in a favorable outcome for MEC. If we are unable to repay our obligations when due, other current and long-term debt will also become due on demand as a result of cross-default provisions within loan agreements, unless we are able to obtain waivers or extensions. Unless we are successful in our efforts, we could be required to liquidate assets in the fastest manner possible to raise funds, seek protection from our creditors in one or more ways or be unable to continue as a going concern. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Going Concern" and "Risk Factors — Risks Regarding Our Company" elsewhere in this Report for more information.

We also intend to explore other strategic transactions involving other racing, gaming and technology operations, including: partnerships or joint ventures in respect of the existing gaming facility at Gulfstream Park; partnerships or joint ventures in respect of potential alternative gaming operations at certain of our other racetracks that currently do not have gaming operations; and transactions involving our technology operations, which may include one or more of the assets that comprise our PariMax business.

Further Developing Our In-Home Simulcasting and Wagering Services

In order to advance efforts to increase our overall customer base we formed PariMax. PariMax business units aggregate content from both MEC and non-MEC racetracks, creating economies of scale as we repackage and deliver this content in compelling formats to various customer segments. We believe this approach will enable us to cost-effectively present live horse racing action to an increasing number of locations for an increasing number of hours per week, thus growing our reach to new customers and growing frequency among existing customers. This growth would benefit PariMax, MEC-owned tracks, and non-MEC tracks, which elect to utilize PariMax services. For the domestic, in-home wagering market, these services include XpressBet®, which offers account wagering on over 100 North American racetracks via the Internet and by telephone. XpressBet® is complemented by HorseRacing TV™, a specialty television network focused on horse racing in which we hold a fifty percent interest. HRTV™ is distributed to more than 15 million cable and satellite television subscribers and enables fans to watch live racing content from all over the United States, as well as Australia, South Africa, Dubai, Germany, the United Kingdom and Hong Kong. We believe that broad television distribution will help increase future interest in horse racing and attract additional wagering customers. At present, HorseRacing TV™ is carried on cable in 27 states and is available nationally on Dish Network™ as well as RTN. In an effort to broaden the audience, reach and appeal of horse racing and wagering thereon, we are pursuing carriage agreements with additional cable and satellite operators to achieve expanded distribution of HRTV™ in North America.

Our strategy is to focus on the development of complete wagering solutions and concentrate on serving the global wagering market by developing product lines which meet the needs of both distribution partners and end consumers worldwide. AmTote provides a variety of wagering interfaces and connectivity products for racetracks, off-track betting operators, and account wagering providers, both domestically and abroad. For consumers, XpressBet® and MagnaBet™ are PariMax' account wagering platforms, which provide video streaming and wagering opportunities to an increasingly international customer base. Consumers are further served by PariMax' investment in the television channel HRTV™ in the United States.

TrackNet Media is focused on increasing the amount of money returned to host racetracks and their horsemen from wagering outlets that do not conduct live thoroughbred racing. These outlets include casinos, account wagering companies, rebate shops, greyhound racetracks, jai-alai frontons, certain off-track betting networks, and international locations. During the past year, TrackNet Media has been successful in its endeavors to increase the host fees received from certain of these outlets, and it anticipates further success in the year ahead.

In the area of account wagering, TrackNet Media advocates the broad, non-exclusive distribution of wagering content. We believe this will benefit customers who previously had to maintain several advance deposit wagering accounts to wager on a wide variety of racing signals, thus increasing the market size for this wagering content. TrackNet Media believes that many other racetrack operators now share its view that the non-exclusive distribution of account wagering rights is best for the fans, racetracks and horsemen. Several high profile racing associations that were previously "exclusive" for account wagering purposes have recently decided to distribute their content on a broad, non-exclusive basis. These racing associations include the New York Racing Association, the New Jersey Sports and Exposition Authority and others.

Enhanced wagering integrity is another goal for TrackNet Media, which is expected to invest resources to better monitor the entities that haves access to the companies' racing content and wagering pools. TrackNet Media staff will work closely with domestic and international outlets licensed to simulcast and accept wagers on TrackNet Media-licensed products to ensure that MEC and CDI signals are being used appropriately and in ways that provide compensation to the horsemen and racetracks that produce the content. Third parties will not be allowed to sublicense TrackNet Media products to other tracks, off-track betting operators, casinos, rebate shops or advance deposit wagering providers, thereby reducing the risk of horse racing signal piracy and other integrity issues. This increased ability to control and monitor the use of our content is intended to curtail current business practices employed by entities looking to benefit from our content while diverting revenues that would otherwise benefit track operators and horsemen.

Through TrackNet Media, MEC and Churchill Downs will also focus on improving the production quality of their simulcast signals. TrackNet Media will also utilize technological advances to better promote MEC and CDI racing products as gaming and entertainment options.

Entering New Markets

PariMax oversees the development of new markets for MEC around the world. We currently distribute our content to inter-track and off-track venues in the United States, Canada, Mexico, South America, the Caribbean, the United Kingdom, Ireland, Germany and Austria.

The formation of TrackNet Media and the related agreements with Churchill Downs, which has upgraded the assets and capabilities of PariMax, aids our efforts to maintain our presence in recently entered new markets, as well as potential new markets. The increased wagering integrity presented by TrackNet Media is expected to slow the leakage of revenues to offshore competitors that would otherwise flow to track operators and horsemen. By exchanging content with Churchill Downs, we will provide consumers in these newer markets, as well as our current customers, with access to a wider variety of content. While we have made a sizeable increase in the amount of our content available to our customers, the sale of 50% of our interest in HRTV™ to Churchill Downs has resulted in operating costs savings.

In April 2006, we entered into a joint venture agreement with Churchill Downs and Racing UK Limited, a media rights company and subscription television channel owned by thirty leading British racecourses, to establish Racing World Limited, a company registered in England and Wales. Racing World is a distribution vehicle for account wagering rights and audio-visual signals in the United Kingdom and Ireland in respect of horse racing content from MEC, CDI, and most other North American racetracks. Racing World also operates a television channel which is available to customers who receive Sky satellite service and subscribe to the Setanta Sports Pack (of which Racing UK is also a member). Racing World has to date entered into definitive agreements with two account wagering providers to take wagers on Racing World content: RacingUS.com, an affiliate of XpressBet®, and Newcote Service Limited, which is part of the Victor Chandler Group of Companies and owns www.vcbet.com.

In the more traditional, licensed betting office market, one of our Austrian subsidiaries has been operating a service with Ladbrokes which provides U.S. horse racing to the Ladbrokes Xtra service in Britain and Ireland. Ladbrokes Xtra currently serves approximately 2,000 Ladbrokes shops in the U.K. and Ireland. In 2007, we extended our relationship with Satellite Information Services (SIS), to continue to provide selected U.S. horse races to all of the approximately 10,000 betting shops in the U.K. and Ireland through 2009. We continue to believe the British and Irish markets have great potential for evening distribution of U.S. product, and our strategy is to continue to explore partnerships that allow us to strategically and cost-effectively deploy in these markets. We also believe that, subject to applicable regulation, significant opportunities exist to expand the distribution of our content through the further development of our European and international distribution network. To this end, in January 2008 one of our subsidiaries entered into simulcast agreements with each of International Betting Association Ltd., the owner of Bet 3000, the largest bookmaker chain in Germany, and Pferdewetten, de GmbH, the largest horse racing account wagering company in Germany.

Improving the Quality of the Entertainment Experience and Facilities at Certain of Our Racetracks

In order to increase our customer base, we intend to improve the quality of the entertainment experience at our racetracks by offering a variety of experiences with horse racing as the feature attraction. In pursuit of this strategy, we have begun and intend to continue to redevelop and modernize various of our facilities. The 2006 completed redevelopment of Gulfstream Park, located just outside Miami, Florida, included the construction of new wider and longer racing surfaces, which allows Gulfstream Park to run a longer live racing season and offer larger field sizes as well as a new grandstand/entertainment facility, each of which permit greater attendance and handle. In addition, Gulfstream Park has a casino offering slot machines and video poker and has a poker and racing lounge offering no-limit tables and a sports and simulcast area. Gulfstream Park also simulcasts the signal from Calder Race Course. Gulfstream Park offers customers a number of different dining options and an improved quality of entertainment, including the addition in August 2007 of Christine Lee's, a well known local restaurant with a 37 year history in Southern Florida. We are also partners with Forest City in a joint venture involving the proposed development around Gulfstream Park of The Village at Gulfstream Park™. For details of the operations at Gulfstream Park, including our casino operations and our joint venture with Forest City, see "Our Properties — Gulfstream Park".

Employing "Best Practice" Improvements at our Racetracks

Through our acquisitions, we own some of the largest and what we believe to be some of the highest-quality thoroughbred racetracks in North America, as measured in terms of total handle, average daily attendance and average daily wagering, both on and off-track. As the various racetracks acquisitions have resulted in the Company achieving the desired scale of operations, we have intensified efforts to improve the efficiency of our integrated racetrack operations and related wagering operations. Continued improvement in this area is expected to afford us the opportunity to both grow our revenues and achieve significant operational synergies through the implementation of best practices, cost reductions realized from economies of scale and increased efficiencies. The maintenance of the quality of the live racing experience for our customers and horsemen is critical and, in some cases, may require upgrading and expanding our physical facilities, technology and business processes in order to attract more customers and the best available horses, trainers and jockeys.

Adding Alternative Gaming, if Permitted, at Certain of Our Racetracks

In order to broaden our market appeal and thereby increase attendance and revenues, we intend to pursue alternative gaming opportunities, where available. Alternative gaming legislation that authorizes slot machines, video lottery terminals or electronic gaming at certain designated locations has been approved in Oklahoma, where our racetrack Remington Park is located, in Pennsylvania, where we operate The Meadows racetrack and Broward County, Florida, where our Gulfstream Park racetrack is located.

Under legislation which was approved by the citizens of the State of Oklahoma in a referendum held on November 2, 2004, Remington Park is permitted to operate electronic gaming machines. In November 2005, we opened a gaming facility with 650 electronic gaming machines, the maximum permitted by Oklahoma legislation at that time. We are in the process of adding an additional 50 machines, as permitted by the enabling legislation which allows for an additional 50 machines on each of the third and fifth anniversaries of the gaming license. See "Government Regulation — Alternative Gaming — Oklahoma" below.

In Florida we obtained the licenses necessary to permit the November 2006 opening of the Gulfstream Park slots facility which opened initially with 516 slot machines, and currently offers approximately 825 machines. Two pieces of July 2007 Florida legislation became effective, which have benefited the operations at Gulfstream Park. First, Florida House Bill 1047 clarified a number of provisions in the Florida Slot Machine Act with respect to the on-site availability of automated teller machines, check cashing services and hours of operations and increases the number of permitted slot machines. The second, SB 752, is related to card rooms and addresses hours of operations, bet limits, prizes and jackpot payouts, and the types of permitted card games.

In November 2007, the Maryland legislature passed legislation to authorize a statewide November 18, 2008 referendum on a constitutional amendment which, if approved, would permit the installation of slot machines at Laurel Park and would permit Pimlico to share in slots revenue for purposes of purses. Initial indications are that Laurel Park would be permitted to install 4,750 of the total 15,000 slot machines that would be permitted in the state.

Developing Our Significant Real Estate Assets

We have a significant portfolio of high quality real estate located in densely populated urban markets. Included in this real estate portfolio is land adjacent to several of our racetracks, Santa Anita Park, Gulfstream Park, Golden Gate Fields, Lone Star Park at Grand Prairie, Laurel Park and Magna Racino™. We are considering a variety of options with respect to this land. In addition to the work commenced on the joint venture with Forest City in respect of land adjacent to Gulfstream Park in Florida and the intention to have work proceed on the joint venture development of approximately 51 acres of undeveloped land adjacent to Santa Anita Park in California in the event we are successful in the face of a neighboring developer's legal challenge, we are considering other possible development with business partners who could be expected to provide the necessary marketing and development expertise, as well as the necessary financing.

See "Proceeding with Debt Elimination Plan" for details of our continued efforts to sell real estate assets and the proceeds from the sales which will be used, primarily, to reduce our debt.

Technology Leadership

In addition to our continued focus on operating the racetracks we own or manage, we have also endeavored to establish a technology leadership position within the horseracing industry. By acquiring or developing interests in television channels, an advance deposit wagering platform, AmTote and TrackNet Media, and bringing those electronic distribution platforms under the purview of PariMax, we have applied a focused approach to technology issues. Since our July 2006 acquisition of all the shares of AmTote, a provider of totalisator services to the pari-mutuel industry, we have been able to play a greater role in processing wagering transactions. We hope to leverage our technological advancements to continue to increase sales to others participants in the pari-mutuel industry, both in North America and worldwide.

Intellectual Property Management

In order to improve the utilization of our investment in the quality racing content being generated from our premier racing facilities and our partnerships with others who are owners of premier racing facilities, we are undertaking an organized approach to intellectual property management. Our intellectual property ranges from ownership of racing content and the pari-mutuel racing event that is determined by the race outcome, to the techniques and technology used to process wagers placed on the pari-mutuel racing event. In recent years we have focused on the creation of alternative pari-mutuel wagering solutions, new wager types that use existing pari-mutuel wagering solutions and exploration in the development of wagers for non-traditional pari-mutuel wagering events. Acquisition of intellectual property has and will continue to include in-house research and development and the purchasing of intellectual property developed outside of the Company. Our intellectual property management includes the filing of patents, regular review of patents filed and awarded, review of the competitive landscape and review of the legislative landscape nationally and internationally.

For a discussion of the impact various customer-focused agreements with Churchill Downs are expected to have on, among other things, the management of our racing content see "Our Business" and "Our Strategy — Further Developing Our In-Home Simulcasting and Wagering Services".

Our History

We were incorporated in Delaware on March 4, 1999. In November 1999, Magna, our original parent company and one of the most diversified automotive parts suppliers in the world, completed a reorganization of its corporate structure, under which Magna's non-automotive businesses and certain real estate assets were transferred to us. As part of this reorganization, our capital structure was amended to establish two classes of stock: Class A Subordinate Voting Stock, with one vote per share, and Class B Stock, with 20 votes per share.

On March 10, 2000, Magna distributed to holders of its Class A Subordinate Voting Shares and Class B Shares, by way of a special dividend, approximately 15.7 million shares composed of our Class A Subordinate Voting Stock and exchangeable shares of MEC Holdings (Canada) Inc. Each exchangeable share was exchangeable by the holder for one share of our Class A Subordinate Voting Stock at any time. The purpose of these shares was to permit certain Canadian shareholders of Magna that were subject to limitations on their holdings of shares of non-Canadian issuers to receive shares of a Canadian issuer in the special dividend by Magna described above. On December 30, 2002, all remaining exchangeable shares of MEC Holdings (Canada) Inc., other than those already owned by us, were purchased by us in exchange for shares of our Class A Subordinate Voting Stock on a one-for-one basis.

On August 19, 2003, the shareholders of Magna approved the spin off of its wholly-owned subsidiary, MID. As a result of the spin-off transaction, MID acquired Magna's controlling interest in MEC. MID is a real estate operating company engaged in the ownership, development, management, leasing, acquisition and expansion of industrial and commercial real estate properties located in Canada, Europe, the United States and Mexico. Virtually all of MID's income-producing properties are under long-term leases to Magna and its subsidiaries.

On October 29, 2007, the Company completed a $20.0 million private placement of the Company's Class A Subordinate Voting Stock to Fair Enterprise under which Fair Enterprise was issued 8.9 million shares of Class A Subordinate Voting Stock at a price of $2.25 per share. As a result of the private placement, the percentage of Class A Subordinate Voting Stock beneficially owned by Fair Enterprise increased from approximately 7.5% to approximately 21.6% of the issued and outstanding Class A Subordinate Voting Stock, representing approximately 10.8% of the equity of the Company.

As of February 28, 2008, MID owns, directly or indirectly, all of our outstanding Class B Stock and 4,362,328 shares of our Class A Subordinate Voting Stock. As a result, MID is able to exercise approximately 96% of the total voting power attached to all of our outstanding stock, and therefore is able to elect all our directors and to control us. Each company has its own board of directors and management team, although we share the same Chairman. In addition, our Board of Directors has established a committee of independent directors to whom they have delegated the responsibility of reviewing any proposed related party transactions, including any proposed transactions between us and MID or between us and Magna. Sales or a spin-off or other distribution of our stock by MID or by certain of our other significant stockholders under our registration statements could depress our stock price. See "Risk Factors — Risks Relating to Our Securities".

Overview of the Horse Racing Industry

Pari-Mutuel Wagering

Pari-mutuel wagering on horse racing is a form of wagering in which wagers on horse races are aggregated in a commingled pool of wagers, called a mutuel pool, and the payoff to winning customers is determined by both the total dollar amount of wagers in the mutuel pool and the allocation of those dollars among the various kinds of bets. Unlike casino gaming, the customers bet against each other, and not against the operator, and therefore the operator bears no risk of loss with respect to any wagering conducted. The pari-mutuel operator retains a pre-determined percentage of the total amount wagered, called the takeout, on each event, regardless of the outcome of the wagering event, and the remaining balance of the mutuel pool is distributed to the winning customers. Of the percentage retained by the pari-mutuel operator, a portion is paid to the horse owners in the form of purses or winnings, which encourage the horse owners and their trainers to enter their horses in a track's races. Pari-mutuel wagering on horse racing is the largest form of pari-mutuel wagering, and it is currently authorized in over 40 states of the United States, all provinces of Canada and approximately 100 other countries around the world.

Recent History

Over the past twenty years live attendance at horse racetracks in the United States has declined substantially due to a number of factors, including the growth in off-track and account wagering; increased competition from other forms of gaming and leisure entertainment; the attrition of the racing industry's traditional customer base; the lack of, or deterioration in, the quality of live racing events at many racetracks; and the inability of racetrack operators to broaden the appeal of wagering on horse racing. Declines in live attendance have resulted in an overall decline in the amount of money wagered on-track on horse racing, which has exacerbated the problem of producing high-quality live wagering events and in developing entertaining racetrack facilities.

In the early 1990s, the introduction of off-track and inter-track wagering became more prevalent and reversed the decline in the total amount of dollars wagered on horse racing. The rise in off-track and inter-track wagering has resulted in an increase in total industry revenues, and the creation of larger pools of wagers on horse races at certain racetracks. This has more than offset the decline in live on-track wagering due to declining live attendance.

The early 1990's also saw the advent of a form of pari-mutuel and non-pari-mutuel wagering termed account wagering, or advance deposit wagering. Account wagering allows subscribers to establish wagering accounts and utilize various interactive platforms, such as the telephone, the Internet and interactive television, to transmit their wagering information to a designated account wagering operator, which then places wagers on the subscribers' behalf. Account wagering has grown steadily as a convenient and popular wagering option, for both pari-mutuel and non-pari-mutuel bettors alike. The rising popularity of account wagering serves as both an opportunity for the pari-mutuel wagering industry to further expand revenues and a challenge to prevent this new wagering platform from further eroding on-track attendance and wagering.

The Growth in Off-track and Inter-track Wagering

Pari-mutuel wagering on thoroughbred horse racing in the United States increased from $12.5 billion in 1997 to $15.2 billion in 2003, before receding to $14.7 billion in 2007, according to The Jockey Club. This overall increase from 1997 resulted primarily from the growth of off-track and inter-track wagering, which has grown by approximately 33.7% from $9.8 billion in 1997 to $13.1 billion in 2007. The decrease during 2006 and 2007 resulted primarily from an increase in the number of non-pari-mutuel wagering options available to the general public, including lotteries, casinos and poker. This increased competition is both from on-line options and more traditional bricks and mortar establishments. Simulcasting live racing events to off-track and inter-track venues has been facilitated by technological advances and the introduction of legislative changes.

U.S. Thoroughbred Pari-Mutuel Wagering Handle (in Billions)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Handle	$ 12.542	$ 13.115	$ 13.724	$ 14.321	$ 14.550	$ 15.062	$ 15.180	$ 15.099	$ 14.561	$ 14.785	$ 14.725
On-Track Handle	$ 2.703	$ 2.498	$ 2.359	$ 2.270	$ 2.112	$ 2.029	$ 1.902	$ 1.860	$ 1.741	$ 1.688	$ 1.670
Off-Track Handle	$ 9.839	$ 10.617	$ 11.365	$ 12.051	$ 12.438	$ 13.033	$ 13.278	$ 13.239	$ 12.819	$ 13.097	$ 13.055

Source: Equibase Company LLC; The Jockey Club.

Simulcasting is the process of transmitting the audio and video signal of a live racing performance, referred to as the content, from one facility to other locations or venues where wagering on such content is permitted. Simulcast wagering provides racetracks with the opportunity to increase revenues by exporting their live racing content to as many wagering locations as possible, such as other racetracks, off-track betting facilities and casinos, and by importing racing content and wagering opportunities from other racetracks. Account wagering is a form of off-track wagering whereby the betting customer establishes a wagering account with an established account wagering provider. The account wagering subscriber uses the balance in the wagering account to fund wagers processed on the subscriber's behalf by the account wagering provider. Since its inception, account wagering has gained a growing percentage of the dollars wagered through off-track wagering operators. Account wagering is conducted both by operators based and licensed in the United States, such as our subsidiary, XpressBet, Inc. and by operators located outside the United States.

Industry revenues have increased because simulcast wagering, including account wagering, provides racetracks that export their live content with additional customers in multiple locations who would not have otherwise been able to place wagers on the live racing event. Similarly, simulcast wagering provides operators of wagering venues who import content from other racetracks with more product upon which their customers can place wagers. Providers of live racing content who export their content to other venues generally charge these venues a percentage of all monies wagered on their content, while operators of pari-mutuel wagering venues that import racing content retain a pre-determined percentage of all amounts wagered at their facility on the imported content. Because the competition for time slots is relatively intense, the growth of simulcast wagering has been particularly beneficial to the operators of premier racetracks, which tend to offer higher quality racing, with larger fields and higher purses. Conversely, operators of smaller or lesser quality racetracks have historically benefited less from export simulcasting of their content, due to a lack of demand for their content. Part of our strategy involves efforts to broaden the distribution of, and demand for, the racing content from our smaller tracks. We are pursuing strategies, such as the formation of PariMax, to benefit from this revenue growth opportunity while at the same time exploring ways to minimize the potential negative effects often associated with non-U.S. companies placing wagers on behalf of U.S. citizens.

We expect that off-track and inter-track wagering will experience continued growth as additional venues able to import simulcast content are established both domestically and internationally and new distribution channels for pari-mutuel wagering, such as the telephone, Internet and interactive television, are further developed. With the formation of TrackNet Media, we have been able to focus more intensely on rationalizing the acquisition and distribution of horse racing content.

Because of the high quality of our thoroughbred racing content and racetrack properties, we believe we are well positioned to participate in the future growth of off-track, inter-track and account wagering as both a leading exporter and importer of live racing content, particularly since TrackNet Media has become key to our content acquisition and distribution efforts.

For a discussion of our recent strategic initiatives related to off-track and inter-track wagering see "Our Business" and "Our Strategy — Further Developing Our In-Home Simulcasting and Wagering Services".

Our Content

Our racetracks are geographically diversified. Santa Anita Park is near Los Angeles, Gulfstream Park is near Miami, Golden Gate Fields is near San Francisco, Lone Star Park at Grand Prairie is near Dallas, Pimlico Race Course is in Baltimore, Laurel Park is between Washington, D.C. and Baltimore, Thistledown is near Cleveland, Remington Park is in Oklahoma City and Portland Meadows is near Portland, Oregon. The Meadows and Maroñas, two racetracks to which we provide management services, are located near Pittsburgh, Pennsylvania and in Montevideo, Uruguay, respectively. Magna Racino™, is located near Vienna, Austria.

2008 Racing Schedule

As illustrated in the chart below, live racing is offered throughout the year at our racetracks. The racing dates for Santa Anita Park indicated below include The Oak Tree Meet.

Racetrack*	Scheduled Racing Meets
Santa Anita Park	December 26, 2007 – April 20, 2008 and September 24, 2008 – October 26, 2008
Gulfstream Park	January 3, 2008 – April 20, 2008
Golden Gate Fields	January 3, 2008 – February 3, 2008, May 14, 2008 – June 22, 2008, September 17, 2008 – December 21, 2008
Laurel Park	January 1, 2008 – April 13, 2008, August 8 – 20, 2008, September 8, 2008 – December 28, 2008
Lone Star Park at Grand Prairie	April 20, 2008 – July 27, 2008 and September 26, 2008 – November 29, 2008
Pimlico Race Course	April 13, 2008 – June 7, 2008
The Meadows	January 1, 2008 – December 31, 2008
Thistledown	May 1, 2008 – September 29, 2008
Remington Park	March 7, 2008 – June 1, 2008 and August 21, 2008 – December 14, 2008
Portland Meadows	January 1, 2008 – March 11, 2008 and October 21, 2008 – December 31, 2008
Great Lakes Downs	None
Magna Racino™	None, on our own account

* We have announced our intention to sell Remington Park, Thistledown, Great Lakes Downs and our interest in Portland Meadows.

Our Properties

Set forth below is a description of certain of our properties. See "Our Strategy — Proceeding with Debt Elimination Plan" for information regarding our intention to sell assets in order to raise funds to repay debt.

Santa Anita Park

Santa Anita Park is situated on approximately 305 acres of land in the City of Arcadia, California, approximately 14 miles northeast of Los Angeles. Approximately 10.9 million people are located within a 30-mile radius of Santa Anita Park.

Santa Anita Park opened for thoroughbred horse racing in 1934 and hosts The Santa Anita Meet. The Santa Anita Meet generally commences on December 26 and runs until the end of April each year. In addition, we lease Santa Anita Park to The Oak Tree Racing Association, which is an unaffiliated not-for-profit California association that holds a license to host The Oak Tree Meet for five to six weeks each fall. Pursuant to this lease, which was extended in September 2007 until the later of November 30, 2016 or the close of the 2016 Oak Tree Meet, we receive rent that consists primarily of a percentage of the on-track handle wagered on races run at Santa Anita Park and a percentage of The Oak Tree Racing Association net commissions from fees earned on racing content, exported from or imported to Santa Anita Park. Santa Anita Park was the site of the Breeders' Cup™ World Thoroughbred Championships in 2003 during The Oak Tree Meet, as it will be in 2008 and 2009. Santa Anita Park has one of the longest racing schedules of the top North American racetracks, totaling approximately 110 to 116 racing days each year (including The Oak Tree Meet). Average daily attendance in

2007 was approximately 9,300 customers per live racing day, representing one of the highest average daily attendance figures of all North American racetracks.

Santa Anita Park had one of the highest total handles, or total amounts wagered, of all North American racetracks in 2007, approximately $1.335 billion, including wagers made at Santa Anita Park on its races (including The Oak Tree Meet), wagers made at other wagering venues and through various account wagering operations on Santa Anita Park's races (excluding wagers placed in Northern California and via account wagering systems licensed to operate in California), and wagers made at Santa Anita Park and its inter-track facilities on imported races. Wagers on Santa Anita Park's races (including The Oak Tree Meet and all venues at which wagers were placed) totaled approximately $955.3 million in 2007. Of this amount, approximately $790.8 million in wagers were placed at other wagering venues to which we exported Santa Anita Park's races via simulcast and through various account wagering operations. Santa Anita Park exports its simulcast signal to approximately 1,000 off-track and inter-track wagering facilities in 23 countries. Throughout the year, Santa Anita Park operates as an inter-track wagering facility where customers can wager on races that are imported to Santa Anita Park from other racetracks.

Santa Anita Park's facilities include a large art deco-style grandstand structure with seating for approximately 19,000 customers, as well as standing room for additional customers, a one-mile oval dirt track as well as a $^{7}/_{8}$-mile turf course, stalls for approximately 2,000 horses and parking facilities sufficient to accommodate approximately 17,000 cars. During the summer of 2007 a synthetic track surface was installed at Santa Anita Park, as mandated by the California Horse Racing Board ("CHRB"). During January and early February 2008, racing was cancelled on 11 days (offset in part by three rescheduled days) because additional work on the track surface was required to address drainage problems.

In January 2004, we completed certain renovation and improvement projects that included the opening of Sirona's™, a 25,000 square foot sports bar and restaurant located across from the walking ring. Sirona's™ operates year-round from an open-air terrace overlooking a seven acre garden paddock. After-race activities feature a weekly musical concert from its garden stage. Other enhancements include two new customer convenient food service facilities in our front garden, eight high definition video projection systems in our major betting halls, two LED screens flanking our walking ring, and the extensive landscaping and lighting of our main entry and south parking lot.

In September 2006, The Santa Anita Companies, Inc. entered into definitive operating agreements with certain Caruso Affiliated affiliates to develop approximately 51 acres of undeveloped lands surrounding Santa Anita Park. This project contemplates a mixed-use development with approximately 800,000 square feet of retail space, entertainment and restaurants as well as approximately 4,000 parking spaces. After the project was approved by the Arcadia City Council in April 2007, Westfield Corporation ("Westfield"), a developer of a neighboring parcel of land, has challenged the manner in which the entitlement process for the development of the land surrounding Santa Anita Park had been proceeding. On May 16, 2007, Westfield commenced civil litigation in the Los Angeles Superior Court in an attempt to overturn the Arcadia City Council's approval and granting of entitlements related to the construction of The Shops at Santa Anita. In addition, on May 21, 2007, Arcadia First! filed a petition against the City of Arcadia to overturn the entitlements and named the Company and certain of its subsidiaries as real parties in interest. If either Westfield or Arcadia First! is ultimately successful in its challenge, development efforts could potentially be delayed or suspended. The first hearings on the merits of the petitioners' claims are scheduled to be heard before the trial judge during the third week of April 2008.

Gulfstream Park

Gulfstream Park is located on approximately 250 acres of land in the cities of Hallandale and Aventura, between Miami and Ft. Lauderdale in Florida. There are approximately 4.3 million people living within a 40-mile radius of Gulfstream Park.

Gulfstream Park opened in 1939 and for many years, ending in 2001, the annual meet at Gulfstream Park lasted for approximately 63 days between January and March. Beginning in 2002, Gulfstream Park was granted approval to run its meet for approximately 90 days between January and April. The Breeders' Cup™, one of the preeminent series of races in the United States, was held at Gulfstream Park in 1989, 1992 and 1999. In 2007, average daily attendance was approximately 5,500 customers per live racing day.

The redevelopment of Gulfstream Park, which commenced in 2004, was completed in 2006. The project included significant modifications and enhancements to the racing surfaces and stable area, including the construction of a new, wider turf course, which was completed prior to the start of the 2005 race meet. The project also included the construction of a modern clubhouse/grandstand offering an array of restaurants and entertainment facilities. In addition, Gulfstream Park has a casino offering approximately 825 slot machines and video poker and has a poker and racing lounge offering 20 no-limit tables and a sports and simulcast area. On September 6, 2007, a Florida Supreme Court ruling was issued which allows for cross-simulcasting, subsequent to which Gulfstream Park, Calder Race Course and the Florida horsemen entered into an agreement permitting Gulfstream Park and Calder Race Course to take simulcast wagering on each other's live cards as well as on any other signal the live track imports. Gulfstream Park began simulcasting the signal from Calder Race Course on September 22, 2007.

Gulfstream Park offers customers a number of different dining options and an improved quality of entertainment, including the addition in August 2007 of Christine Lee's a well known local restaurant with a 37 year history in Southern Florida.

Though the performance of Gulfstream Park has not met our desired objectives, the implementation of beneficial Florida legislation in July 2007, the favorable September 2007 Florida Supreme Court decision permitting cross-simulcasting, the opening of Christine Lee's and a Fall 2007 reconfiguration of the casino's first floor are expected to improve Gulfstream Park's financial performance. For additional information on the Florida legislation and September decision of the Florida Supreme Court, see "Our Strategy" and "Our Strategy — Adding Alternative Gaming, if permitted, at Certain of Our Racetracks".

Gulfstream Park had total handle during 2007 of approximately $746.8 million, which includes wagers made at Gulfstream Park on its races, wagers made on Gulfstream Park races at other wagering venues and through various account wagering operations, and wagers made at Gulfstream Park on races imported to its inter-track facility. Wagers on Gulfstream Park's races totaled approximately $604.9 million in 2007. Of this amount, approximately $540.8 million in wagers were placed at other wagering venues to which we exported Gulfstream Park's signal and through various account wagering operations.

We are also partners with Forest City in a joint venture formed pursuant to a May 2005 Limited Liability Company Agreement. The joint venture contemplates the development of The Village at Gulfstream Park™, a 60-acre master-planned lifestyle destination which will offer shops, destination retailers, signature restaurants, unique entertainment options and an appealing residential live/work environment. Phase I of the development will include 375,000 square feet of lifestyle retail space, featuring 70 upscale shops, specialty stores and restaurants and 70,000 square feet of office space. Operating agreements, including a ground lease, a reciprocal easement agreement, a development agreement, a leasing agreement and a management agreement were executed in connection with the joint venture in due course and the groundbreaking for Phase 1 occurred in June 2007. This phase is expected to open in the first quarter of 2009. Upon completion, The Village at Gulfstream Park™ is expected to result in the development of 1,500 condominiums, 750,000 square feet of retail space, 140,000 square feet of office space, a 500-room hotel and a 2,500 seat cinema. The project is expected to be built over 15 years and will involve the construction of 225 affordable/workforce-housing units both on the site itself and in the neighbourhoods within the city.

On December 8, 2005, legislation authorizing the operation of slot machines within existing, licensed Broward County, Florida pari-mutel facilities that have conducted live racing or games during each of 2002 and 2003 was passed by the Florida Legislature. On January 4, 2006, the Governor of Florida signed the legislation into law and subsequently the Division of Pari-mutuel Wagering developed the governing rules and regulations. In October 2006, we were awarded a gaming license for slot machine operations at Gulfstream Park despite an August 2006 decision rendered by the Florida First District Court of Appeals that ruled that a trial is necessary to determine whether the constitutional amendment adopting the slots initiative was invalid because the petitions bringing the initiative forward did not contain the minimum number of valid signatures. Previously, a lower court decision had granted summary judgment in favor of "Floridians for a Level Playing Field" ("FLPF"), a group in which Gulfstream Park is a member. Though FLPF pursued various procedural options in response to the First District Court of Appeals decision, the Florida Supreme Court ruled in late September 2007 that the matter was not procedurally proper for consideration by the court. That ruling effectively remanded the matter to the trial court for a trial on the merits, which will likely take an additional year or more to fully develop and could take as many as three years to achieve a full factual record and trial court ruling for an appellate court to review. Also, new July 2007 Florida legislation (i) clarified Florida Slot Machine Act provisions regarding on-site availability of automated teller machines, check cashing services and hours of operations, as well as the permitted number of slot machines, which was increased, and (ii) addressed the activities of card rooms, specifically the permitted hours of operations, bet limits, prizes and jackpot payouts, and the types of permitted card games.

On November 28, 2007, we sought and were granted amicus curiae status in a suit filed by the House of Representatives and Speaker Marco Rubio against the Governor of the State of Florida, Charlie Crist, relating to the approval of tribal compacts. The Florida Supreme Court heard arguments on January 30, 2008 and judgment is currently pending.

Golden Gate Fields

Golden Gate Fields is located on approximately 154 acres of land in the cities of Albany and Berkeley, California, approximately eight miles from Oakland and approximately 11 miles from San Francisco. There are approximately 5.2 million people within a 40-mile radius of Golden Gate Fields.

Golden Gate Fields' racing season lasts for approximately 98 racing days. The season is split throughout the year and has varied for the last few years. Average daily attendance in 2007 was approximately 2,500 customers per live racing day.

Golden Gate Fields had total handle during 2007 of approximately $442.5 million, including wagers made at Golden Gate Fields on its races, wagers made at other wagering venues and through various account wagering systems on Golden Gate Fields' races (excluding wagers placed in Southern California, and wagers placed via advanced deposit wagering systems licensed to operate in California) and wagers made at Golden Gate Fields and its inter-track facilities on imported races. Wagers on Golden Gate Fields' races totaled approximately $249.6 million in 2007. Of this amount, approximately $226.0 million in wagers were placed at other wagering venues to which we exported Golden Gate Fields' races via simulcast and through various account wagering operations. Golden Gate Fields exports its simulcast signal to approximately 900 off-track and inter-track wagering facilities in the United States, Canada, Mexico and the Caribbean. Throughout the year, Golden Gate Fields operates as an inter-track wagering facility where customers can wager on races that are imported from other racetracks.

Golden Gate Fields' facilities include a one-mile track and a $^7/_8$-mile turf course, stalls for over 1,350 horses, a main grandstand with seating for approximately 8,000 customers, a Clubhouse with seating for approximately 4,500 customers, a Turf Club with seating for approximately 1,200 customers and parking for over 4,100 cars.

During the late summer of 2007, a new synthetic track surface was installed at Gold Gate Fields, in compliance with CHRB mandated requirements. The track was installed in time for the Golden Gate Fields 2007-2008 meet running from November 2007 to February 2008. As was expected, the new track surface helped reduce injuries and track maintenance costs and increased field size.

We are considering retail-based development proposals at Golden Gate Fields. This development would be intended to further enhance the entertainment experience at Golden Gate Fields, broaden the demographic composition of our customer base and strengthen the loyalty of our existing customers. These proposals are preliminary. If, after a detailed review, we decide to proceed with such proposals or alternative proposals, additional time would be required to obtain or finalize the necessary regulatory approvals and negotiate with potential business partners who could be expected to provide marketing and development expertise and the necessary financing.

Laurel Park

In November 2002, we acquired a controlling interest in The Maryland Jockey Club, which owns and operates Laurel Park and Pimlico Race Course. In September 2007, the Company exercised its option to acquire the remaining voting and equity interests in The Maryland Jockey Club, pursuant to an agreement with certain companies controlled by Joseph De Francis, then a member of the Company's Board of Directors, and Karin De Francis. Under the terms of the option agreement, the Company paid $18.3 million plus interest on October 5, 2007 in connection with the option exercise. Laurel Park, which first appeared on the racing scene in 1911, is located on approximately 236 acres of land in Laurel, Maryland, between Washington, D.C. and Baltimore. There are approximately 6.6 million people living within a 40-mile radius of Laurel Park.

Laurel Park's racing season in 2007 was 148 days. Average daily attendance at Laurel Park in 2007 was approximately 2,800 customers per live racing day.

Laurel Park's handle was approximately $525.9 million in 2007, including wagers made at Laurel Park on its races, wagers made at other wagering venues and through various account wagering operations on Laurel Park's races, and wagers made at Laurel Park on imported races. Wagers on Laurel Park's races totaled approximately $368.1 million in 2007. Of this amount, approximately $346.3 million in wagers were placed at other wagering venues to which we exported Laurel Park's signal via simulcast and through various account wagering operations.

Laurel Park's facilities include a grandstand with seating for approximately 5,200 customers, a $1^1/_8$-mile dirt track with a seven and one half-furlong chute which opened in January 2005, and a $^7/_8$-mile turf course which opened in September 2005. Laurel Park has stalls for approximately 1,000 horses and parking facilities sufficient to accommodate approximately 8,000 cars.

The Maryland Jockey Club was party to agreements with the Maryland Thoroughbred Horsemen's Association and the Maryland Breeders' Association, which expired on December 31, 2007, under which the horsemen and the breeders each contributed 4.75% of the costs of simulcasting to The Maryland Jockey Club. Without arrangements similar in effect to these agreements, there would be an increase in costs of approximately $2.0 million. At this time, we are uncertain as to the renewal of these agreements on comparable terms.

Lone Star Park at Grand Prairie

On October 23, 2002, we acquired Lone Star Park at Grand Prairie ("Lone Star Park"), which operates thoroughbred and American quarter horse meets and is located on approximately 285 acres of land in the City of Grand Prairie, Texas, approximately 12 miles west of Dallas. There are approximately 5.1 million people living within a 40-mile radius of Lone Star Park.

Lone Star Park is one of the newest horse racing facilities in the United States, having opened for live thoroughbred and quarter horse racing in 1997. Lone Star Park's thoroughbred meet generally commences each year in early April and continues through mid-July. Its quarter horse meet generally commences each year in early October and continues through November. Average daily attendance during the 2007 spring thoroughbred meet was approximately 7,100 customers per live race day and 3,100 customers during the fall quarter horse meet. In addition to its live racing facilities, Lone Star Park contains a state-of-the-art 36,000 square foot simulcast pavilion, which operates year-round.

Lone Star Park had total handle during 2007 of approximately $290.9 million, which includes wagers made at Lone Star Park on its races, wagers made on Lone Star Park races at other wagering venues and through various account wagering operations, and wagers made at Lone Star Park on races imported to its inter-track facility. Wagers on Lone Star Park's races totaled approximately $127.5 million in 2007. Of this amount, approximately $95.5 million in wagers were placed at other wagering venues to which we exported Lone Star Park's signal and through various account wagering operations.

Lone Star Park's facilities include a grandstand with seating for approximately 10,000 customers, a one-mile dirt track, a $^7/_8$-mile turf track, stalls for approximately 1,600 horses and parking facilities sufficient to accommodate approximately 10,000 cars. In addition to its grandstand, clubhouse and turf club seating, Lone Star Park has two floors of luxury suites. Lone Star Park's simulcast pavilion can also accommodate approximately 2,100 customers.

Lone Star Park was the site of the 2004 Breeders' Cup™ World Thoroughbred Championships, making it the youngest track in history to host this prestigious event. An overwhelming response from racing fans from around the world resulted in what at that time was the fastest sellout in Breeders' Cup history with a total attendance of 53,717 on race day.

Lone Star Park is operated pursuant to a lease with a governmental entity associated with the City of Grand Prairie. The lease expires in 2027, at which time we will have an option to purchase the Lone Star Park real property at a purchase price equal to one-half of its then fair market value. Pursuant to the lease terms, if we exercise the option, we will receive credit against the purchase price in an amount equal to the sum of all rent payments made during the life of the lease discounted back to 1997 at a rate of 8% per annum.

Pimlico Race Course

Historic Pimlico Race Course, home of the Preakness Stakes®, first opened its doors in 1870, making it the second oldest racetrack in the United States. Pimlico is situated on approximately 116 acres of land in Baltimore, approximately 30 miles from Laurel Park. There are approximately 5.2 million people living within a 40-mile radius of Pimlico.

The Preakness Stakes® dates back to 1873, two years before the first Kentucky Derby was run. Since 1909, the Preakness Stakes® has been run annually at Pimlico without interruption and this year's race, on May 17, 2008, will mark the 133rd edition of this sporting classic. Past winners of the Preakness Stakes® include legendary race horses such as Man o' War, Citation, Secretariat, Seattle Slew, Affirmed and, in 2007, Curlin, the winner of the National Thoroughbred Racing Association ("NTRA") sponsored Eclipse Awards as 2007 Horse of the Year and Three Year Old of the Year.

The racing season at Pimlico in 2007 consisted of approximately 31 racing days in a Spring meet, between early April and mid-June. The Spring meet features 10 graded stakes races, including the middle jewel of thoroughbred racing's Triple Crown, the Preakness Stakes®, which is run annually on the third Saturday in May. Average daily attendance in 2007 was approximately 3,600 customers per live racing day.

Pimlico's handle was approximately $284.7 million in 2007, including wagers made at Pimlico on its races, wagers made at other wagering venues and through various account wagering operations on Pimlico's races, and wagers made at Pimlico on imported races. Wagers on Pimlico's races totaled approximately $165.5 million in 2007. Of this amount, approximately $153.1 million in wagers were placed at other wagering venues to which its signal was exported via simulcast and through various account wagering operations.

Pimlico's facilities include a grandstand with seating for approximately 13,000 customers, a one-mile dirt track with 1$^{3}/_{16}$-mile and $^{3}/_{4}$-mile chutes, a $^{7}/_{8}$-mile turf course, stalls for approximately 700 horses and parking facilities sufficient to accommodate approximately 3,500 cars.

The Meadows

We acquired The Meadows racetrack, which was our first standardbred (harness racing) track, in April 2001. It is located in Meadow Lands, Pennsylvania, in the greater Pittsburgh area, on approximately 155 acres of land. There are approximately 2.8 million people living within a 50-mile radius of The Meadows.

The Meadows first opened in 1963 and has a year-round racing schedule encompassing approximately 205 live racing days. As part of this acquisition, we also acquired four off-track betting facilities in the greater Pittsburgh area, located in New Castle, Harmar Township, Moon Township and West Mifflin. In 2004, The Meadows opened a fifth off-track betting in Greensburg, which was subsequently closed in February 2007.

The Meadows' facilities previously included a grandstand with seating for approximately 5,000 customers, a $^{5}/_{8}$-mile harness track, stalls for approximately 990 horses and parking facilities to accommodate approximately 3,000 cars. The grandstand and parking facilities are currently being renovated as part of the construction by the property owners of a permanent casino and integrated racing facility, which is expected to be completed in early 2009. The Meadows' off-track betting facilities each contain a restaurant and bar and offer wagering on simulcast races from racetracks across the country.

The Meadows and its associated off-track betting facilities generated approximately $205.1 million in handle in 2006, including wagers made at The Meadows on its races, wagers made at other wagering venues and through various account wagering operations on The Meadows' races, wagers made at The Meadows on races imported to its inter-track facilities and wagers made at The Meadows' associated off-track betting facilities. Wagers on The Meadows' races (including all venues at which the wagers were placed) totalled approximately $73.5 million in 2006. Of this amount, approximately $68.8 million in wagers were placed at other wagering venues to which we exported The Meadows' races via simulcast and through various account wagering operations. The Meadows exports its simulcast signal to approximately 240 off-track and inter-track wagering facilities in the United States, Canada and the Caribbean. Throughout the year, The Meadows operates as an inter-track wagering facility where customers can wager on races that are imported to The Meadows from other racetracks.

In July 2004, legislation was enacted in Pennsylvania that entitled The Meadows to apply for a license to operate between 1,500 and 3,000 slot machines, subject to future expansion of up to 2,000 additional slot machines upon certain conditions being met. As described below, a Conditional Category 1 Gaming License was ultimately approved in September 2006, shortly before we sold our ownership interest in The Meadows.

On November 14, 2006, we completed the sale of all of the outstanding shares of Washington Trotting Association, Inc., Mountain Laurel Racing, Inc. and MEC Pennsylvania Racing, Inc. (collectively "The Meadows"), each a wholly-owned subsidiary of the Company, through which we owned and operated The Meadows, a standardbred racetrack in Pennsylvania, to PA Meadows, LLC, a company jointly owned by William Paulos and William Wortman, controlling shareholders of Millennium Gaming, Inc., and a fund managed by Oaktree Capital Management, LLC ("Oaktree" and together with PA Meadows, LLC, "Millennium-Oaktree"). On closing, we received cash consideration of $171.8 million, net of transaction costs of $3.2 million, and a holdback agreement, under which $25.0 million is payable to us over a five-year period, subject to offset for certain indemnification obligations. Under the terms of the holdback agreement, we agreed to release the security requirement for the holdback amount, defer subordinate payments under the holdback, defer receipt of holdback payments until the opening of the permanent casino at The Meadows and defer receipt of holdback payments to the extent of available cash flows as defined in the holdback agreement, in exchange for Millennium-Oaktree providing an additional $25.0 million of equity support for PA Meadows, LLC. The Company also entered into a racing services agreement whereby we pay $50 thousand per annum and continue to operate, for our own account, the racing operations at The Meadows for at least five years. On December 12, 2007, Cannery Casino Resorts, LLC, the parent company of Millennium-Oaktree, announced it had entered into an agreement to sell Millennium-Oaktree to Crown Limited. If the deal is consummated, either party to the racing services agreement will have the option to terminate the arrangement. The Meadows participates in a multi-employer defined benefit pension plan for which the pension plan's total vested liabilities exceed its assets. The Meadow's estimated unfunded liability for vested benefits is approximately $3.7 million. The Meadows withdrew from the pension plan in the fourth quarter of 2007. As part of the indemnification obligations under the holdback agreement with Millennium-Oaktree, the withdrawal liability that has been triggered as a result of the withdrawal from the plan will be offset against the amount owing to us under the holdback agreement.

Thistledown

Thistledown is located on approximately 128 acres in North Randall, Ohio, approximately 10 miles southeast of downtown Cleveland. There are approximately 3.0 million people living within a 40-mile radius of Thistledown.

Thistledown has one of the longest racing seasons of all North American thoroughbred racetracks, consisting of approximately 136 racing days between April and November. Thistledown hosts the Summit, Thistledown, Randall and Cranwood meets. Annually, Thistledown hosts the Ohio Derby, which is the premier graded stakes race in Ohio.

Thistledown's handle was approximately $175.8 million in 2007, including wagers made at Thistledown on its races, wagers made at other wagering venues and through various account wagering operations on Thistledown's races, and wagers made at Thistledown on races imported to its inter-track facilities. Wagers on Thistledown's races (including all venues at which wagers were placed) totaled approximately $100.7 million in

2007. Of this amount, approximately $87.1 million in wagers were placed at other wagering venues to which we exported Thistledown's races via simulcast and through various account wagering operations. Thistledown exports its simulcast signal to as many as 700 off-track and inter-track wagering facilities in the United States. Throughout the year, Thistledown operates as an inter-track wagering facility where customers can wager on races that are imported to Thistledown from other racetracks.

Thistledown's facilities include a grandstand with seating for approximately 8,000 customers, a 600 seat tiered dining room, a 200 seat private party suite, a luxury suite for corporate and group events, a one-mile oval track, stalls for approximately 1,500 horses and parking for approximately 6,000 cars.

Remington Park

Remington Park is situated on approximately 370 acres adjacent to Interstates 35 and 44 in Oklahoma City, Oklahoma. There are approximately 1.1 million people living within a 40-mile radius of Remington Park.

In 2007, the racing schedule consisted of two meets totaling 119 days of live racing days, which included a 50 day quarter horse meet from mid-March through early June and a 69 day thoroughbred meet from early August through the end of November 2007.

Remington Park's handle was approximately $122.7 million in 2007, including wagers made at Remington Park on its races, wagers made at other wagering venues and through various account wagering operations on Remington Park's races, and wagers made at Remington Park on races imported to its inter-track and associated off-track betting facilities. Wagers on Remington Park's races (including all venues at which wagers were placed) totaled approximately $69.6 million in 2007. Of this amount, approximately $60.7 million in wagers were placed at other wagering venues to which we exported Remington Park's races via simulcast and through various account wagering operations. Remington Park exports its simulcast signal to approximately 600 off-track and inter-track wagering facilities in the United States. Throughout the year, Remington Park operates as an inter-track wagering facility where customers can wager on races that are imported to Remington Park from other racetracks across the country.

Remington Park's facilities include a grandstand with seating for approximately 20,000 customers, 21 suites for corporate and group events, a one-mile dirt track, a 7/8-mile turf course, stalls for approximately 1,300 horses, lighting to permit night racing and parking facilities sufficient to accommodate approximately 8,000 cars.

The property on which Remington Park is located is leased from the Oklahoma Zoological Trust pursuant to a lease which extends through 2013, with options to renew until 2063 in ten-year increments.

Under legislation which was approved by the citizens of the State of Oklahoma in a referendum held on November 2, 2004, Remington Park is permitted to operate electronic gaming machines. In November 2005, we opened a gaming facility with 650 electronic gaming machines, the maximum amount permitted by the legislation at Remington Park at that time and we are in the process of adding an additional 50 machines, as permitted by the enabling legislation which allows for the additional 50 machines on each of the third and fifth anniversaries of the gaming license. See "Government Regulation — Alternative Gaming — Oklahoma" below. During 2007, the machines generated an average daily net win per unit of $233. Under the terms of the legislation, gaming operations at the racetrack are permitted for up to 18 hours per day, not to exceed 106 hours per week. The distribution of revenues from the racetrack's electronic gaming operations will vary based on the annual gross revenues of the racetrack from gaming less all monetary payouts ("Adjusted Gross Revenues"). The legislation allocates between 10% and 30% of the Adjusted Gross Revenues to the State, primarily for the funding of education, between 20% and 30% for the benefit of the horsemen and the remaining 50% to 60% to the racetrack, out of which the racetrack operator will pay its capital and operating costs. Remington Park may be eligible for an additional 50 machines in 2010. The gaming facility has significantly improved Remington Park's operating results and contributions to the horse racing industry through increased purses.

Portland Meadows

Portland Meadows is a thoroughbred racetrack located on approximately 100 acres in the Delta Park area of Portland, Oregon. There are approximately 2.0 million people living within a 40-mile radius of Portland Meadows. Portland Meadows first opened in 1946 and offers approximately 75 live racing days between October and April. Portland Meadows' facilities include a grandstand with seating for approximately 10,000 customers, a one-mile sand track, stalls for approximately 850 horses and parking facilities to accommodate approximately 2,500 cars.

Portland Meadows generated approximately $85.7 million in handle during the 2007 calendar year, including wagers made at Portland Meadows on its races, wagers made at other wagering venues and through various account wagering operations on Portland Meadows' races and wagers on imported races at Portland Meadows and off-track betting facilities within the State of Oregon during Portland Meadows' live meet. Wagers on Portland Meadows' races (including all venues at which the wagers were placed) totaled approximately $34.7 million in 2007. Of this amount, approximately $32.6 million in wagers were placed at other wagering venues to which we exported Portland Meadows' races via simulcast and through various account wagering operations. Portland Meadows exports its simulcast signal to approximately 175 off-track and inter-track wagering facilities in the United States. Throughout the year, Portland Meadows operates as a simulcast wagering facility where customers can wager on races that are imported to Portland Meadows from other racetracks. In addition, we expended considerable efforts to work with legislators and industry participants in response to the Oregon Racing Commission's June 2007 decision, under request from the Oregon Attorney General, to revoke a rule permitting Instant Racing at Portland Meadows. Although the Office of Administrative Hearings released a February 27, 2008 proposed order in our favor approving Instant Racing wagering at Portland Meadows, we are waiting for confirmation as to whether the Oregon Racing Commission will accept that recommendation.

We operate racing at Portland Meadows, subject to the satisfaction of certain conditions, pursuant to a long term lease. We own an approximately 22% interest in the real property upon which the Portland Meadows facility is located. Further to our announced intention to sell our interest in Portland Meadows, in November 2007 we initiated an active program to locate a buyer and began marketing our interest in Portland Meadows.

Great Lakes Downs

Further to our January 18, 2007 announcement that the 2007 race meet would be the last we would run at Great Lakes Downs, this track was closed in November 2007. In December 2007, pursuant to an October 2007 repurchase agreement, we re-acquired the 85 acre site underlying the racetrack upon exercise of an option right granted in connection with our previous August 2004 sale of the land and associated racetrack license. As the re-acquisition was completed with the intention of completing a subsequent re-sale of the land, the property underlying the racetrack has been listed for sale and we have voluntarily surrendered our racing license.

To the date of closing, Great Lakes Downs' handle was approximately $48.5 million in 2007, including wagers made at Great Lakes Downs on its races, wagers made at other wagering venues and through various account wagering operations on Great Lakes Downs' races, and wagers made at Great Lakes Downs on imported races. Wagers on Great Lakes Downs' races (including all venues at which wagers were placed) totaled approximately $38.1 million in 2007. Of this amount, approximately $36.0 million in wagers were placed at other wagering venues to which we exported Great Lakes Downs' races via simulcast and through various account wagering operations. Great Lakes Downs exports its simulcast signal to approximately 250 off-track and inter-track wagering facilities in the United States.

Magna Racino™

Magna Racino™ opened on April 4, 2004 and is situated on approximately 650 acres in Ebreichsdorf, just outside Vienna, Austria. There are approximately 2.5 million people living within a 30-mile radius of Magna Racino™.

During 2007, Magna Racino™ was visited by over 35,000 guests on 25 race days between mid-March and November.

Magna Racino™ features both thoroughbred and standardbred racing on three different tracks, a $^5/_8$-mile sand track, a one-mile sand track and a one-mile turf course. In 2006, Magna Racino™ had a total of 79 paddocks. Magna Racino's™ sportsbook facility is operated by Admiral Sportwetten AG under an agreement that entitles Magna Racino™ to receive a percentage of all wagers placed with Admiral at Magna Racino™. Magna Racino's™ 150 video lottery terminals are operated by the Austrian Lottery, a division of Casinos Austria AG, under an agreement that entitles Magna Racino™ to receive a percentage of the gross profit and recovery of certain costs from the video lottery terminal operations located at Magna Racino™.

Magna Racino's™ handle was approximately $2.4 million in 2007 including wagers made at Magna Racino™ on its races, wagers made at other wagering venues and through account wagering operations on Magna Racino™ races and wagers made at Magna Racino™ on imported races. Magna Racino™ exports its simulcast signal to various off-track and inter-track wagering facilities in Germany and Austria. Throughout the year, Magna Racino™ operates as an inter-track wagering facility on show days where customers can wager on races that are imported to Magna Racino™ from other racetracks around the world.

On February 19, 2007, we announced that we recorded a non-cash impairment charge related to Magna Racino™ net of income taxes, of approximately $59.7 million ($0.56 per share) in the fourth quarter of 2006. In early August 2007, we announced that there would be a cessation of racing for our own account at the Magna Racino™ at the close of the 2007 meet.

We announced on December 21, 2007 that we had entered into an agreement to sell 225 acres of excess real estate located in Ebreichsdorf, Austria to a subsidiary of Magna for a purchase price of 20.0 million Euros (approximately $29.4 million) subject to customary adjustments. The closing of the transaction is expected to occur during the first quarter of 2008 following the satisfaction of customary closing conditions including receipt of all necessary regulatory approvals. We are required to use Euros 7.5 million of the net proceeds to repay a portion of a Euros 15.0 million term loan facility and the remaining portion of the net proceeds is required to be used to repay a portion of the Bridge Loan.

Training Centers

Palm Meadows®

On October 18, 2000, we acquired 481 acres of land in Palm Beach County, Florida for a total purchase price of $22.9 million. The property is located approximately 40 miles north of Gulfstream Park. We have developed Palm Meadows, a horse boarding and training center, which is operated in conjunction with Gulfstream Park.

Palm Meadows® has helped us to continue to attract high-quality horses to Gulfstream Park, which has allowed us to increase both our number of live races and the total amount wagered on our races.

The facility opened in November 2002 and currently includes a $1^1/_8$-mile dirt track, a $^7/_8$-mile turf course, one-mile dirt jogging track, stalls for up to 1,424 horses, administrative offices, dormitories, pavilion and a 60,000 square foot compost building.

On March 28, 2007, we sold a 157 acre parcel of excess land adjacent to the Palm Meadows Training Center and certain development rights to MID for cash consideration of $35.0 million.

San Luis Rey Downs

San Luis Rey Downs is a horse boarding and training center situated approximately 45 miles north of downtown San Diego. It is located on approximately 200 acres of land and includes over 500 horse stalls, a one-mile oval dirt main track, a $^3/_8$-mile dirt training track, an equine exercise swimming pool, 50,000 square foot practice arena, horse trails and related facilities and equipment. Due to its proximity to Santa Anita Park, San Luis Rey Downs supplements Santa Anita Park's stabling facilities, which we believe enables us to continue to attract some of the top horses in North America.

On June 7, 2007, we sold San Luis Rey Downs to a subsidiary of MID for cash consideration of approximately $24.0 million. The Company also entered into a lease agreement whereby an MEC subsidiary leases the property under a triple-net lease with a three year term for a nominal annual rent in addition to operating costs that arise from the use of the property. The lease is terminable at any time by either party on four-months notice.

Bowie Training Center

The Bowie Training Center is located in Prince George's County, Maryland on approximately 162 acres. The site is located eight miles from Laurel Park and 30 miles from Pimlico Race Course. The facility includes approximately 1,000 stalls, a one-mile oval dirt main track, a 1/4-mile covered dirt track, 17 barns and dormitories capable of accommodating up to 224 grooms. Originally opened in 1914 as a racetrack, the property has been used since 1985 as a year-round training center to support thoroughbred racing at Pimlico and Laurel Park.

Account Wagering Operations

Account wagering involves the placing of wagers on live horse racing events through various forms of electronic media, which could include telephone, the Internet and interactive television.

PariMax

In February 2006, we announced the formation of PariMax, a new company to oversee the development of our various electronic distribution platforms including MEC Global Wagering Solutions, XpressBet®, the Company's 50% interest in HRTV™, MagnaBet™, Racing US and AmTote. PariMax focuses on the development of complete wagering solutions and will concentrate on serving the global wagering market by developing product lines which meet the needs of both distribution partners and end consumers worldwide. For distribution partners, MEC Global Wagering Solutions provides simulcasting and wagering solutions both domestically and internationally. AmTote continues to provide a variety of wagering interfaces and connectivity products for racetracks, off-track betting facilities, and account wagering providers, both domestically and abroad. For consumers, XpressBet®, MagnaBet™ and Racing US are PariMax's account wagering platforms, which provide video streaming and wagering opportunities to an increasingly international customer base. Consumers are further served by PariMax supported television channels, including HRTV™ in the United States (a joint venture between MEC and Churchill Downs). PariMax also holds our 50% interest in TrackNet Media.

TrackNet Media

TrackNet Media is the vehicle through which MEC and Churchill Downs horse racing content is made available to third parties, including racetracks, off-track betting facilities, casinos and advance deposit wagering companies. TrackNet Media also distributes horse racing content for third parties and this content is made available through MEC's and Churchill Downs' respective outlets. Under the reciprocal content swap agreement, MEC and CDI exchange their respective horse racing signals. Churchill Downs racing content is available for wagering through MEC-owned tracks and simulcast-wagering facilities and through our advance deposit wagering platform, XpressBet®, and, similarly, our racing content is available for wagering through CDI tracks and off-track betting facilities and through CDI-owned advance deposit wagering platforms. For additional details on TrackNet Media see "Our Business" and "Our Strategy — Further Developing Our In-Home Simulcasting and Wagering Services".

XpressBet®

We offer advance deposit account wagering by telephone and over the Internet through XpressBet®, to customers in certain jurisdictions of the United States and, in connection with Racing World, to customers in the United Kingdom and Ireland, subject to legal and governmental restrictions. See "— Government Regulation" below. Operators of advance deposit account wagering businesses may establish a hub in a state where advance deposit account wagering is expressly permitted, establish accounts into which customers deposit funds through debit or credit cards or by check to fund their wagering, and receive wagering instructions from these customers. Wagers placed on behalf of customers are not allowed to exceed the amounts on deposit in their accounts.

Customers of XpressBet® may place wagers either over the telephone with a live teller, over the telephone with a voice-activated automated teller, over the telephone with a touch tone recognition system or through the Internet.

XpressBet® was developed from the account wagering business operated by The Meadows harness racetrack in Pennsylvania under the trade name Call-A-Bet. Call-A-Bet launched a telephone account wagering business in 1983 for Pennsylvania account holders. In 1995, Call-A-Bet expanded its customer base throughout the United States. We purchased Ladbroke Racing Pennsylvania, Inc., which included The Meadows and Call-A-Bet, in April 2001 and upon obtaining a license to conduct advance deposit account wagering in California in January 2002, re-branded the account wagering company as XpressBet®. Our subsidiary, XpressBet, Inc. is primarily responsible for conducting our account wagering operations. XpressBet, Inc. is currently licensed as a multi-jurisdictional wagering hub in Oregon, where its totalisator hub operations are located. This license permits XpressBet, Inc., to place advance deposit account wagers on behalf of residents in Oregon and other jurisdictions that do not prohibit account wagering. In addition, XpressBet, Inc. has received state-based licenses or racing commission approval in California, Idaho, Maryland, Massachusetts, Pennsylvania, Virginia and Washington. See "— Government Regulation" below for a further discussion of the regulatory issues that affect our XpressBet® account wagering business.

Wagering through an XpressBet® account is permitted only after XpressBet® has verified the account holder's identity, address and age and the account has been funded. XpressBet® account holders can wager on over 100 North American racetracks and internationally on races in Australia, South Africa, Dubai, Germany, the United Kingdom and Hong Kong. The XpressBet® service provides up-to-the-minute racing information, including live odds and results, race program information, real-time audio and video streaming and an easy-to-use betting screen.

The primary source of revenue for XpressBet® is the takeout on the handle wagered by its customers through advance deposit wagering accounts. The takeout revenue is reduced by host track fees, purse account funds, source market fees and other operating expenses. For the year ended December 31, 2007, total handle wagered through XpressBet® was approximately $175.6 million.

MagnaBet™

MagnaBet™ offers advance deposit account wagering over the Internet to customers in Austria, Germany and Spain. MagnaBet™ holds licenses issued by the provincial government of Lower Austria and the provincial government of Hanover, Germany, which allows it to accept and process pari-mutuel wagers. Customers deposit funds through credit cards, prepaid cards, bank transfers and internet-banking to fund their wagering accounts, and receive wagering instructions from these customers. Wagers placed by customers are not allowed to exceed the amounts on deposit in their accounts.

We launched MagnaBet™ in Austria in September 2004, where its operations are located, in Germany in December 2004 and in Spain in April 2005. Wagering through a MagnaBet™ account is permitted only after MagnaBet™ has verified the account holder's identity, address and age and the account has been funded. MagnaBet™ account holders can wager on thoroughbred and harness races at Magna Racino™, on races at Krieau and Baden, Austrian standardbred racetracks, and internationally on over 100 North American thoroughbred and standardbred racetracks, 33 German thoroughbred and standardbred racetracks, 31 UK and 4 South American thoroughbred racetracks. The MagnaBet™ service provides up-to-the-minute racing information, including live odds and results, race program and past performance information, real-time audio and video streaming and an easy-to-use betting screen.

The primary source of revenue for MagnaBet™ is the takeout on the handle wagered by its customers through advance deposit accounts. The takeout revenue is reduced by host track fees, totalisator purse account funds, source market fees and other operating expenses. For the year ended December 31, 2007, total handle wagered through MagnaBet™ was approximately $9.8 million.

Television Distribution

We believe that broad television distribution will help increase future interest in the sport of horse racing and attract additional wagering customers. In order to accomplish this goal, we have entered into a number of television distribution initiatives.

HorseRacing TV™

HorseRacing TV™ is a television network focused on horse racing. HorseRacing TV™ carries horse racing from racetracks located throughout North America as well as commentary and related content, combined into a single signal produced by Santa Anita Park's award-winning television department. In January 2003, we launched HorseRacing TV™ on our first cable television system (Time Warner San Diego) and we have quickly grown the network's distribution to over 15 million cable and satellite subscribers nationally. HorseRacing TV™ has entered into a national distribution agreement with Dish Network™ (Echostar Communications Corp.) that makes HRTV™ available in all 50 U.S. states. Additionally, HorseRacing TV™ has entered into agreements with certain national/regional cable television operators, including Comcast, to make HorseRacing TV™ available via cable distribution in 18 states. HorseRacing TV™ is also available on RTN (see below).

On March 5, 2007, we announced that Churchill Downs had purchased a 50% interest in HorseRacing TV™ in connection with a series of customer-focused agreements with Churchill Downs. The sale of that 50% interest has resulted in operating costs savings, some of which have been reinvested to increase production values. The sale, coupled with the formation of TrackNet Media, has provided consumers with access to a wider variety of content. See "Our Business" and "Our Strategy — Further Developing Our In-Home Simulcasting and Wagering Services" for further details on the customer-focused agreements.

RTN

In 2002, we entered into an arrangement with Roberts Communications Network, Inc. and an affiliate of Greenwood Racing, Inc. to form RTN, a private U.S. direct-to-home satellite service that currently offers twenty channels dedicated to horse racing on a monthly subscription basis. We hold a minority interest in RTN, which is independently managed by Roberts Communications Network, Inc., and we are primarily a content provider to the service.

Other Television Distribution

From time to time, we seek exclusive and non-exclusive television distribution agreements with television networks and other distribution outlets to cover horse racing events from our tracks. In 2005 we came to an agreement with NBC to extend its live broadcast of the Preakness until 2010. NBC will also carry the Santa Anita Derby and Florida Derby on one of its networks through 2010. Additionally, HDNet has carried live and tape-delayed, high-definition television coverage of certain horse races from Lone Star Park at Grand Prairie and Santa Anita Park. We continue to seek new outlets for national television coverage of our horse racing content in order to promote the sport of horse racing and attract additional wagering customers to our racetracks and other wagering platforms. The NTRA also occasionally arranges for races at various of our racetracks to be broadcast on ESPN or ESPN2.

Magna 5 Pick 5™

In January 2004, we introduced a new Pick 5 wager, the Magna 5™, which offers a guaranteed $500,000 minimum pool every Saturday afternoon during selected periods each year. Sponsored by XpressBet®/HRTV™, the Magna 5™ features five races in the span of about one hour from premier tracks such as Santa Anita Park, Gulfstream Park, Golden Gate Fields and Laurel Park. While the Magna 5™ features races from our tracks, the national wager is offered at pari-mutuel outlets throughout the country. Over ten weeks, the Magna 5™ drew an average pool of $645,582, $547,687 and $567,835 in 2007, 2006 and 2005, respectively.

Sunshine Millions®

On January 25, 2003, we launched the Sunshine Millions®, a thoroughbred horse racing event which features California breds and Florida breds in head to head competition. The annual event, which is hosted by Santa Anita Park and Gulfstream Park, consists of eight races, four races at Santa Anita Park and four races at Gulfstream Park, with purses ranging from $250,000 to $1 million per race, for a total of $3.6 million in guaranteed purses.

Florida breds won seven out of eight races when they competed head to head against California breds during the sixth edition of the Sunshine Millions® held on January 26, 2008. This event was covered on ESPN2. Overnight ratings for the broadcast secured a 0.2 national rating. All sources of handle for Gulfstream Park and Santa Anita Park, together with on-site handle, topped $26.8 million for the 2008 edition of the Sunshine Millions®. Santa Anita reported that attendance on Saturday was 28,414, compared to 36,355 in 2006. Results for the 2008 edition of the Sunshine Millions ® were adversely impacted by inclement weather in California through most of January.

StreuFEX™

In 2002, we purchased FEX ÖKO Faserverarbeitungs-GMBH ("FOF"), an Austrian company that manufactures and sells StreuFex™, a horse bedding product made from straw that is ground and turned into pellets. With the purchase of FOF, we acquired a StreuFEX™ manufacturing plant in Neusied/Zaya, Austria. In 2003, we purchased approximately 80 acres of land in Lumberton, North Carolina on which we have built a StreuFEX™ manufacturing facility. The Lumberton facility commenced operations and we introduced StreuFex™ to the North American market in the first quarter of 2004. The Lumberton facility currently supplies both Gulfstream Park and Palm Meadows Training Center with horse bedding. In September 2007, FEX Straw Manufacturing Inc. ("FEX") entered into a technology license agreement with Premier Equine Products Pty Ltd. ("PEP"), under which FEX granted PEP an exclusive license to manufacture and sell StreuFEX™ horse bedding product in Australia, New Zealand, Hong Kong, Macau, Japan and Singapore for 20 years. Under the arrangement, FEX received a one-time up-front license fee and will receive ongoing royalty fees over the duration of the agreement based on the number of tons of StreuFEX™ manufactured by PEP. In the event that PEP enters into any sublicense agreement, FEX will further be entitled to a sublicense fee as well as similar annual product sales-based fees. PEP is an Australian company that specializes in the provision of feed and bedding solutions, and the associated products and services, to the equine industry.

Dixon Downs Development

For some time, we explored the possibility of the future development of a thoroughbred racetrack with an associated retail shopping and entertainment complex, on vacant land that we own in Dixon, California. The Dixon City Council approved the project in October 2006, but opponents gathered sufficient signatures on petitions to force an election in which Dixon residents voted on four measures aimed at overturning the City Council's various votes approving the project. In the April 17, 2007 election, Dixon voters overturned the four separate actions that were previously approved by the Dixon City Council allowing our proposed racetrack and mixed-use development. As a result, we have begun activities to sell the Dixon lands, including formally listing this 260 acre site for sale with a real estate broker.

Competition

We face numerous sources of competition. We compete with other racetracks for customers both with respect to attendance at our racetracks and in the simulcast wagering markets. We also compete with other racetracks for horses, jockeys and backstretch personnel. Certain of our competitors operate in jurisdictions which permit alternative gaming at racetracks, which enhances their ability to compete for horsemen by offering larger purses and attracts additional potential customers to their facilities. One of our competitors, Churchill Downs, has been in operation for a much longer period of time than we have and may have greater name recognition. We expect this competition from other racetracks to intensify as new gaming operators enter our markets and existing competitors expand their operations and consolidate management of multiple racetracks.

We also compete for customers with other sports, entertainment and gaming operators, including casinos and government-sponsored lotteries. We also compete with Internet and other account wagering gaming services that allow their customers to wager on a wide variety of sporting events and Las Vegas-style casino games from home, many of which are currently operating from off-shore locations in violation of U.S. law by accepting wagers from U.S. residents.

Gaming companies that operate on-line and offer internet-based wagering services often do not have the same level of overhead as we do as they do not have similar capital expenditure requirements, which often results in those companies being able to offer services at discount prices. In addition, while we are required to pay certain percentages of handle to local horsemen, state regulatory agencies and other possible entities in accordance with applicable U.S. federal and state law and horse industry regulations, off-shore on-line operators are often not required to pay such amounts to local horsemen, regulators or other entities, which means those operators are able to attract U.S. based customers by offering rebates traditional U.S. based operations, like ours, cannot afford to offer.

As we continue to develop our account wagering operations, including telephone, Internet and interactive television wagering, we expect our competition with other account wagering operators to also increase. In addition, our ability to conduct account wagering on races from racetracks that we do not own is dependent on our ability to enter into agreements with those racetracks whereby we obtain account wagering rights. Certain racetracks, including those currently operated by the New York Racing Association, have entered into contracts with other account wagering operators, granting such operators exclusive rights to accept certain types of account wagering on their races. We may not be able to obtain access, on terms that are acceptable to us, to racing content from racetracks not owned by us for our account wagering operations as a result of these exclusive arrangements or otherwise.

Government Regulation

Horse Racing

Horse racing is a highly regulated industry. In the United States, individual states control the operations of racetracks located within their respective jurisdictions with the intent of, among other things, protecting the public from unfair and illegal gambling practices, generating tax revenue, licensing racetracks and operators and preventing organized crime from being involved in the industry. Although the specific form may vary, states that regulate horse racing generally do so through a horse racing commission or other gambling regulatory authority. Regulatory authorities perform background checks on all racetrack owners prior to granting them the necessary operating licenses. Horse owners, trainers, jockeys, drivers, stewards, judges and backstretch personnel are also subject to licensing by governmental authorities. State regulation of horse races extends to virtually every aspect of racing and usually extends to details such as the presence and placement of specific race officials, including timers, placing judges, starters and patrol judges.

In the United States, interstate pari-mutuel wagering on horse racing is also subject to the federal Interstate Horseracing Act of 1978 and the federal Interstate Wire Act of 1961. As a result of these two statutes, racetracks can commingle wagers from different racetracks and wagering facilities and broadcast horse racing events to other licensed establishments.

We currently satisfy the applicable licensing requirements of the racing and gambling regulatory authorities in each state or province where we maintain racetracks and/or carry on business, including the California Horse Racing Board, the Florida Department of Business and Professional Regulation Division of Pari-Mutuel Wagering, the Texas Racing Commission, the Maryland Racing Commission, the Virginia Racing Commission, the Oklahoma Horse Racing Commission, the Ohio State Racing Commission, the Pennsylvania State Harness Racing Commission, the Pennsylvania Gaming Control Board, the Nevada Gaming Commission, the New Jersey Casino Control Commission, the Oregon Racing Commission and the Government of the Province of Lower Austria. Please see our discussion of our wholly-owned subsidiary, XpressBet, Inc., for a list of the jurisdictions where it is licensed or has received regulatory approval to conduct interstate account wagering. With respect to our racetracks, licenses to conduct live horse racing and to participate in simulcast wagering are required, and there is no assurance that these licenses will be granted, renewed or maintained in good standing, as applicable.

In California, the CHRB is responsible for regulating the form of wagering, the length and conduct of meets and the allocation and distribution of pari-mutuel wagers within the limits set by the California legislature. The CHRB has annually licensed one of our subsidiaries, Los Angeles Turf Club, Inc. as well as The Oak Tree Racing Association to conduct separate racing meets at Santa Anita Park. At present, the CHRB has not licensed other thoroughbred racetracks in Southern California to conduct racing during these meets. However, night quarter horse racing is conducted at Los Alamitos Race Course in Southern California during portions of these meets. The CHRB also annually licenses the operations of Golden Gate Fields in respect of the two racing meets that it conducts each year. As with the Southern California market, the CHRB has not licensed other thoroughbred racetracks in Northern California to conduct racing during these meets. The CHRB also has licensed XpressBet, Inc., as an out-of-state account wagering hub, to place wagers on behalf of California residents as described more fully below. Currently, there are two other licensees in California that are licensed to conduct account wagering in that state. Our financial condition and operating results could be materially adversely affected by legislative changes or action by the CHRB that would increase the number of competitive racing days, reduce the number of racing days available to us and The Oak Tree Racing Association, authorize other forms of wagering, grant additional licenses authorizing competitors to conduct account wagering, or remove or limit our authority to conduct account wagering in California as it is currently being conducted. In the first quarter of 2006, the CHRB passed a motion to require all California thoroughbred racetracks to install a synthetic racing surface, such as "Polytrack", "Tapeta Footings" or "Cushion Track", by the end of 2007 or face a loss of dates. We installed new synthetic racing surfaces at Santa Anita and Golden Gate Fields in 2007 at a cost of approximately $11.8 million and $8.8 million, respectively.

In Maryland, the Maryland Racing Commission approves annual licenses for racetracks to conduct thoroughbred and standardbred horse races with pari-mutuel wagering. However, Maryland's racing law effectively provides that except for Pimlico and Laurel Park, the Maryland Racing Commission may not issue thoroughbred racetrack licenses or thoroughbred race dates to any racetracks that have a circumference of at least one mile and are located within the Baltimore and Washington, D.C. markets. Other than a track located in Timonium, Maryland (a northern suburb of Baltimore), which has a racetrack circumference of less than one mile and which typically conducts an eight-day race meeting in connection with the Maryland State Fair, the Maryland Racing Commission has not approved a thoroughbred track license or thoroughbred race dates for any racetrack in either the Baltimore or Washington, D.C. markets.

In Florida, the Division of Pari-Mutuel Wagering considers applications for annual licenses for thoroughbred, standardbred and quarter horse meetings with pari-mutuel wagering. Due to a change in Florida tax laws in 2001, Florida racetracks are no longer prevented from applying for race days outside of their traditional racing season. While this revised tax structure has enabled Gulfstream Park to apply for and receive additional race days since 2002, the deregulation of the race day allocation process may, in the future, cause an overlap in racing seasons which could result in Gulfstream Park facing direct competition from other Miami-area racetracks. In early September 2007, the Florida Supreme Court issued a unanimous opinion that struck down a statute which prevented Gulfstream Park Racing & Casino from accepting wagers on daytime simulcast signals from other thoroughbred racetracks across the country. As a result of that decision, Gulfstream Park has been able to accept wagers on daytime simulcast signals since completing successful negotiations with other industry participants. The Florida Supreme Court opinion dismissed an appeal by the Division of Pari-Mutuel Wagering of a September 2005 appeal court ruling affirming a July 2004 trial court ruling in Gulfstream Park's favor. That trial court had ruled that Section 550.615(6) of the Florida Statutes, which prohibited simulcasting at Gulfstream Park while it was not running its meet, was unconstitutional. In connection with its appeal of the September 2005 appeal court ruling, the Division of Pari-Mutuel Wagering had sought and was granted a restrictive injunction that was lifted as a result of the September 2007 Florida Supreme Court opinion.

In Texas, the Texas Racing Commission issues licenses to conduct live racing with pari-mutuel wagering on thoroughbred, quarter horse and greyhound races. Once issued, a license can be suspended or revoked for a variety of reasons. Even with a license, a racetrack operator can conduct live racing only during the time periods authorized by the Texas Racing Commission. The Texas Racing Commission has not licensed any operator of a horse or greyhound racetrack in the Dallas area, other than Lone Star Park.

In Ohio, the Ohio State Racing Commission approves annual licenses for racetracks to conduct thoroughbred, standardbred and quarter horse races. The Ohio State Racing Commission has not licensed any other operators of thoroughbred racetracks in the Cleveland area to conduct racing during Thistledown's meets. However, the Ohio State Racing Commission has licensed an operator of a night harness racing track in the Cleveland area.

In Oklahoma, the Oklahoma Horse Racing Commission regulates all aspects of live thoroughbred and mixed breed (quarter horse, paint horse and appaloosa) horse racing with pari-mutuel wagering, as well as alternative gaming operations by licensed tracks, as will be discussed in more detail below. The Commission considers and approves annual licenses for thoroughbred and mixed breed race meetings. Currently, there are four racetracks in Oklahoma that are licensed to offer a live race meet with pari-mutuel wagering. Since it opened in 1988, Remington Park has been the only racetrack licensed to conduct live horse racing and pari-mutuel wagering in the Oklahoma City metropolitan area.

Prior to the closing in November 2007 of Great Lakes Downs in Muskegon, Michigan, we were subject to the jurisdiction of the Office of Racing Commissioner regarding the approval of annual licenses for thoroughbred, standardbred and mixed breed (quarter horse, paint horse, appaloosa and arabian) race meetings with pari-mutuel wagering. In connection with the cessation of operations at Great Lakes Downs in anticipation of the expected sale of the underlying land, and our decision to not proceed with building a new racetrack in Romulus, Michigan, we voluntarily relinquished both our racing license and our Michigan racetrack license in the latter half of 2007.

In Pennsylvania, the Pennsylvania State Harness Racing Commission approves annual licenses for standardbred racetracks, while the Pennsylvania State Horse Racing Commission approves annual licenses for thoroughbred racetracks. Neither the Pennsylvania State Harness Racing Commission nor the Pennsylvania State Horse Racing Commission has licensed any operators of horse racetracks, other than The Meadows, in the Pittsburgh area; however, on September 26, 2002, the Pennsylvania State Horse Racing Commission approved an application for a thoroughbred racing license for an operation to be located near Erie, Pennsylvania, which is approximately 100 miles from The Meadows. Presque Isle Downs commenced racing on September 1, 2007. In addition, on September 5, 2007, the Pennsylvania Harness Racing Commission approved an application for a standardbred racing license for an operation to be located in Lawrence County located approximately 60 miles from The Meadows and within eight miles of our New Castle off-track wagering facility. This new harness track is not expected to open before January 2010.

In Oregon, the Oregon Racing Commission approves annual licenses for horse and greyhound racetracks, and, as discussed below, multi-jurisdictional account wagering hubs. The Oregon Racing Commission has not licensed any operators of horse racetracks in the Portland area, other than Portland Meadows. The Oregon Racing Commission has, however, licensed five other account wagering operators who compete with XpressBet, Inc. for account wagering customers. In June 2007, the Oregon Racing Commission, under request of the Oregon Attorney General, temporarily suspended a rule permitting Instant Racing at Portland Meadows and began proceedings to repeal the Instant Racing Rules. Subsequently, we submitted an amended 2007/2008 race meet application that provided for reduced racetrack operations during the course of the dispute, as well as Instant Racing. In response to the Oregon Racing Commission's denial of the Instant Racing component of our application, we have proceeded with litigation challenging that denial. Upon evaluating the Instant Racing related developments and our investment in Portland Meadows, we decided to sell our interest in Portland Meadows. Notwithstanding the intended sale of our interest, which has not yet taken place, we proceeded with the Instant Racing related litigation. Although the Office of Administrative Hearings released a February 27, 2008 proposed order in our favor approving the Instant Racing wager at Portland Meadows, we are waiting for confirmation as to whether the Oregon Racing Commission will accept that recommendation.

In Austria, horse race meets are conducted at the Magna Racino™ by the Austrian Race Horse Owners Club under agreement with us. The Austrian Race Horse Owners Club conducts standardbred (harness) and thoroughbred horse race meets pursuant to licenses issued by the Direktorium des Jockeyclub für Österreich (thoroughbred) and the Zentrale für Traberzucht und Rennen in Österreich (standardbred harness). There is no limitation as to the number of racing days that can be conducted under these licenses. We have previously announced a cessation of racing for our own account at the Magna Racino™ at the close of the 2007 meet.

In addition to conducting live horse racing with pari-mutuel wagering at our various tracks in the United States, we conduct telephone and Internet account wagering through our subsidiary, XpressBet, Inc., and the entities that hold the licenses to conduct horseracing and pari-mutuel wagering at The Meadows. XpressBet, Inc. currently holds a license to serve as a multi-jurisdictional account wagering hub by the Oregon Racing Commission which expires June 30, 2008. The Oregon license enables XpressBet, Inc. to open accounts and accept wagering instructions on behalf of U.S citizens in respect of horse and dog races and to open accounts and accept wagering instructions on behalf of non-U.S. citizens in respect of horse races. XpressBet, Inc. also holds account wagering licenses issued by the California Horse Racing Board, the Idaho Racing Commission, the Virginia Racing Commission and the Washington Horse Racing Commission. XpressBet, Inc. also has received regulatory approvals from the Massachusetts Racing Commission and the Maryland Racing Commission to open accounts and place wagers on behalf of residents from those states. The two entities that conduct horseracing and pari-mutuel wagering at The Meadows are entitled to serve as a Pennsylvania-based account wagering hub by virtue of their annual licenses to conduct standardbred racing and pari-mutuel wagering. XpressBet, Inc. has an agreement with the entities that conduct horseracing and pari-mutuel wagering at The Meadows to provide account wagering services to those entities' account holders and to conduct their respective account wagering operations under the brand XpressBet®. In accordance with its multi-jurisdictional hub license from Oregon and, to the extent applicable, state-based requirements imposed by states where it is licensed or otherwise approved, XpressBet, Inc. opens wagering accounts on behalf of residents from various states and countries and processes wagering instructions from those account holders in respect of races conducted throughout the United States and in other countries.

Laws governing account wagering in the United States vary from state to state. Currently, approximately seventeen states have expressly authorized some form of account wagering by their residents. A smaller number of states have expressly prohibited pari-mutuel wagering and/or account wagering. The remaining states have authorized pari-mutuel wagering but have neither expressly authorized nor expressly prohibited their residents from placing wagers through account wagering hubs located in different states. We believe that the amendment to the Federal Interstate Horseracing Act of 1978, described above, clarified that an account wagering operation may open accounts on behalf of and accept wagering instructions from residents of states where pari-mutuel wagering is legal and where providing wagering instructions to account wagering operators located in other states is not expressly prohibited by statute, regulation or other government restrictions. Although our account wagering operations are conducted in accordance with what we believe is a valid interpretation of applicable state and federal law, certain state attorneys general, district attorneys and other law enforcement officials have expressed concern over the legality of interstate account wagering. The amendment to the federal Interstate Horseracing Act of 1978 may not be interpreted similarly by all interested parties, and there may be challenges to our account wagering activities or those of other account wagering operations by both state and federal law enforcement authorities, which could have a material adverse effect on our business, financial conditions, operating results and prospects.

On September 30, 2006, President George W. Bush signed into law the Unlawful Internet Gambling Enforcement Act, which prohibits the use of credit cards, checks, electronic funds transfers and certain other funding methods for most forms of Internet gambling. The new law contains an exemption for pari-mutuel wagers placed pursuant to the Federal Interstate Horseracing Act. It is unclear, however, whether and to what extent we will be able to utilize this exemption in respect to all of our account wagering operations as they are currently being conducted. The U.S. Treasury Department, in consultation with the U.S. Federal Reserve Board and the U.S. Department of Justice, has released proposed regulations which could potentially benefit all or a portion of our account wagering operations though it is currently uncertain if the proposed regulations will become final in the form as released.

In addition to placing account wagers on behalf of U.S. residents, we also place wagers on behalf of account holders who reside in countries other than the United States. In the case of foreign-based account wagers, they are placed either directly or indirectly through our Oregon-licensed XpressBet, Inc. subsidiary. Regardless of which entity processes a wager, we comply with the regulatory requirements imposed by each of the jurisdictions that have licensed us to accept wagers from non-U.S. residents. The laws regarding account wagering by residents of countries other than the United States vary from country to country, and we seek to understand and comply with those laws to the greatest extent possible. As with any issue that turns on the interpretation of legal requirements, it is possible that law enforcement authorities from these foreign jurisdictions may disagree with our interpretation of their laws in respect of account wagering and seek to challenge our ability to place account wagers on behalf of their residents. In certain cases, such challenges could have a material adverse effect on our business, financial conditions, operating results and prospects, including the licenses we hold to conduct horse racing and pari-mutuel wagering (including account wagering) in the U.S.

Alternative Gaming

Pennsylvania

In Pennsylvania, the Pennsylvania State Harness Racing Commission approves annual licenses for standardbred racetracks, while the Pennsylvania State Horse Racing Commission approves annual licenses for thoroughbred racetracks. Neither the Pennsylvania State Harness Racing Commission nor the Pennsylvania State Horse Racing Commission has licensed any operators of horse racetracks, other than The Meadows, which we currently manage, in the Pittsburgh area; however, on September 26, 2002, the Pennsylvania State Horse Racing Commission approved an application for a thoroughbred racing license for an operation to be located near Erie, Pennsylvania, which is approximately 100 miles from The Meadows. Presque Isle Downs commenced racing on September 1, 2007. In addition, on September 5, 2007, the Pennsylvania harness Racing Commission approved an application for a standardbred racing license for an operation to be located in Lawrence County located approximately 60 miles from The Meadows and within eight miles of our New Castle off-track wagering facility. This new harness track is not expected to open before January 2010.

Oklahoma

Under legislation approved by the citizens of the State of Oklahoma in a referendum held on November 2, 2004, Remington Park, our Oklahoma City racetrack, was permitted to operate 650 electronic gaming machines, subject to increases of an additional 50 machines in each of the third and fifth years after the issuance of the applicable license. The Oklahoma Horse Racing Commission was empowered under the legislation to oversee licensees' licenses and operations. The Commission promulgated temporary regulations regarding the licensure of electronic gaming operators and the operation of the electronic gaming machines, and subsequently adopted permanent regulations on June 25, 2006. On August 11, 2005, we received our license to operate 650 electronic gaming machines in 2005 and we opened for business on November 21, 2005.

On November 15, 2006, we received our 2008 gaming license. On January 1, 2008, we were permitted to operate an additional 50 machines. As a result of an amendment to the Rules for Racetrack Gaming on March 23, 2006, as adopted by Governor Henry on June 25, 2006, the definition of the types of authorized games was expanded to include "Compact Electronic Game". A Compact Electronic Game means a gaming machine allowed to be used under Oklahoma laws by a federally recognized Indian tribe in Oklahoma. Pursuant to certain compacts entered into in February 2006, Class III games are accordingly permitted at Remington Park, and the facility is gradually switching from Class II games to Class III games.

Florida

On November 2, 2004, Amendment 4 to the Florida State Constitution was approved, permitting the governing bodies of Broward and Miami-Dade counties to each hold a county-wide referendum on whether to authorize slot machines within existing, licensed pari-mutuel facilities that have conducted live racing during each of the last two years. On March 9, 2005, voters in Broward County, where Gulfstream Park is located, approved the referendum by a majority vote. Subsequently, on December 8, 2005, the state legislature adopted legislation to allow for and govern the slot machine operators of Gulfstream Park and the three other qualifying Broward County pari-mutuel facilities. This legislation, Florida Statutes Chapter 551, permitted Gulfstream Park and the three other pari-mutuel facilities in Broward County to operate up to 1,500 slot machines at each of their gaming facilities. On July 1, 2007, two pieces of legislation became effective, which have benefited the operations at Gulfstream Park. First, Florida House Bill 1047 clarifies a number of provisions in the Florida Slot Machine Act with respect to the on-site availability of automated teller machines, check cashing services and hours of operations and increases the number of permitted slot machines. The second piece of legislation is SB 752, which is related to card rooms and addresses hours of operations, bet limits, prizes and jackpot payouts, and the types of permitted card games. As a result of SB 752 the Gulfstream Park card room may be open year-round instead of just on live pari-mutuel days, bet limits can be $5, instead of $2, prizes and jackpots can be paid to players and $100 buy-in games of no-limit Texas Hold'em are permitted. The slot machine nonrefundable, annual license fee is $3.0 million and there is a required $250,000 annual minimum contributions to responsible gaming. As a result of the July 2007 legislation, we are permitted to offer gaming for a maximum of 18 hours per day, 24 hours per day on Saturdays, Sundays and state holidays. The tax payable to the state is 50% of Gulfstream Park's gross gaming revenues. In addition, under the legislation, we are required to have written agreements with the Florida Horsemen's Benevolent and Protective Associations and the Florida Thoroughbred Breeders' Association, Inc. prior to the renewal of a gaming license. We currently have agreements with each of these parties. We have entered into an agreement with Broward County, identical in principal terms to agreements entered into by the three other pari-mutuel facilities in that County, that contains, among other things, provision for payment to the County of 1.5% of gross terminal revenues up to a level of $250.0 million of gross terminal revenues and 2.0% on gross terminal revenues in excess of $250.0 million. This agreement also provides for further payments of an additional 1.7% on the first $250 million of gross gaming revenues and 2.5% on gross terminal revenues in excess of $250.0 million to go into escrow or account for the relevant city, until Gulfstream Park reaches agreement with the city thereby replacing the escrow.

The Legislation required the Division of Pari-Mutuel Wagering to promulgate regulations regarding the licensure and regulation of slot machine operators at the four qualifying pari-mutuel facilities in Broward County. The Division of Pari-Mutuel Wagering adopted rules on June 25, 2006. On October 13, 2006, we received a license to conduct slot machine gaming at Gulfstream Park. On November 16, 2006, we opened the Gulfstream Park Racing & Casino slots facility with 516 slot machines and, after completing improvements to the facilities now offer 875 machines. We received a renewal of our gaming license on September 14, 2007.

Austria

Austrian law permits Glucks — und Unterhaltungsspiel Ebreichsdorf Betriebsges.m.bH, a division of Casinos Austria AG, to operate video lottery terminals at the Magna Racino™ under license and pursuant to the Games of Chance Act (Austria).

Our Real Estate Portfolio

As of December 31, 2007, the aggregate net book values of our real estate properties are as follows:

	($ millions)
Revenue-Producing Racing Real Estate	655.8
Excess Racing Real Estate	87.1
Revenue-Producing Non-Racing Real Estate	8.5
Total	751.4

Included in our Excess Racing Real Estate is land adjacent to several of our racetracks, Santa Anita Park, Gulfstream Park, Lone Star Park at Grand Prairie, Laurel Park (in respect of which we disposed of a portion of the excess land, a 64 acre parcel in February 2007), Pimlico Race Course and Magna Racino™. We are considering a variety of options with respect to this excess land, including entertainment and retail-based developments that could be undertaken in conjunction with business partners who might provide the necessary financing.

Our Revenue-Producing Non-Racing Real Estate includes our European residential development.

Environmental Matters

We are subject to a wide range of requirements under environmental laws and regulations relating to wastewater discharge, waste management and storage of hazardous substances. Those requirements include United States Environmental Protection Agency and state regulations that address the impacts of manure and wastewater generated by concentrated animal feeding operations ("CAFO") on water quality, including, but not limited to, storm water discharges. CAFO regulations include permit requirements and water quality discharge standards. Enforcement of CAFO regulations has been receiving increased governmental attention. Compliance with these and other environmental laws and regulations can, in some circumstances, require significant capital expenditures. Moreover, violations can result in significant penalties and, in some cases, interruption or cessation of operations. Historically, environmental laws and regulations have not had a material adverse effect on our financial condition and operating results.

The California Regional Water Quality Control Board (the "California Water Quality Board") requires that Santa Anita Park apply for, and keep in force, a wastewater discharge permit which governs and regulates the amount of contaminated water that may be discharged into the storm drain and the water table as a result of maintenance of the horse population on site. With the issuance of the permit, there are certain compliance efforts that the California Water Quality Board has requested that management address over the five-year permit period. The California Water Quality Board has not given deadlines for immediate compliance nor is our current permit at risk for non-compliance. Citations are not expected unless Santa Anita Park does not make an effort to comply. Upon receipt of the permit, we commenced discussions with the California Water Quality Board regarding the nature of the compliance requests and commenced the planning process as to how the Company would address these requirements over the next five years. It is our expectation that a number of these requirements are being addressed through planned capital projects, including the Summer 2007 installation of the polytrack a new, synthetic racing surface and the anticipated rebuild of barns on the backside over the next several years. Given the fact that a number of these remediation requirements would be better addressed through capital projects rather than merely a repair or fix of existing facilities, the ultimate cost of remediation will be impacted by the decision on how to best address the remediation requirements.

While we have environmental permits for many of our racetracks and other business operations and are taking steps to comply with them and other applicable environmental legal requirements, we cannot be certain that we have all required environmental permits or are otherwise in compliance with all applicable environmental requirements. Where we determine that an environmental permit or other remediation or compliance programs are required of existing or acquired racetracks and other business operations, we intend to seek the necessary approvals, which may require us to make significant capital expenditures. Also, changes in governmental laws and regulations are ongoing, as evidenced by changes to the CAFO regulations that make environmental compliance increasingly expensive. In addition to environmental requirements that regulate our operations, various environmental laws and regulations in the United States, Canada and Europe impose liability on us as a current or previous owner and manager of real property, for the cost of maintenance, removal and remediation of hazardous materials released or deposited on or in properties now or previously managed by us or disposed of in other locations. We have adopted a health and safety and environmental policy, pursuant to which we are committed to ensuring that a systematic review program is implemented and measured for each of our operations with a goal of continued improvement in health and safety and environmental matters. We believe that environmental legal requirements will not have a material adverse impact on our business, although there can be no assurance of that.

Employees

As of December 31, 2007, we employed approximately 5,300 employees, approximately 3,000 of whom were represented by unions. Due to the seasonal nature of the live horse racing industry, the number of our seasonal and part-time employees will vary considerably throughout the year.

Since our inception, we have not had a work stoppage. We consider our relations with our employees to be good. We also believe that our future success will depend in part on our continued ability to attract, integrate, retain and motivate highly-qualified professional, technical and managerial personnel, and upon the continued service of our senior management.

Item 1A. Risk Factors

The most significant risks and uncertainties we face are described below, but other risks and uncertainties that are not known to us or that we currently believe are not material or are similar to those faced by other companies in our industry may also have a material adverse effect on our business, financial condition, operating results or prospects.

If any of the following risks, or any of the risks described in the other documents we file with the SEC and Canadian securities regulatory authorities, actually occur or increase, our business, financial condition, operating results and prospects could be materially adversely affected. In that case, the trading price of the shares of our Class A Subordinate Voting Stock could decline substantially and investors may lose all or part of the value of the shares of our Class A Subordinate Voting Stock held by them.

Risks Regarding Our Company

We currently have a number of debt obligations that we will be unable to meet unless we can extend or restructure existing facilities or raise capital from other sources, neither of which is assured. If we are unsuccessful in negotiations with our existing lenders, we may have to seek protection from our creditors, be unable to continue as a going concern and/or our stock may become illiquid or worthless.

At December 31, 2007, we had $209.4 million of debt that matures in 2008, including amounts under our $40.0 million senior secured revolving credit facility with a Canadian financial institution which is scheduled to mature on March 31, 2008, our Bridge Loan of up to $80.0 million with a subsidiary of MID, which is scheduled to mature on May 31, 2008 and our obligation to repay $100.0 million of indebtedness under the Gulfstream Park project financing with a subsidiary of MID, which is due by May 31, 2008. In the event we are unable to extend or restructure such facilities, we will not have sufficient cash to meet the obligations under these facilities unless we are able to raise capital from other sources in the short term, including as a result of (i) asset sales under the Plan, (ii) additional financing arrangements or (iii) operations, none of which are assured. If we are unable to repay our obligations when due, other current and long-term debt will also become due on demand as a result of cross-default provisions within loan agreements, unless we are able to obtain waivers or extensions. As a result, we could be required to liquidate assets in the fastest manner possible to raise funds, seek protection from our creditors in one or more ways or be unable to continue as a going concern, any of which will have a material adverse effect on our business and operations.

There is no assurance that we will be able to complete asset sales or undertake strategic transactions as contemplated under our debt elimination plan announced in September 2007 at acceptable prices or as quickly as originally contemplated.

The Plan was designed to eliminate net debt by December 31, 2008 by generating funding from the sale of assets, entering into strategic transactions involving certain of the Company's racing, gaming and technology operations, and a possible future equity issuance. To date, we have not yet closed any significant transactions under the Plan and have not entered into any strategic transactions. Although the Company continues to implement the Plan, weakness in the U.S. real estate and credit markets has adversely affected our ability to execute the Plan as market demand for our assets has been weaker than expected and financing for buyers has become more difficult to obtain. We cannot predict when these market conditions may improve. Any failure or delay in implementation of the Plan will adversely affect our ability to meet upcoming debt maturities, satisfy operational requirements or continue as a going concern.

Although our financial statements have been prepared on a going concern basis, there can be no assurance that we will be able to continue as a going concern.

Although our financial statements since March 31, 2006 have been prepared on a going concern basis (which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future) there is substantial doubt as to our ability to continue as a going concern as a result of our recurring losses from operations, working capital deficiency and accumulated deficit as at December 31, 2007. Our financial statements do not give effect to any adjustments which would be necessary should MEC be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in our financial statements. Our ability to continue as a going concern is dependent on our generating cash flows that are adequate to sustain the operations of our business, renewing, extending, restructuring or refinancing current financing arrangements and meeting our obligations with respect to secured and unsecured creditors, none of which is assured. If the Company is unable to repay its obligations when due, other current and long-term debt will also become due on demand as a result of cross-default provisions within loan agreements, unless the Company is able to obtain waivers or extensions. As a result, the Company will likely need to seek additional funds in the short-term from one or more possible sources. The availability of such additional funds is not assured and, if available, the terms thereof are not determinable at this time.

As a result of our financial condition, our Board of Directors has a duty to creditors that may adversely affect the interests of our shareholders.

Because of our financial condition, our Board of Directors has a duty to our creditors that may affect the interests of our shareholders. When a Delaware corporation is operating in the vicinity of insolvency, the Delaware courts have imposed upon the corporation's directors a fiduciary duty to the corporation's creditors. Our Board of Directors may be required to make decisions that consider the interests of creditors at the expense of our stockholders to fulfill its fiduciary duty. For instance, we may be required to preserve our assets to maximize the repayment of debts versus employing the assets to further grow our business and increase shareholder value.

We have a history of net losses; we anticipate additional losses and may never become profitable.

We have incurred net losses in each fiscal year since the year ended December 31, 2002. For our fiscal year ended December 31, 2007, we incurred a net loss of $113.8 million. As of December 31, 2007, our accumulated deficit was $510.1 million. We expect to continue to incur additional operating losses in the future and there is no assurance that we will be profitable in any future period.

We expect that during 2008 we will require additional financing to fund our current planned operations and the implementation of our strategic plan, but we may not be able to obtain such financing on satisfactory terms, if at all.

We expect that during 2008, we will be required to seek additional financing in order to fund our operations and the implementation of our strategic plan, including capitalizing on future growth opportunities. If additional financing or other sources of funds are not available to us as needed, or are not available on terms that are acceptable to us, our ability to continue as a going concern, to add alternative gaming to our racetracks where permitted or to improve or expand our operations as planned may be adversely affected.

We have already entered into numerous financing arrangements secured by significant portions of our assets, which would limit our ability to provide security for new loans. Please see "Management's Discussion and Analysis of Results of Operations and Financial Position — Working Capital, Cash and Other Resources" and "Financial Statements and Supplementary Data".

Following the expiry of our existing financing arrangements, there can be no assurance that the amounts, terms and conditions involved in the renewal or extension of our existing financing arrangements will be favourable, or that we will be able to renew or extend any of these financing arrangements at all. In particular, our controlling shareholder, MID, has entered into financing arrangements with us in the past and there is no assurance that such arrangements will be continued or extended on favorable terms in the future. If we are unable to renew or extend our financing arrangements when due, on favourable terms, or at all, our business, operations and financial condition may be materially adversely affected.

Our senior secured revolving credit facility imposes significant restrictions on us.

Our senior secured revolving credit facility, which matures on March 31, 2008, requires us to maintain aggregate earnings before interest, taxes, depreciation and amortization from operations at Santa Anita Park and Golden Gate Fields, calculated on a rolling 12 month basis of not less than $15.0 million. This revolving credit facility is secured by a first charge on the assets of Golden Gate Fields and a second charge on the assets of Santa Anita Park and is guaranteed by certain of our subsidiaries which own and operate Golden Gate Fields and Santa Anita Park. The credit agreement contains customary covenants relating to our ability to incur additional indebtedness, make future acquisitions, enter into certain related party transactions, consummate asset dispositions, incur capital expenditures and make restricted payments. These restrictions may limit our ability to expand, pursue our business strategies and obtain additional funds. Our ability to meet these financial covenants may be adversely affected by a deterioration in business conditions or our results of operations, adverse regulatory developments and other events beyond our control. At September 30, 2007, we were not in compliance with one of the financial covenants contained in the credit agreement. A waiver was obtained from the lender for the financial covenant breach at September 30, 2007. At December 31, 2007, we were in compliance with the financial covenant. Failure to comply with these restrictions may result in the occurrence of an event of default under the senior, revolving credit facility and trigger a cross-default under certain of our other credit facilities. Upon the occurrence of an event of default, the lender may terminate the senior secured revolving credit facility, demand immediate payment of all amounts borrowed by us and require adequate security or collateral for all outstanding letters of credit outstanding under the facility, which could adversely affect our ability to repay our debt securities and would adversely affect the trading price of our Class A Subordinate Voting Stock.

Repayments under our Gulfstream Park project financings and Remington Park project financings impose limitations on the amount of funds available to grow those businesses.

Each of our Gulfstream Park project financing, which matures in 2016, and Remington Park project financing, which matures in 2015, require payment of principal and interest. These payments limit the amount of funds available to invest back into these properties. In addition, each of these loans provide that certain cash from the respective operations of Gulfstream Park and Remington Park must be used to pay deferred interest on the loans. This requirement will further limit the funds available to service our debt obligations and operational requirements.

Our business is heavily concentrated at certain of our racetracks.

Six of our racetracks, Santa Anita Park, Laurel Park, Pimlico Race Course, Gulfstream Park, Lone Star Park and Golden Gate Fields accounted for approximately 79.2% of our revenue from continuing operations for the year ended December 31, 2007. If a business interruption were to occur and continue for a significant length of time at any of these racetracks, it could adversely affect our operating results. Additionally, certain of our other racetrack properties have experienced operating losses before interest, income taxes, depreciation and amortization over the past three years. The operating performance of these racetracks may not improve in the future.

We are controlled by MID and therefore MID is able to prevent any takeover of us by a third party.

MID owns all our outstanding Class B Stock, which is entitled to 20 votes per share, and approximately 4.36 million shares of our Class A Stock, and therefore is able to exercise approximately 96% of the total voting power of our outstanding stock. It is therefore able to elect all our directors and to control us. As a result, MID is able to cause or prevent a change in our control.

Our relationship with MID is not at "arm's length", and therefore MID may influence us to make decisions that are not in the best interests of our other stockholders.

Our relationship with MID is not at "arm's length". In addition to the ownership of our stock as described in the preceding risk factor (and in the risks described below in " — Risks Relating to Our Securities"), sales or a spin-off or other distribution of our Class A Subordinate Voting Stock by MID or by certain of our other significant stockholders under our registration statements could depress our stock price. Our Chairman and Interim Chief Executive Officer is also the Chairman of MID's board of directors. In some cases, the interests of MID may not be the same as those of our other stockholders, and conflicts of interest may arise from time to time that may be resolved in a manner detrimental to us or our minority stockholders. MID is able to cause us to effect certain corporate transactions without the consent of the holders of our Class A Subordinate Voting Stock, subject to applicable law and the fiduciary duties of our directors and officers. Consequently, transactions effected between us and MID may not be on the same terms as could be obtained from independent parties, resulting in the possibility of our minority stockholders' interests being compromised.

We may not be able to attract or retain the personnel necessary to achieve our business objectives.

Our future success depends in part on our continued ability to hire, assimilate in a timely manner and retain qualified personnel. Since June 22, 2007 we have had an Interim Chief Executive Officer and, as of yet, have not been able to retain a permanent appointee. Our most recent permanent Chief Executive Office appointee stepped down after holding the position for approximately four months. The loss of key managers could have a material adverse effect on our business, results of operations and financial condition.

Although a prospectus supplement related to a given offering of securities may describe the proposed use of proceeds of such offering, our management may have broad discretion over the use of proceeds from any offering of securities described in such prospectus supplement, and may spend the proceeds in ways with which shareholders do not agree.

Our management may retain broad discretion as to the use of proceeds from any offering of securities described in any prospectus or any prospectus supplement. Accordingly, shareholders may not have an opportunity to evaluate the specific uses of those proceeds and shareholders may not agree with those uses. Our failure to use the proceeds effectively could have an adverse effect on our business, financial condition, operating results and prospects.

We are exposed to currency exchange rate fluctuations which could aversely affect our profitability as reported in U.S. Dollars.

Our business outside the United States is generally transacted in currencies other than U.S. dollars. Fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our operating results. Moreover, fluctuations in the U.S. dollar relative to currencies in which earnings are generated outside the United States could result in a reduction in our profitability as reported in U.S. dollars.

Risks Relating to Our Wagering and Gaming Operations

The passage of legislation permitting alternative gaming at racetracks, such as slot machines, video lottery terminals and other forms of non-pari-mutuel gaming, can be a long and uncertain process. A decision to prohibit, delay or remove alternative gaming rights at racetracks by the government or the citizens of a state, or other jurisdiction, in which we own or operate a racetrack, could adversely affect our business or prospects.

Three jurisdictions currently allow alternative gaming to be conducted at racetracks or other facilities owned and/or operated by MEC: Florida, Oklahoma and Pennsylvania, and one jurisdiction, Oregon, permits a limited number of video lottery terminal machines to be operated at our racetrack and our network of off-track betting centers, as well as bars and taverns located throughout the state. We are pursuing legislation similar to that which exists in Florida, Oklahoma, and Pennsylvania in other U.S. states where certain of our racetracks are located. There can be no assurance, however, that alternative gaming at racetracks will become permitted in those states.

In the event that alternative gaming legislation is enacted in additional jurisdictions, there can be no certainty as to the terms of such legislation or regulations, including the timetable for commencement, the conditions and feasibility of operation and whether alternative gaming rights are to be limited to racetracks. If we proceed to conduct alternative gaming at any of our racetracks, there may be significant costs and other resources to be expended, and there will be significant risks involved, including the risk of changes in the enabling legislation, that may have a material adverse effect on the relevant racetrack's operations and profitability.

The regulatory risks and uncertainties that are inherent in the conduct of alternative gaming also apply in other jurisdictions outside the United States. The Magna Racino™, located approximately 20 miles south of Vienna, Austria, serves as landlord to video lottery terminal operations conducted by a licensed casino operator. Under that arrangement, the racetrack retains 50% of the gross profit (excluding certain costs). This arrangement has an indefinite term (with a minimum five year term ending in September 2009) and is terminable by either party on 12 months prior notice. There can be no assurance as to how long this arrangement will continue, and if it does, whether the terms will remain the same.

A decline in the popularity of horse racing could adversely impact our business.

The continued popularity of horse racing is important to our growth plans and our operating results. Our business plan anticipates our attracting new customers to our racetracks, off-track betting facilities and account wagering operations. Even if we are successful in making acquisitions and expanding and improving our current operations, we may not be able to attract a sufficient number of new customers to achieve our business plan.

Public tastes are unpredictable and subject to change. Any decline in interest in horse racing or any change in public tastes may adversely affect our revenues and, therefore, our operating results.

Declining on-track attendance and increasing competition in simulcasting may materially adversely affect our operating results.

There has been a general decline in the number of people attending and wagering at live horse races at North American racetracks due to a number of factors, including increased competition from other forms of gaming, unwillingness of customers to travel a significant distance to racetracks and the increasing availability of off-track and account wagering. The declining attendance at live horse racing events has prompted racetracks to rely increasingly on revenues from inter-track, off-track and account wagering markets. The industry-wide focus on inter-track, off-track and account wagering markets has increased competition among racetracks for outlets to simulcast their live races. A continued decrease in attendance at live events and in on-track wagering, as well as increased competition in the inter-track, off-track and account wagering markets, could lead to a decrease in the amount wagered at our facilities and on races conducted at our racetracks and may materially adversely affect our business, financial condition, operating results and prospects.

Gaming companies that operate on-line and offer internet-based wagering services may materially adversely affect our operating results.

Gaming companies that operate on-line and offer internet-based wagering services often do not have the same level of overhead as we do as they do not have similar capital expenditure requirements, which often results in those companies being able to offer services at discount prices. In addition, unlike traditional operations, like ours, these off-shore online operators often do not pay certain percentages of handle to local horsemen, state regulatory agencies and other possible entities in accordance with applicable U.S. federal and state law and horse industry regulations, which means those operators are able to attract U.S. based customers that might otherwise use our services by offering rebates we cannot afford to offer.

Our strategy of increasing international distribution of North American horse racing may not be successful.

We believe that there is a demand for North American horse racing in the international market, but we may not be correct in our belief. Our plan to distribute our content internationally has not been successfully carried out by any other company to date. We are spending financial capital and deploying human capital in an effort to capture the international market. If we are not successful, it may have a material adverse effect on our ability to meet any future revenue expectations and, therefore, our operating results.

Both our pari-mutuel gaming and alternative gaming activities at racetracks are dependent on governmental regulation and approvals. Amendments to such regulation or the failure to obtain such approvals could adversely affect our business.

All our pari-mutuel wagering and alternative gaming operations at racetracks are contingent upon the continued governmental approval of these operations as forms of legalized gaming. All our current gaming operations are subject to extensive governmental regulation and could be subjected at any time to additional or more restrictive regulation, or banned entirely.

We may be unable to obtain, maintain or renew all governmental licenses, registrations, permits and approvals necessary for the operation of our pari-mutuel wagering and other gaming facilities. Licenses to conduct live horse racing and wagering, simulcast wagering and alternative gaming at racetracks must be obtained from each jurisdiction's regulatory authority, in many cases annually. In addition, licenses or approvals to conduct account wagering must be obtained in certain jurisdictions in which our account wagering customers reside, in many cases annually. The denial, loss or non-renewal of any of our licenses, registrations, permits or approvals may materially limit the number of races we conduct or the form or types of pari-mutuel wagering and other gaming activities we offer, and could have a material adverse effect on our business. In addition, we currently devote significant financial and management resources to complying with the various governmental regulations to which our operations are subject. Any significant increase in governmental regulation would increase the amount of our resources devoted to governmental compliance, could substantially restrict our business, and could materially adversely affect our operating results.

If the court challenge to a November 14, 2007 agreement between the State of Florida and the Seminole Tribe of Florida is unsuccessful, the casino at Gulfstream Park will be forced to compete with an entity that does not have a similar tax burden and, therefore, will likely have significant resources to apply to marketing and other efforts.

On November 28, 2007, we sought and were granted amicus curiae status in a suit filed by the House of Representatives and Speaker Marco Rubio against the Governor of the State of Florida, Charlie Crist, relating to the approval of tribal compacts. The Florida Supreme Court heard arguments on January 30, 2008 and judgment is currently pending.

Any future expansion of our pari-mutuel and gaming operations will likely require us to obtain additional governmental approvals or, in some cases, amendments to current laws governing such activities.

The high degree of regulation in the pari-mutuel and gaming industry is a significant obstacle to our growth strategy, especially with respect to alternative gaming at racetracks and account wagering, including telephone, interactive television and Internet-based wagering. Currently, non-pari-mutuel gaming is only offered at three U.S. racetracks we own, Remington Park, Gulfstream Park and Portland Meadows, at which we offer a limited number of video lottery terminal machines. Non-pari-mutuel gaming is also offered at The Meadows, a U.S. racetrack that we operate.

Account wagering in the United States may currently be conducted only through hubs or bases located in certain states. Our expansion opportunities with respect to account wagering will be limited unless more states amend their laws to permit account wagering or, in the alternative, if states take action to make such activities unlawful. In addition, the licensing and legislative amendment processes can be both lengthy and costly, and we may not be successful in obtaining required legislation, licenses, registrations, permits and approvals.

In the past, certain state attorneys general, district attorneys and other law enforcement officials have expressed concern over the legality of interstate account wagering. In December 2000, legislation was enacted in the United States that amends the Interstate Horseracing Act of 1978. We believe that this amendment clarifies that inter-track simulcasting, off-track betting and account wagering, as currently conducted by the U.S. horse racing industry, are authorized under U.S. federal law. The amendment may not be interpreted in this manner by all concerned, however, and there may be challenges to these activities by both state and federal law enforcement authorities, which could have a material adverse impact on our business, financial condition, operating results and prospects.

On September 30, 2006, President George W. Bush signed into law the Unlawful Internet Gambling Enforcement Act, which prohibits the use of credit cards, checks, electronic funds transfers and certain other funding methods for most forms of Internet gambling. The new law contains an exemption which, at the very least, permits such funding for pari-mutuel account wagering conducted in compliance with the Interstate Horseracing Act. It is unclear at this time, however, how U.S. law enforcement authorities, including the U.S. Department of Justice, will interpret the application of this new law. Furthermore, as required by the Unlawful Internet Gambling Enforcement Act, the U.S. Treasury Department, in consultation with the U.S. Federal Reserve Board and the U.S. Department of Justice, released proposed regulations. See "Government Regulation — Horse Racing". As it is currently unclear whether or to what extent the proposed regulations may be amended prior to becoming final, it is uncertain if the regulations or interpretations by U.S. Federal law enforcement authorities will benefit our account wagering operations or require us to curtail our account wagering operations. If our operations need to be curtailed we may suffer a materially adverse impact on our account wagering business which, in turn could have a materially adverse impact on our business, financial condition, operating results and financial performance. Since the passage of the federal Unlawful Internet Gambling Enforcement Act in the United States, it is unclear just how federal and/or state prosecutors will address wagers that involve parties from outside the United States. If this new act is interpreted as prohibiting international wagers, it will have a material adverse effect on our business, financial condition, operating results and financial performance.

Even before the passage of the Unlawful Internet Gambling Enforcement Act, certain financial institutions began blocking the use of credit cards issued by them for Internet gambling, either voluntarily or as part of a settlement with the office of the Attorney General for New York. Legislation or actions of this nature, if enacted or implemented without providing for a meaningful exception to allow account wagering to be conducted as it is currently being conducted by the U.S. horse racing industry, could inhibit account wagering by restricting or prohibiting its use altogether or, at a minimum, by restricting or prohibiting the use of credit cards and other commonly used financial instruments to fund wagering accounts. If enacted or implemented, these or any other forms of legislation or practices restricting account wagering could cause our business and its growth to suffer.

The U.S. Federal Government's response to a recent ruling by the World Trade Organization on the U.S.'s Internet gambling policy could adversely affect our financial performance.

In the spring of 2005, the World Trade Organization Appellate Body ruled that a claim from the island country of Antigua regarding U.S. Federal policy on international gambling may have merit due to an apparent inconsistency in how the U.S. treats interstate pari-mutuel wagers under the Interstate Horseracing Act and all other sports wagers, both on an interstate and international basis. The WTO Appellate Body ruled that the Interstate Horseracing Act raised questions regarding whether the U.S. has taken a consistently negative position regarding Internet wagering across state and international boundaries. As a part of its ruling, the WTO Appellate Body ordered the U.S. to clarify its position on interstate pari-mutuel wagering on or before April 3, 2006. The Federal government elected to file no response, preferring to rely, instead on its historical position that interstate account wagering violates the U.S. Federal Wire Act. The U.S. has subsequently pursued eliminating gambling from the list of permitted services that are among the permitted services contained in the treaty that was the subject of Antigua's complaint to the World Trade Organization. However, there are no assurances that such approach will ultimately result in establishing a consensus. If a consensus is not established, the extent to which Federal authorities successfully prosecute account wagering operators based in the United States or that take wagers from United States residents could have a material adverse effect on our revenues, business, financial condition, operating results and financial performance. Alternatively, if, as a result of the U.S.'s position, offshore wagering is permitted into the United States, that also could have a material adverse effect on our revenues and financial performance.

Uncertainty as to the effect of Congress' attempt to eliminate the federal income tax withholding requirement on winning wagers by foreign nationals could subject us to tax liability.

In October 2004, a bill was enacted to enable U.S. pari-mutuel wagering operators to accept wagers from foreign nationals located in foreign countries into their pari-mutuel pools. The previous law required U.S. pari-mutuel wagering operators to withhold federal income tax on any winning wagers placed by foreign nationals located in foreign countries. Any failure to withhold income tax from these wagers made the payer entity liable. We believe that the new law reflects Congress' intent to eliminate the tax withholding requirement from winning pari-mutuel wagers placed by foreign nationals located in foreign countries. In the absence of specific rules expressing how this new law is to be interpreted, however, there is a risk that the law will be interpreted differently from Congress' apparent intent, thus imposing an obligation on tracks to continue withholding federal income tax from winning wagers by foreign nationals located in foreign countries. This uncertainty could expose us to tax liability if it is determined that our method for accepting foreign wagers into our pools is incorrect. Any resulting tax liability imposed on us could have a material adverse impact on our revenues and financial performance.

We may not be able to continue to operate our slot facility at Gulfstream Park in the long term if the constitutional amendment adopting the slots initiative is determined to be invalid. At December 31, 2007, our casino facility at Gulfstream Park had a carrying value of $29.6 million.

On November 15, 2006, the Company opened the slots facility at Gulfstream Park, which now offers approximately 825 slot machines. The Company opened the slots facilities despite an August 2006 decision rendered by the Florida First District Court of Appeals that reversed a lower court decision granting summary judgment in favor of "Floridians for a Level Playing Field" ("FLPF"), a group in which Gulfstream Park is a member. The Court ruled that a trial is necessary to determine whether the constitutional amendment adopting the slots initiative, approved by Floridians in the November 2004 election, was invalid because the petitions bringing the initiative forward did not contain the minimum number of valid signatures. FLPF filed an application for a rehearing, rehearing en banc before the full panel of the Florida First District Court of Appeals and Certification by the Florida Supreme Court. On November 30, 2006, in a split decision, the en banc court affirmed the August 2006 panel decision and certified the matter to the Florida Supreme Court, which stayed the appellate court ruling pending its jurisdictional review of the matter. On September 27, 2007, the Florida Supreme Court ruled that the matter was not procedurally proper for consideration by the court. Its order effectively remanded the matter to the trial court for a trial on the merits. A trial on the merits will likely take over a year to fully develop and could take as many as three years to achieve a full factual record and trial court ruling for an appellate court to review. The Company believes that the August 2006 decision rendered by the Florida First District Court of Appeals is incorrect and that any allegations of fraud in the securing of the petitions will ultimately be disproven at the trial level, and accordingly, we have proceeded to open the slots facility. In the event the November 2004 election results are ultimately held to be invalid, we could potentially have a write-down of casino assets and our Florida operations would be negatively impacted.

We face significant competition from other racetrack operators, including those in states where more extensive gaming options are authorized, which could hurt our operating results.

We face significant competition in each of the jurisdictions in which we operate racetracks and we expect this competition to intensify as new racetrack operators enter our markets and existing competitors expand their operations and consolidate management of multiple racetracks. In addition, the introduction of legislation enabling slot machines or video lottery terminals to be installed at racetracks in certain states allows those racetracks to increase their purses and compete more effectively with us for horse owners, trainers and customers. Competition from existing racetrack operators, as well as the addition of new competitors, may have a material adverse effect on our future performance and operating results.

Competition from non-racetrack gaming operators may reduce the amount wagered at our facilities and materially adversely affect our operating results.

We compete for customers with casinos, sports wagering services and other non-racetrack gaming operators, including government-sponsored lotteries, which benefit from numerous distribution channels, including supermarkets and convenience stores, as well as from frequent and extensive advertising campaigns. We do not enjoy the same access to the gaming public or possess the advertising resources that are available to government sponsored lotteries as well as some of our other non-racetrack competitors, which may adversely affect our ability to compete effectively with them.

We currently face significant competition from Internet and other forms of account wagering, which may reduce our profitability.

Internet and other account wagering gaming services allow their customers to wager on a wide variety of sporting events and casino games from home. Although many on-line wagering services are operating from offshore locations in violation of U.S. law by accepting wagers from U.S. residents, they may divert wagering dollars from legitimate wagering venues such as our racetracks and account wagering operations. Moreover, our racetrack operations generally require greater ongoing capital expenditures in order to expand our business than the capital expenditures required by Internet and other account wagering gaming operators. Currently, we cannot offer the diverse gaming options provided by many Internet and other account wagering gaming operators and may face significantly greater costs in operating our business. Our inability to compete successfully with these operators could be materially adverse to our business. It is anticipated that the passage of the Unlawful Internet Gambling Funding Prohibition Act will reduce the amount of competition from non-pari-mutuel account wagering operations, however, it is unclear at this time whether this new law will indeed curtail this type of wagering activity.

In addition, the market for account wagering is affected by changing technology. Our ability to anticipate such changes and to develop and introduce new and enhanced services on a timely basis will be a significant factor in our ability to expand, remain competitive and attract new customers.

It is not certain that TrackNet Media will exist beyond the initial five year term provided for in the limited liability company agreement under which it was formed.

The TrackNet Media limited liability agreement provides for an initial five year term. Although that agreement contemplates that it may be extended, such an extension would only occur if both MEC and Churchill Downs decide to do so. As Churchill Downs is a competitor in the horseracing industry, there is a possibility that one or both of the parties may decide not to continue with the joint venture arrangement, in which case there may be considerable effort and cost expended to unwind the joint venture. Also, if the joint venture does not continue past the end of the initial term, we may lose access to Churchill Downs racing content.

TrackNet Media may not be able to enter into agreements with additional content owners.

In the event, the main competitor of HRTV™, TVG, is able to sign other horseracing content owners to exclusive agreements, as has been their past business practice, those content owners will not be able to make available their content to TrackNet Media, and HRTV™, respectively, which will in turn negatively impact our ability to attract additional customers.

Expansion of gaming conducted by Native American groups may lead to increased competition in our industry, which may negatively impact our growth and profitability.

In March 2000, the California state constitution was amended, resulting in the expansion of gaming activities permitted to be conducted by Native American groups in California. This has led to, and may continue to lead to, increased competition and may have an adverse effect on the profitability of Santa Anita Park and Golden Gate Fields and our future growth in California. It may also affect the purses that those tracks are able to offer and therefore adversely affect our ability to attract top horses.

Several Native American groups in Florida have previously expressed interest in opening or expanding existing casinos in southern Florida, which could compete with Gulfstream Park and reduce its profitability. For example, the Seminole Tribe of Florida has partnered with Hard Rock International to open hotel and casino operations in Tampa and Hollywood, Florida. Also, the State of Florida has entered into a November 14, 2007 agreement with the Seminole Tribe of Florida approving tribal compacts. Though the validity of Governor Charlie Crist's actions are being challenged in litigation by, among others, the House of Representatives, if the agreement with the Seminole Tribe is ultimately upheld, our facilities will face even greater competition.

Officials with the Miami, Oklahoma based Shawnee Tribe announced January 23, 2008 that they had made a filing with the Bureau of Indian Affairs in connection with a plan to have 104 acres of land in northeast Oklahoma City put into federal trust for the purpose of a resort development which would include casino facilities. It is currently too early to determine if the Shawnee Tribe's plan will succeed, though if it does it would represent a significant challenge to our casino operations at Remington Park.

Moreover, other Native American groups may open or expand casinos in other regions of the country where we currently operate, or plan to operate, racetracks or other gaming operations. Any such competition from Native American groups could adversely affect our growth and profitability.

Some jurisdictions view our operations primarily as a means of raising taxes, and therefore we are particularly vulnerable to additional or increased taxes and fees.

We believe that the prospect of raising significant additional revenue through taxes and fees is one of the primary reasons that certain jurisdictions permit legalized gaming. As a result, gaming companies are typically subject to significant taxes and fees in addition to the normal federal, state, provincial and local income taxes, and such taxes and fees may be increased at any time. From time to time, legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. For instance, U.S. legislators have proposed the imposition of a U.S. federal tax on gross gaming revenues. It is not possible to determine with certainty the likelihood of any such changes in tax laws or their administration; however, if enacted, such changes could have a material adverse effect on our business.

Industry controversies could cause a decline in bettor confidence and result in changes to legislation, regulation, or industry practices of the horse racing industry, which could materially reduce the amount wagered on horse racing and increase our costs, and therefore adversely affect our revenue and operating results.

In general, the pari-mutuel wagering industry is adversely affected by negative information that can erode bettor confidence. Any investigation (whether or not charges are ultimately laid) or any materially negative information arising out of an investigation by the FBI or any other federal, state or industry regulatory body, including, without limitation, any negative information concerning the internal controls and security of totalisator systems related to pari-mutuel wagering activities, may materially reduce the amount wagered on horse racing. Such a reduction would likely negatively impact the revenue and earnings of companies engaged in the horse racing industry, including us.

Improper conduct concerns can also lead to the imposition of additional controls, which may in some cases negatively impact our business and results from operations. For example, several persons were convicted of fraudulent conduct in connection with certain Pick 6 wagers made on the 2002 Breeders' Cup hosted by Arlington Park in Chicago, Illinois. As a result of the Pick 6 controversy, the horse racing industry focused on another area of bettor concern, late odds changes, which sometimes occur as odds updates in the totalisator system cause significant changes in the odds after a race has commenced. We have expended considerable resources in connection with our role with various industry groups that are focused on making technological improvements in an effort to, among other things, reduce late odds shifts and provide additional controls.

Also, in January 2005, the FBI announced indictments against 17 individuals alleged to have been engaged in money laundering, tax evasion and an illegal gambling conspiracy, in each case arising out of incidents connected with the horseracing industry. Certain of the alleged criminal acts are purported to have occurred through the facilities of certain rebate wagering operations, known as "rebate shops", that commingle significant amounts of wagers into wager pools hosted by U.S. racetrack operators, including MEC. One of the indictments arose out of an alleged scheme of doping horses to enhance performance. None of the indictments accused any rebate shops or U.S. racetrack operators of wrongdoing, however, the full impact of this controversy on bettor confidence is unclear.

If we pay persons who place fraudulent "winning" wagers, we would remain liable to pay the holders of the proper winning wagers the full amount due to them.

We may be subject to claims from customers for fraudulent "winning" wagers. If we paid those claims, we would remain liable to the holders of the proper winning wagers for the full amount due to them and would have the responsibility to attempt to recover the money that we paid on the fraudulent claims. We may not be able to recover that money, which would adversely affect our operating results.

Our operating results fluctuate seasonally and may be impacted by a reduction in live racing dates due to regulatory factors.

We experience significant fluctuations in quarterly operating results due to the seasonality associated with the racing schedules at our racetracks. Generally, our revenues from racetrack operations are greater in the first quarter of the calendar year than in any other quarter. We have a limited number of live racing dates at each of our racetracks and the number of live racing dates varies somewhat from year to year. The allocation of live racing dates in most of the jurisdictions in which we operate is subject to regulatory approval from year to year and, in any given year, we may not receive the same or more racing dates than we have had in prior years. We are also faced with the prospect that competing racetracks may seek to have some of our historical dates allocated to them. A significant decrease in the number of our live racing dates would reduce our revenues and cause our business to suffer.

Compliance with new requirements mandated by regulators can represent a significant cost and, in the event those requirements must be met quickly, could lead to operational difficulties.

During January and early February 2008, additional work on drainage problems was required on the synthetic track surface installed at Santa Anita Park. As a result of these problems and the additional work required, racing at Santa Anita Park was cancelled on 11 days (offset in part by three rescheduled days) during the critical time of the opening of the 2008 meet, and the running of the California half of the Sunshine Millions was jeopardized.

Unfavourable weather conditions may result in a reduction in the number of races we hold.

Since horse racing is conducted outdoors, unfavourable weather conditions, including extremely high or low temperatures, excessive precipitation, storms or hurricanes, may cause races to be cancelled or may reduce attendance and wagering. Since a substantial portion of our operating expenses is fixed, a reduction in the number of races held or the number of horses racing due to unfavourable weather would reduce our revenues and cause our business to suffer.

We periodically enter into agreements with third parties over whom we have limited control but whose conduct could affect the licenses that we hold in various jurisdictions.

From time to time, we may enter into agreements with third parties over whom we have limited control. Conduct arising from or related to these agreements or joint venture arrangements could have an impact on the various licenses that our subsidiaries hold in multiple jurisdictions. If one of these agreements or joint venture arrangements has an adverse impact on any of these licenses, such adverse impact could have a material adverse impact on us or our financial condition, operating results or prospects, primarily through the impact associated with any loss, denial, suspension or other penalty imposed on such licenses.

The profitability of our racetracks is partially dependent upon the size and health of the local horse population in the areas in which our racetracks are located.

Horse population is a factor in a racetrack's profitability because it generally affects the average number of horses (i.e., the average "field size") that run in races. Larger field sizes generally mean increased wagering and higher wagering revenues due to a number of factors, including the availability of exotic bets (such as "exacta" and "trifecta" wagers). Various factors have led to both short-term and long-term declines in the horse population in certain areas of the country, including competition from racetracks in other areas, increased costs and changing economic returns for owners and breeders, and the spread of various debilitating and contagious equine diseases, such as the Mare Reproductive Loss Syndrome, which can cause large numbers of mares to sustain late term abortions or embryonic loss, the neurologic form of Equine Herpes Virus-l and Strangles, which is a disease of the respiratory system caused by the organism Streptococcus equi. If any of our tracks are faced with a sustained outbreak of a contagious equine disease, or if we are unable to attract horse owners to stable and race their horses at our tracks by offering a competitive environment, including improved facilities, well-maintained racetracks, better living conditions for backstretch personnel involved in the care and training of horses stabled at our tracks, and a competitive purse structure, our profitability could decrease. In addition to equine specific maladies, in the event other serious diseases present themselves and pose a serious threat to the horse population and/or people working in our operations, which are labor intensive in a number of cases, we may be required to cease operations at affected locations until such time as the threat has passed, in which case our operations would likely be negatively impacted.

We depend on agreements with our horsemen's industry associations to operate our business.

The U.S. Interstate Horseracing Act of 1978, as well as various state racing laws, require that, in order to simulcast races and, in some cases conduct live racing, we have written agreements with the horsemen at our racetracks, who are represented by industry associations. In some jurisdictions, if we fail to maintain operative agreements with the industry associations, we may not be permitted to conduct live racing or simulcasting at tracks or account wagering from hubs located within those jurisdictions. In addition, our simulcasting agreements are generally subject to the approval of the industry associations. Should we fail to renew existing agreements with the industry associations on satisfactory terms or fail to obtain approval for new simulcast agreements, we would lose revenues and our operating results would suffer.

If we are unable to continue to negotiate satisfactory union contracts, some of our employees may commence a strike. A strike by our employees or a work stoppage by backstretch personnel, who are employed by horse owners and trainers, may lead to lost revenues and could have a material adverse effect on our business.

As of December 31, 2007, we employed approximately 5,300 employees, approximately 3,000 of whom were represented by unions. A strike or other work stoppage by our employees could lead to lost revenues and have a material adverse effect on our business, financial condition, operating results and prospects.

Legislation enacted in California in 2002 could facilitate the organization of backstretch personnel in that state.

A strike by backstretch personnel could, even though they are not our employees, lead to lost revenues and therefore adversely affect our operating results.

An earthquake in California could interrupt our operations at Santa Anita Park and Golden Gate Fields, which would adversely impact our cash flow from these racetracks.

Two of our largest racetracks, Santa Anita Park and Golden Gate Fields, are located in California and are therefore subject to greater earthquake risks than our other operations. We do not maintain significant earthquake insurance on the structures at our California racetracks. We maintain fire insurance for fire risks, including those resulting from earthquakes, subject to policy limits and deductibles. There can be no assurance that earthquakes or the fires often caused by earthquakes will not seriously damage our California racetracks and related properties or that the recoverable amount of insurance proceeds will be sufficient to fully cover reconstruction costs and other losses. If an uninsured or underinsured loss occurs, we could lose anticipated revenue and cash flow from our California racetracks.

A severe hurricane hitting the Miami area could interrupt our operations at Gulfstream Park, which would adversely impact our cash flow from this track.

Gulfstream Park is located in Aventura, Florida, just inland from the Atlantic Ocean. The new construction at Gulfstream Park has been built to withstand severe winds but significant flooding resulting from a hurricane or other tropical storm could result in significant damage to the facility. If the facility sustained serious damage, the operations and results would be negatively impacted.

Real Estate Ownership and Development Risks

Our ownership and development of real estate is subject to risks and may involve significant ongoing expenditures or losses that could adversely affect our operating results.

All real estate investments are subject to risks including: general economic conditions, such as the availability and cost of financing; local real estate conditions, such as an oversupply of residential, office, retail or warehousing space, or a reduction in demand for real estate in the area; governmental regulation, including taxation of property and environmental legislation; and the attractiveness of properties to potential purchasers or tenants. The real estate industry is also capital intensive and sensitive to interest rates. Further, significant expenditures, including property taxes, mortgage payments, maintenance costs, insurance costs and related charges, must be made throughout the period of ownership of real property, which expenditures may negatively impact our operating results.

Redevelopment projects at our racetracks may result in a write down of the value of certain assets may cause temporary disruptions of our racing operations.

We have completed the redevelopment of the racing surfaces, the grandstand and the backstretch facilities at Gulfstream Park in Florida. We have also completed the redevelopment of the dirt racing surfaces and the turf track at Laurel Park. These redevelopments resulted in write-downs in 2004 of $26.3 million and $0.4 million, respectively. The redevelopment at Gulfstream Park resulted in a racing meet using temporary facilities for 2005 and the re-opening of Laurel Park for its 2004 - 2005 meet was delayed due to construction delays, which also resulted in a loss of a number of racing days. In addition, since the commencement in June 2007 of construction of our Forest City joint venture mixed-use development, The Village at Gulfstream

Park™, on lands immediately adjacent to Gulfstream Park, a perceived lack of convenient parking has been a contributing factor in a reduction in attendance.

Racetrack redevelopment efforts made pursuant to deadlines mandated by state regulators may result in difficulties with integration that adversely impact racetrack performance.

During the summer of 2007 a synthetic track surface was installed at Santa Anita Park, in order to meet the installation deadline mandated by the CHRB. During January and early February 2008, additional work on the track surface was required to address drainage problems. As a result of these problems and the additional work required, racing at Santa Anita Park had to be cancelled on 11 days (offset in part by three rescheduled days) during the critical time of the opening of the 2008 meet, and the running of the California half of the Sunshine Millions was jeopardized. In the event regulators in other states in which we operate adopt the same approach as the CHRB and mandate the installation of synthetic tracks, in addition to the capital cost associated with such installations, there is a risk that installation problems could develop and race days could be lost, which in turn would negatively impact financial performance.

We may not be able to complete expansion or redevelopment projects successfully and on time, which would materially adversely affect our growth and our operating results.

We intend to further develop our racetracks and expand our gaming activities. Numerous factors, including regulatory and financial constraints, could cause us to alter, delay or abandon our existing plans. If we proceed to develop new facilities or enhance our existing facilities, we face numerous risks that could require substantial changes to our plans. These risks include the inability to secure all required permits and the failure to resolve potential land use issues, as well as risks typically associated with any construction project, including possible shortages of materials or skilled labour, unforeseen engineering or environmental problems, delays and work stoppages, weather interference and unanticipated cost overruns. For example, Gulfstream Park was forced to run its 2005 meet from temporary facilities which reduced total on-track wagering at Gulfstream Park and attendance in 2005. In addition, we encountered delays in the rebuilding of the racetrack surfaces at Laurel Park, which resulted in a late re-opening of Laurel Park for its 2004 - 2005 meet and a loss of certain race dates. Even if completed in a timely manner, an expansion project may not be successful, which would affect our growth and could have a material adverse effect on our future profitability.

The recent subprime mortgage crisis in the United States, in which the majority of our properties are situated, could have various negative impacts on our properties, business and our debt elimination plan.

The subprime mortgage crisis of 2007 has seen high default rates on subprime and other mortgage loans made to higher-risk borrowers with lower income or lesser credit history than "prime" borrowers. As a result, there was a sharp rise in home foreclosures which started in the United States during the Fall of 2006, which became a global financial crisis during 2007 and 2008. Though the full impact of the crisis is not yet known, if it negatively impacts the value of our real estate holdings due to a general devaluing of real estate, it may be difficult to execute plans to lease space at our two mixed-use developments, "The Village at Gulfstream Park™" in Florida, construction of which commenced in June 2007, and The Shops at Santa Anita in California, construction of which has not yet commenced due to a neighboring land owner's legal challenge to the Arcadia City Council's approval of the development.

The weak U.S. real estate and credit markets have adversely impacted our progress to date on asset sales we intend to complete in connection with our September 2007 adopted debt elimination plan.

We face strict environmental regulation and may be subject to liability for environmental damage, which could materially adversely affect our financial results.

We are subject to a wide range of requirements under environmental laws and regulations relating to waste water discharge, waste management and storage of hazardous substances. Compliance with environmental laws and regulations can, in some circumstances, require significant capital expenditures. Moreover, violations can result in significant penalties and, in some cases, interruption or cessation of operations. The California Water Quality Board requires that Santa Anita Park apply for, and keep in force, a wastewater discharge permit which governs and regulates the amount of contaminated water that may be discharged into the storm drain and the water table as a result of maintenance of the horse population on site. With the issuance of the permit, there are certain compliance efforts that the California Water Quality Board has requested that management address over the five-year permit period. The California Water Quality Board has not given deadlines for immediate compliance nor is our current permit at risk for non-compliance. Citations are not expected unless Santa Anita Park does not make an effort to comply. Upon receipt of the permit, we commenced discussions with the California Water Quality Board regarding the nature of the compliance requests and commenced the planning process as to how the Company would address these requirements over the next five years. It is our expectation that a number of these requirements are being addressed through planned capital projects, including the Summer 2007 installation of the polytrack a new, synthetic racing surface and the anticipated rebuild of barns on the backside over the next several years. Given the fact that a number of these remediation requirements would be better addressed through capital projects rather than merely a repair or fix of existing facilities, the ultimate cost of remediation will be impacted by the decision on how to best address the remediation requirements.

Furthermore, we may not have all required environmental permits and we may not otherwise be in compliance with all applicable environmental requirements. Where we do not have an environmental permit but one may be required, we will determine if one is in fact required and, if so, will seek to obtain one and address any related compliance issues, which may require significant capital expenditures.

Various environmental laws and regulations in the United States, Canada and Europe impose liability on us as a current or previous owner and manager of real property, for the cost of maintenance, removal and remediation of hazardous substances released or deposited on or in properties now or previously owned or managed by us or disposed of in other locations. Our ability to sell properties with hazardous substance contamination or to borrow money using that property as collateral may also be uncertain.

Changes to environmental laws and regulations, resulting in more stringent terms of compliance, or the enactment of new environmental legislation, could expose us to additional liabilities and ongoing expenses.

Any of these environmental issues could have a material adverse effect on our business.

We may not be able to sell or otherwise monetize some of our real estate, excess racing real estate and revenue-producing non-racing real estate when we need to or at the price we want, which may materially adversely affect our financial condition.

At times, it may be difficult for us to dispose of or otherwise monetize some of our excess racing real estate and revenue-producing non-racing real estate. The costs of holding real estate may be high and we may be faced with ongoing expenditures with little prospect of earning revenue on our excess racing real estate properties. If we have inadequate cash reserves or credit facilities, we may have to dispose of properties at prices that are substantially below the prices we desire, and in some cases, below the prices we originally paid for the properties, which may materially adversely affect our financial condition and our growth plans.

We require governmental approvals for some of our properties which may take a long time to obtain or which may not be granted, either of which could materially adversely affect our existing business or our growth.

Some of our properties will require zoning and other approvals from local government agencies. The process of obtaining these approvals may take many months and we might not obtain the necessary approvals. Holding costs, while regulatory approvals are being sought, and delays may render a project economically unfeasible. If we do not obtain all of our necessary approvals, our plans, growth and profitability could be materially adversely affected.

Risks Relating to Our Securities

NASDAQ Delisting

Should our Class A Subordinate Voting Stock be delisted by NASDAQ for any reason, there could be a material adverse effect on the liquidity of the shares of Class A Subordinate Voting Stock.

As a result of the bid price of our publicly held Class A Subordinate Voting Stock closing below the $1.00 per share minimum for 30 consecutive business days, on February 12, 2008, we received a letter from the Nasdaq Stock Market advising that in accordance with Nasdaq Marketplace Rules, MEC has until August 11, 2008 (or such later date as may be permitted by Nasdaq) to regain compliance with the minimum bid price for MEC's publicly held Class A Subordinate Voting Stock required for continued listing on the Nasdaq Global Market. The February 12, 2008 letter further stated, that we will receive further notification from Nasdaq staff (i) stating that we have regained compliance, in the event the bid price of MEC's Class A Subordinate Voting Stock on the Nasdaq Global Market closes at $1.00 per share or more for a minimum of 10 consecutive trading days or (ii) indicating that our Class A Subordinate Voting Stock will be delisted, in the event the minimum bid price requirement is not satisfied.

Our stock price may be volatile, and future issuances or sales of our stock may decrease our stock price.

The trading price of our Class A Subordinate Voting Stock has experienced, and may continue to experience, substantial volatility. The following factors have had, and may continue to have, a significant effect on the market price of our Class A Subordinate Voting Stock:

- our historical and anticipated operating results;
- the announcement of new wagering and gaming opportunities by us or our competitors;
- the passage or anticipated passage of legislation affecting horse racing or gaming;
- developments affecting the horse racing or gaming industries generally;
- sales or other issuances or the perception of potential sales or issuances, including in connection with our past and future acquisitions, of substantial amounts of our shares. We have an effective shelf registration statement outstanding that permits us to sell up to $300 million of certain types of debt and/or equity securities. As of March 10, 2008, we have not sold any securities registered under this shelf registration statement. We also have an effective shelf registration statement on Form S-3 (the "U.S. Registration Statement") filed with the United States Securities and Exchange Commission (the "SEC") and a preliminary short form base shelf prospectus (the "Canadian Prospectus") filed with the securities commissions in each of the Provinces of Canada (collectively, the "Canadian Securities Commissions"). MEC will be able to offer and sell up to U.S. $500 million of its equity securities (including stock, warrants, units and, subject to filing a Canadian rights offering circular or prospectus with the Canadian Securities Commissions, rights) from time to time in one or more public offerings or other offerings. The terms of any such future offerings would be established at the time of such offering;
- sales or the expectation of sales by MI Developments Inc. of a portion of our shares held by it, or by our other significant stockholders; and
- a shift in investor interest away from the gaming industry, in general.

These factors could have a material adverse effect on the market price of our Class A Subordinate Voting Stock and other securities, regardless of our financial condition and operating results.

The trading price of our Class A Subordinate Voting Stock could decrease as a result of our issuing additional shares as consideration for future acquisitions or efforts to raise funds to finance operations.

We may issue our Class A Subordinate Voting Stock as full or partial consideration in connection with future acquisitions or efforts to raise funds to finance operations. To the extent that we do so, the percentage of our common equity and voting stock that our existing stockholders own will decrease and, particularly if such acquisitions or operations do not contribute proportionately to our profitability, the trading price of our shares may also decrease.

Sales or a spin-off or other distribution of our Class A Subordinate Voting Stock by MI Developments Inc. or by certain of our other significant stockholders under our registration statements could depress our stock price.

As of March 10, 2008, MI Developments Inc. owned, directly or indirectly, 4,362,328 shares of our Class A Subordinate Voting Stock and 58,466,056 shares of our Class B Stock (which are convertible into shares of our Class A Subordinate Voting Stock on a one-for-one basis). In addition, we have an effective registration statement that permits the secondary sale of shares of our Class A Subordinate Voting Stock by some of our stockholders who received those shares in connection with our past acquisitions. A total of 4,793,043 shares were initially registered pursuant to that registration statement. In December 2002, we issued $75.0 million aggregate principal amount of our $7^{1}/_{4}$% convertible Subordinated Notes due December 15, 2009 that are currently

On May 18, 2007, ODS Technologies, L.P., doing business as TVG Network, filed a summons against MEC, HRTV, LLC and XpressBet, Inc. in United States District Court seeking an order that the defendants be enjoined from infringing certain patents relating to interactive wagering systems and for an award for damages to compensate for the infringement. An Answer to Complaint, Affirmative Defenses and Counterclaims have been filed on behalf of the defendants. At the present time, the final outcome related to this action cannot be accurately determined by management.

In September 2006, one of our subsidiaries, The Santa Anita Companies, Inc., entered into definitive operating agreements with certain Caruso Affiliated affiliates to develop approximately 51 acres of undeveloped lands surrounding Santa Anita Park. This project contemplates a mixed-use development with approximately 800,000 square feet of retail, entertainment and restaurants as well as approximately 4,000 parking spaces. After the project was approved by the Arcadia City Council April 2007, Westfield, a developer of a neighboring parcel of land, has challenged the manner in which the entitlement process for the development of the land surrounding Santa Anita Park has been proceeding. On May 16, 2007, Westfield commenced civil litigation in the Los Angeles Superior Court in an attempt to overturn the Arcadia City Council's approval and granting of entitlements related to the construction of The Shops at Santa Anita. In addition, on May 21, 2007, Arcadia First! filed a petition against the City of Arcadia to overturn the entitlements and named the Company and certain of its subsidiaries as real parties in interest. If either Westfield or Arcadia First! is ultimately successful in its challenge, development efforts could potentially be delayed or suspended. The first hearings on the merits of the petitioners' claims are scheduled to be heard before the trial judge during the third week of April 2008.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of our stockholders during the fourth quarter of the fiscal year covered by this Report.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Trading History

Our Class A Subordinate Voting Stock is listed and traded on the Nasdaq Global Market ("Nasdaq") and the Toronto Stock Exchange ("TSX") under the symbols "MECA" and "MEC.A", respectively. Class A Subordinate Voting Stock commenced trading on Nasdaq on February 23, 2000 and closed at a price of $3.06 per share, and on the TSX on February 23, 2000 where it closed at a price of Cdn. $4.60 per share. The following table sets forth for the calendar periods indicated the high and low sale prices per share of the Class A Subordinate Voting Stock as reported by Nasdaq and the TSX.

	Nasdaq		TSX	
	High	Low	High	Low
2006:				
First Quarter	$ 7.55	$ 6.21	Cdn. $8.64	Cdn. $7.13
Second Quarter	$ 6.89	$ 4.85	Cdn. $8.00	Cdn. $5.25
Third Quarter	$ 5.84	$ 3.75	Cdn. $6.50	Cdn. $4.20
Fourth Quarter	$ 5.58	$ 4.21	Cdn. $6.30	Cdn. $4.71
2007:				
First Quarter	$ 4.57	$ 3.04	Cdn. $5.68	Cdn. $3.61
Second Quarter	$ 3.92	$ 2.74	Cdn. $4.50	Cdn. $3.00
Third Quarter	$ 2.99	$ 1.65	Cdn. $3.34	Cdn. $1.75
Fourth Quarter	$ 2.85	$ 0.95	Cdn. $2.74	Cdn. $0.95
2008:				
First Quarter (through March 10, 2008)	$ 0.98	$ 0.42	Cdn. $1.40	Cdn. $0.43

On February 28, 2008, the last sale price of the Class A Subordinate Voting Stock as reported by Nasdaq was $0.88 and by the TSX was Cdn. $0.87.

Our Class B Stock is unlisted and not actively traded.

The number of security holders of record as of February 28, 2008 was as follows: Class A Subordinate Voting Stock: 583; Class B Stock: two.

Securities Authorized for Issuance under Equity Compensation Plans

Information relating to compensation plans under which our equity securities are authorized for issuance is incorporated herein by reference from the section of our Proxy Statement titled "Equity Based Compensation Plan Information", which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after our fiscal year end of December 31, 2007.

Comparative Stock Performance Graph

The following graph compares the cumulative total shareholder return on MEC's Class A Subordinate Voting Stock to the cumulative total shareholder return of the Nasdaq 100 Market Index and a peer group index. The peer group index used by MEC is the Bloomberg US Entertainment Index, which is a published industry peer index of companies engaged in the entertainment industry. The graph depicts the results of an investment of $100 in MEC's Class A Subordinate Voting Stock, the Nasdaq 100 Market Index and the Bloomberg US Entertainment Index.

Magna Entertainment Corp. vs Peer Group
December 2002 to December 2007

GRAPHIC

Dividends and Dividend Policy

We have never declared or paid dividends on our Class A Subordinate Voting Stock or Class B Stock and we do not anticipate declaring or paying cash dividends until we generate after-tax profits, if ever. The holders of our Class A Subordinate Voting Stock and our Class B Stock are entitled to receive their proportionate share of dividends declared by our Board of Directors, except in the case of certain stock dividends. Any dividends will be declared on our Class A Subordinate Voting Stock and Class B Stock in accordance with our restated certificate of incorporation, including our Corporate Constitution, which sets forth certain dividend entitlements for our stockholders if we generate after-tax profits, subject to applicable law.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 6. Selected Financial Data

The following tables set forth our selected consolidated financial and operating data for the periods indicated. The selected consolidated financial and operating data as at and for the years ended December 31, 2003, 2004, 2005, 2006 and 2007 have been derived from and should be read in conjunction with our audited Consolidated Financial Statements as at and for the years ended December 31, 2003 (as filed with our Annual Report for the fiscal year ended December 31, 2003), December 31, 2004 (as filed with our Annual Report for the year ended December 31, 2004), December 31, 2005 (as filed with our Annual Report for the year ended December 31, 2005), December 31, 2006 (as filed with our Annual Report for the year ended December 31, 2006) and December 31, 2007 (included in this Report). The selected financial and operating information should also be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Annual Report.

Income Statement Data[1]:	**2003**	**2004**	**2005**	**2006**	**2007**
	Years Ended December 31,				
	(U.S. dollars in thousands, except per share figures)				
Racing and Gaming Revenues	$ 590,331	$ 591,515	$ 522,020	$ 569,252	$ 617,240
Real Estate and Other Revenues	6,206	20,937	4,643	4,946	8,475
Total Revenues	$ 596,537	$ 612,452	$ 526,663	$ 574,198	$ 625,715
Racing and Gaming Costs and Expenses	$ 570,166	$ 598,476	$ 541,725	$ 586,809	$ 630,067
Real Estate and Other Costs and Expenses	9,781	13,247	4,867	4,030	5,901
Pre-development, pre-opening and other	7,983	18,271	9,494	10,602	2,866
Depreciation and amortization	25,876	31,273	33,431	38,989	42,297
Write-down of long-lived and intangible assets	122,622	26,685	—	88,627	1,308
Equity loss (income)	(143)	(577)	(1,122)	493	3,098
Gain on sale of intangible assets related to The Meadows	—	—	—	(126,374)	—
Interest expense, net	12,167	21,927	32,613	57,758	50,621
Loss from continuing operations before income taxes	$ (151,915)	$ (96,850)	$ (94,345)	$ (86,736)	$ (110,443)
Income tax benefit	(56,905)	(4,939)	(1,239)	(7,124)	(2,574)
Loss from continuing operations	$ (95,010)	$ (91,911)	$ (93,106)	$ (79,612)	$ (107,869)
Loss from discontinued operations	(10,087)	(3,725)	(12,187)	(7,739)	(5,890)
Net Loss	$ (105,097)	$ (95,636)	$ (105,293)	$ (87,351)	$ (113,759)
Loss per share for Class A Subordinate Voting Stock and Class B Stock:					
Basic and Diluted					
Continuing operations	$ (0.89)	$ (0.86)	$ (0.87)	$ (0.74)	$ (0.99)
Discontinued operations	(0.09)	(0.03)	(0.11)	(0.07)	(0.05)
Loss per share	$ (0.98)	$ (0.89)	$ (0.98)	$ (0.81)	$ (1.04)
Average number of shares of Class A Subordinate Voting Stock, Class B Stock and Exchangeable Shares outstanding during the year (in thousands):					
Basic and Diluted	107,143	107,323	107,356	107,461	109,219

Other Data[2]:	**2003**	**2004**	**2005**	**2006**	**2007**
	Years Ended December 31,				
EBITDA[3]	$ (113,872)	$ (43,650)	$ (28,301)	$ 10,011	$ (17,525)
Capital expenditures[4]	90,787	133,722	122,971	80,422	74,382
Cash provided from (used for)					
Operating activities	12,874	(48,151)	(57,666)	(63,842)	(61,822)
Investing activities	(94,236)	(116,504)	(118,607)	96,553	16,640
Financing activities	102,692	95,556	124,179	(58,509)	41,857

Balance Sheet Data[1][2]:	At December 31, 2003	2004	2005	2006	2007
Cash and cash equivalents	$ 92,447	$ 57,632	$ 41,484	$ 47,655	$ 34,315
Real estate properties and fixed assets, net	722,263	807,491	877,458	852,516	842,164
Total assets	1,322,940	1,403,353	1,414,644	1,246,885	1,242,642
Total debt[5]	362,281	461,970	586,782	557,364	588,258
Shareholders' equity	657,054	578,680	459,594	400,618	362,713

(1) We prepare our financial statements in accordance with U.S. generally accepted accounting principles, or U.S. GAAP.

(2) Represents financial information from continuing operations only.

(3) "EBITDA" is not intended to represent cash flows or results of operations in accordance with U.S. GAAP. EBITDA may not be comparable to similarly titled amounts reported by other companies. See "GAAP and Non-GAAP Financial Measures" below for a cautionary disclosure and the reconciliation of EBITDA to our consolidated financial statements.

(4) Capital expenditures include both maintenance and strategic capital expenditures less the cost of real estate acquired.

(5) Total debt includes bank indebtedness, long-term debt, amounts due to parent and convertible subordinated notes.

GAAP and Non-GAAP Financial Measures

We evaluate the operating and financial performance of our business using several measures, including revenue, EBITDA (defined as income (loss) before interest, income taxes, depreciation and amortization), income (loss) before income taxes, net income (loss) and diluted earnings (loss) per share. We measure and present EBITDA because it is a measure that is widely used by analysts and investors in evaluating our operating performance. This measure should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance prepared in accordance with generally accepted accounting principles.

The following table reconciles our non-GAAP financial measures to the accompanying financial statements:

Reconciliation of Non-GAAP to GAAP Financial Measures

	Years Ended December 31, 2003	2004	2005	2006	2007
			(U.S. dollars in thousands) (unaudited)		
Earnings (Loss) Before Interest, Income Taxes, Depreciation and Amortization ("EBITDA")					
Loss before income taxes from continuing operations	$ (151,915)	$ (96,850)	$ (94,345)	$ (86,736)	(110,443)
Interest expense, net	12,167	21,927	32,613	57,758	50,621
Depreciation and amortization	25,876	31,273	33,431	38,989	42,297
EBITDA from continuing operations	$ (113,872)	$ (43,650)	$ (28,301)	$ 10,011	(17,525)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our results of operations and financial position should be read in conjunction with our consolidated financial statements for the year ended December 31, 2007. This discussion includes forward-looking statements that reflect our current views with respect to future events and financial performance and that involve risks and uncertainties. Our actual results, performance or achievements could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including risks discussed in "Management's Discussion and Analysis of Results of Operations and Financial Position — Forward-Looking Statements" and "Risk Factors" included elsewhere in this Report. The amounts described below are based on our consolidated financial statements, which we prepare in accordance with United States generally accepted accounting principles ("U.S. GAAP").

Overview

Magna Entertainment Corp. ("MEC", "we" or the "Company") owns horse racetracks in California, Florida, Maryland, Texas, Oklahoma, Ohio, Oregon and Ebreichsdorf, Austria. In addition, we operated a racetrack in Michigan until November 2007 and, under a management agreement, operate a racetrack in Pennsylvania that we previously owned. Based on revenues, MEC is North America's number one owner and operator of horse racetracks, and is a leading supplier, via simulcasting, of live racing content to the growing inter-track, off-track and account wagering markets. We currently operate or manage seven thoroughbred racetracks, one standardbred (harness racing) racetrack and two racetracks that run both thoroughbred and quarterhorse meets, as well as the simulcast wagering venues at these tracks. Also, we previously managed the thoroughbred and standardbred meets at Magna Racino™, but now expect that a local operator will manage future meets at that facility. Three of the racetracks owned or operated by us (Gulfstream Park, Remington Park and Magna Racino™) include casino operations with alternative gaming machines. In addition, we operate off-track betting facilities, a United States national account wagering business known as XpressBet®, which permits customers to place wagers by telephone and over the Internet on horse races at over 100 North American racetracks and internationally on races in Australia, South Africa, Dubai, Germany, the United Kingdom and Hong Kong, and a European account wagering service known as MagnaBet™. Under a series of March 2007 agreements with Churchill Downs Incorporated ("CDI"), we own a 50% interest in a joint venture, TrackNet Media Group, LLC ("TrackNet Media"), the content management company formed for distribution of the full breadth of MEC's horse racing content. In addition to making horse racing content available for both MEC and CDI, it also makes such content available for third parties, including racetracks, off-track betting facilities, casinos and advance deposit wagering companies, and purchases horse racing content from third parties to be made available through CDI's and MEC's respective outlets. The TrackNet Media arrangement also involves the exchange by MEC and CDI of their respective horse racing signals such that CDI's racing content is available for wagering through MEC-owned tracks and simulcast-wagering facilities and through our advanced deposit wagering platform, XpressBet®, and our racing content is similarly available for wagering through CDI tracks and off-track betting facilities and through CDI-owned advance deposit wagering platforms. A separate joint venture with CDI also involves the ownership by MEC and CDI of equal (50%) shares in HorseRacing TV™ ("HRTV™"), a television network focused on horse racing that we initially launched on the Racetrack Television Network ("RTN"). HRTV™ is currently distributed to more than 15 million cable and satellite TV subscribers. RTN, in which we have a minority interest, was formed to telecast races from our racetracks and other racetracks to paying subscribers, via private direct to home satellite. We also own AmTote International, Inc. ("AmTote"), a provider of totalisator services to the pari-mutuel industry. To support certain of our thoroughbred racetracks, we own and operate thoroughbred training centers in Palm Beach County, Florida and in the Baltimore, Maryland area and, under a lease agreement, operate an additional thoroughbred training center situated near San Diego, California. We also own and operate production facilities in Austria and in North Carolina for StreuFex™, a straw-based horse bedding product. In addition to our racetracks, our real estate portfolio includes a residential development in Austria. We are also working with potential developers and strategic partners on proposals for developing leisure and entertainment or retail-based projects on excess lands surrounding, or adjacent to, certain of our premier racetracks.

2007 was a challenging year for MEC. Although revenues from continuing operations increased by 9.0% to $625.7 million, our net loss increased to $113.8 million from $87.4 million in 2006, primarily due to increased losses at Gulfstream Park and continued high debt service costs. Also, in 2006 we recognized a $126.4 million gain on sale of intangible assets related to The Meadows and a write-down of long-lived assets of $88.6 million. We discuss our results of operations in detail in the "Results of Operation" section below.

Following the completion of a strategic review of the Company's assets and operations, on September 12, 2007, our Board of Directors approved a debt elimination plan (the "Plan"), designed to eliminate the Company's net debt by December 31, 2008 by generating funding from: (i) the sale of certain real estate, racetracks and other assets; (ii) the sale of, or entering into strategic transactions involving, the Company's other racing, gaming and technology operations; and (iii) a possible future equity issuance. We also arranged for $100.0 million of funding to address immediate liquidity concerns and provide sufficient time to implement the Plan. This funding was comprised of: (i) a $20.0 million private placement of Class A Subordinate Voting Stock ("Class A Stock") to Fair Enterprise Limited ("Fair Enterprise"), a company that forms part of an estate planning vehicle for the family of Frank Stronach, MEC's Chairman and Interim Chief Executive Officer (the "Fair Enterprise Private Placement"); and (ii) a short-term bridge loan facility of up to $80.0 million (the "Bridge Loan") with a subsidiary of our controlling shareholder, MI Developments Inc. ("MID"). Although we continue to implement the Plan, since the adoption of the Plan, weakness in the U.S. real estate and credit markets has adversely impacted our ability to execute the Plan as market demand for our assets has been weaker than expected and financing for potential buyers has become more difficult to obtain. These conditions have not abated through the date of this Report, with the result that it will take us longer to execute the Plan than originally anticipated. As a result, we will likely need to seek extensions from existing lenders and additional funds in the short-term from one or more possible sources. The availability of such extensions and additional funds is not assured and, if available, the terms thereof are not determinable at this time.

At December 31, 2007, we had a working capital deficiency of $162.2 million and had $209.4 million of debt that matures in 2008, including: (i) amounts owing under our $40.0 million senior secured revolving credit facility with a Canadian financial institution, which is scheduled to mature on March 31, 2008, (ii) our $80.0 million Bridge Loan, which is scheduled to mature on May 31, 2008, and (iii) our obligation to repay $100.0 million of indebtedness under the Gulfstream Park project financings with a subsidiary of MID by May 31, 2008. Accordingly, our financial statements have been prepared with a "going concern" qualification. See "Outlook", "Liquidity and Capital Resources" and "Going Concern" below for more information.

Debt Elimination Plan

The Plan contemplates selling certain real estate properties, including those situated in the following locations: Dixon, California; Ocala, Florida; Aventura and Hallandale, Florida, both adjacent to Gulfstream Park; Porter, New York; Anne Arundel County, Maryland, adjacent to Laurel Park; and Ebreichsdorf, Austria, adjacent to the Magna Racino™. We have initiated an active program to sell the Dixon and Ocala real estate properties and have listed both of these properties for sale with a real estate broker. The Porter lands, which comprise three parcels of land, have been sold — the sale of one parcel closed in December 2007 and sales of the remaining two parcels closed in early January 2008. The sale of these properties generated net proceeds of approximately $1.7 million, net of transaction costs, which was used to repay a portion of the Bridge Loan subsequent to December 31, 2007. We recognized an impairment charge of $1.3 million in 2007 in relation to the Porter lands.

On December 21, 2007, we entered into an agreement to sell 225 acres of excess real estate located in Ebreichsdorf, Austria to a subsidiary of Magna International Inc., a related party, for a purchase price of Euros 20.0 million (approximately U.S. $29.4 million), subject to customary closing adjustments. The closing of the transaction is expected to occur during the first quarter of 2008 following the satisfaction of customary closing conditions including the receipt of all necessary regulatory approvals. We are required to use Euros 7.5 million of the net proceeds to repay a portion of a Euros 15.0 million term loan facility and the remaining portion of the net proceeds is required to be used to repay a portion of the Bridge Loan.

We also intend to explore the sale of our membership interests in the mixed-use developments at Gulfstream Park in Florida and Santa Anita Park in California that we are pursuing under joint venture arrangements with Forest City Enterprises, Inc. ("Forest City") and Caruso Affiliated, respectively.

The racetracks that we intend to sell include: Great Lakes Downs in Michigan, Remington Park in Oklahoma, Thistledown in Ohio and our interest in Portland Meadows in Oregon. We ceased racing at Great Lakes Downs on November 4, 2007 and listed the property for sale with a real estate broker in October 2007. In September 2007, we engaged a U.S. investment bank, recognized as an experienced advisor in the gaming industry, to assist in soliciting potential purchasers and manage the sale process for certain assets and in October 2007, the U.S. investment bank began marketing Remington Park and Thistledown for sale. In November 2007, we initiated an active program to locate a buyer and began marketing our interest in Portland Meadows for sale.

We also intend to explore other strategic transactions involving other racing, gaming and technology operations, including: partnerships or joint ventures in respect of the existing gaming facility at Gulfstream Park; partnerships or joint ventures in respect of potential alternative gaming operations at certain of our other racetracks that currently do not have gaming operations; and transactions involving our technology operations, which may include one or more of the assets that comprise our PariMax business.

The real estate properties located in Dixon, California and Ocala, Florida, the two parcels of land in Porter, New York, that were sold in January 2008 and the excess land in Ebreichsdorf, Austria that is under a contractual sale agreement, have been classified as "assets held for sale" on our consolidated balance sheet as at December 31, 2007. Similarly, the operations of Great Lakes Downs, Remington Park, Thistledown and Portland Meadows have been presented as "discontinued operations" at December 31, 2007 given that all of these assets met the criteria under U.S. GAAP for classification as either "assets held for sale" or "discontinued operations" at December 31, 2007. Comparative periods presented have been restated to reflect the results of these assets held for sale and discontinued operations on a consistent basis.

Outlook

Although we continue to implement our Plan, real estate and credit markets have continued to demonstrate weakness in the first part of 2008. This has reduced the likelihood that we will be able to complete asset sales at acceptable prices as quickly as originally contemplated. In light of these adverse developments, combined with our upcoming debt maturities and operational funding requirements, we will likely need to seek extensions or additional funds in the short-term from one or more possible sources. The availability of such extensions or additional funds from existing lenders, including MID, or from other sources is not assured and, if available, the terms thereof are not determinable at this time. We expect that we will enter into negotiations with such existing lenders, including MID, with a view to extending, restructuring or refinancing such facilities. There is no assurance that such negotiations, if any, will result in a favorable outcome for MEC. If we are unable to repay our obligations when due, other current and long-term debt will also become due on demand as a result of cross-default provisions within loan agreements, unless we are able to obtain waivers or extensions. Unless we are successful in our efforts, we could be required to liquidate assets in the fastest manner possible to raise funds, seek protection from our creditors in one or more ways or be unable to continue as a going concern. See the "Going Concern" section below and the section entitled "Risk Factors — Risks Regarding Our Company" elsewhere in this Report for more information.

Our Operations

Our revenues are derived primarily from our racing and gaming operations. Selected information about our racing and gaming operations is set forth below:

			Year ended December 31, 2007			
Track / Operation	Date Acquired	Local Market Population(1) (in millions)	Racing Season	Live Racing Days	Total Handle(2) (in millions)	Revenue(2)(3) (in millions)
Continuing Operations						
Santa Anita Park — *Los Angeles*	Dec. 1998	10.9	Jan. 1 to Apr. 22 and Dec. 26 to 31	85	$ 1,051.4	$ 145.9
			The Oak Tree Meet Sep. 26 to Nov. 4	31	283.4(4)	
Gulfstream Park — *Miami*	Sep. 1999	4.3	Jan. 3 to Apr. 22	88	746.8	123.0
Laurel Park — *Baltimore*	Nov. 2002	6.6	Jan. 1 to Apr. 15 and Aug. 10 to Aug. 23 and Sep. 5 to Dec. 29	148	525.9	57.5
Golden Gate Fields — *San Francisco*	Dec. 1999	5.2	Jan. 1 to Feb. 11 and Apr. 25 to Jun. 10 and Nov. 7 to Dec. 31	98	442.5	55.7
Pimlico Race Course — *Baltimore*	Nov. 2002	5.2	Apr. 19 to Jun. 9	31	284.7	52.9
Lone Star Park — *Dallas*	Oct. 2002	5.1	Apr. 12 to Jul. 29 and Oct. 5 to Dec. 1	99	290.9	60.5
The Meadows — *Pittsburgh*	Apr. 2001	2.8	Jan. 1 to Aug. 15 and Nov. 1 to Dec. 31	205	205.1	35.1
XpressBet® — *National*	Apr. 2001	N/A	All year	N/A	175.6	36.6
MagnaBet™	Apr. 2004	N/A	All year	N/A	9.8	2.1
Magna Racino™ — *Ebreichsdorf, Austria*	Apr. 2004	2.5	Mar. 18 to Nov. 11	25	2.4	8.0
Total Continuing Operations						**$ 577.3**
Discontinued Operations						
Remington Park — *Oklahoma City*	Nov. 1999	1.1	Mar. 9 to Jun. 3 and Aug. 2 to Dec. 1	119	$ 122.7	$ 77.6
Thistledown — *Cleveland*	Nov. 1999	3.0	Apr. 12 to Nov. 19	136	175.8	24.7
Portland Meadows — *Portland*	Jul. 2001	2.0	Jan. 1 to May 5 and Oct. 7 to Dec. 31	75	85.7	15.3
Great Lakes Downs — *Muskegon, Michigan*	Feb. 2000	1.2	May 5 to Nov. 6	98	48.5	5.4
Total Discontinued Operations						**$ 123.0**

(1) Population residing within 40 miles of each of our racetracks, except for Santa Anita Park and Magna Racino™ (30 miles), The Meadows (50 miles) and Great Lakes Downs (50 miles). Data from Urban Systems Inc.

(2) Amounts comprising total handle and revenue include inter-company transactions for our racetracks, account wagering operations and separate OTB facilities, for both our importing and our exporting facilities.

(3) Revenue excludes our AmTote operations, our training centers, HRTV™ and our straw-based horse bedding production facilities in Europe and North Carolina.

(4) Rental and other revenues earned from The Oak Tree Meet are included in Santa Anita Park's revenue.

Our primary source of racing revenues is commissions earned from pari-mutuel wagering. Pari-mutuel wagering on horse racing is a form of wagering in which wagers on horse races are aggregated in a commingled pool of wagers (the "mutuel pool") and the payoff to winning customers is determined by both the total dollar amount of wagers in the mutuel pool and the allocation of those dollars among the various kinds of bets. Unlike casino gambling, the customers bet against each other, and not against us, and therefore we bear no risk of loss with respect to any wagering conducted. We retain a pre-determined percentage of the total amount wagered (the "take-out") on each event, regardless of the outcome of the wagering event, and the remaining balance of the mutuel pool is distributed to the winning customers. Of the percentage we retain, a portion is paid to the horse owners in the form of purses or winnings, which encourage the horse owners and their trainers to enter their horses in our races. Our share of pari-mutuel wagering revenues is based on pre-determined percentages of various categories of the pooled wagers at our racetracks. The maximum pre-determined percentages are approved by state regulators. Pari-mutuel wagering on horse racing occurs on the live races being conducted at racetracks, as well as on televised racing signals, or simulcasts, received or imported by the simulcast wagering facilities located at such racetracks or OTB facilities, and through various forms of account wagering. Our racetracks have simulcast wagering facilities to complement our live horse racing, enabling our customers to wager on horse races being held at other racetracks.

We derive our pari-mutuel wagering revenues from the following primary sources:

- Wagers placed at our racetracks or our OTB facilities on live racing conducted at our racetracks;
- Wagers placed at our racetracks' simulcast wagering venues or our OTB facilities on races imported from other racetracks;
- Wagers placed at other locations (i.e. other racetracks, OTB facilities or casinos) on live racing signals exported by our racetracks; and
- Wagers placed by telephone or over the Internet by customers enrolled in XpressBet® or MagnaBet™, our account wagering platforms.

Wagers placed at our racetracks or our OTB facilities on live racing conducted at one of our racetracks produce more net revenue for us than wagers placed on imported racing signals, because we must pay the racetrack sending us its signal a fee generally equal to 3% to 4% of the amount wagered on its race. Wagers placed on imported signals, in turn, produce more revenue for us than wagers placed on our signals exported to off-track venues (i.e. other racetracks, OTB facilities or casinos), where we are paid a commission generally equal to only 3% to 4% of the amount wagered at the off-track venue on the signal we export to those venues. Revenues from our telephone and Internet account wagering operations vary depending upon the source of the signal upon which the wager is placed.

We also generate gaming revenues from our Gulfstream Park and Remington Park (which is reflected as "discontinued operations") gaming operations. Gaming revenues represent the net win earned on slot wagers. Net win is the difference between wagers placed and winning payouts to patrons.

We also generate non-wagering revenues which include totalisator equipment sales and service revenues from AmTote earned in the provision of totalisator services to racetracks, food and beverage sales, program sales, admissions, parking, sponsorship, rental fees and other revenues.

Live race days are a significant factor in the operating and financial performance of our racing business. Another significant factor is the level of wagering per customer on our racing content on-track, at inter-track simulcast locations and at OTB facilities. There are also many other factors that have a significant impact on our racetrack revenues. Such factors include, but are not limited to: attendance at our racetracks, inter-track simulcast locations and OTB facilities; activity through our XpressBet® and MagnaBet™ systems; the number of races conducted at our racetracks and at racetracks whose signals we import and the average field size per race; our ability to attract the industry's top horses and trainers; inclement weather; and changes in the economy.

Set forth below is a list of the total live race days by racetrack for the years ended December 31, 2007, 2006 and 2005:

	Years ended December 31,		
	2007	2006	2005
Continuing Operations Racetracks			
Santa Anita Park(1)	85	86	85
Gulfstream Park	88	87	86
Golden Gate Fields	98	106	96
Laurel Park(2)	148	152	135
Lone Star Park	99	97	100
Pimlico Race Course(2)	31	31	59
The Meadows	205	208	206
Magna Racino™	25	40	45
	779	807	812
Discontinued Operations Racetracks(3)			
Thistledown	136	156	185
Remington Park	119	118	98
Portland Meadows	75	86	70
Great Lakes Downs	98	101	100
	428	461	453
Total	**1,207**	**1,268**	**1,265**

(1) Excludes The Oak Tree Meet which consisted of 31 days in 2007, 26 days in 2006 and 31 days in 2005.

(2) Laurel Park and Pimlico Race Course constitute The Maryland Jockey Club.

(3) Flamboro Downs had 203 live race days in 2005 to the date of its sale on October 19, 2005. The results of Flamboro Downs in 2005 have been reported as discontinued operations in our consolidated financial statements.

We recognize racing revenue prior to our payment of purses, stakes, awards and pari-mutuel taxes. The racing costs relating to these revenues are shown as "pari-mutuel purses, awards and other" in our consolidated financial statements. We recognize gaming revenue prior to our payment of taxes and purses. The gaming costs relating to these revenues are shown as "gaming purses, taxes and other" in our consolidated financial statements.

Our operating costs principally include salaries and benefits, the cost of providing totalisator services and manufacturing totalisator equipment, utilities, the cost of food and beverages sold, racetrack repairs and maintenance expenses, sales and marketing expenses, rent, printing costs, property taxes, license fees and insurance premiums.

Seasonality

Most of our racetracks operate for prescribed periods each year. As a result, our racing revenues and operating results for any quarter will not be indicative of our racing revenues and operating results for any other quarter or for the year as a whole. Because five of our largest racetracks, Santa Anita Park, Gulfstream Park, Lone Star Park at Grand Prairie, Pimlico Race Course and Golden Gate Fields, run live race meets principally during the first half of the year, our racing operations have historically operated at a loss in the second half of the year, with our third quarter generating the largest operating loss. This seasonality has resulted in large quarterly fluctuations in revenue and operating results.

Real Estate and Other Operations

Our real estate and other revenues represent revenues earned from our European residential development.

convertible into 8,823,529 shares of our Class A Subordinate Voting Stock (subject to certain potential adjustments). In June 2003, we issued $150.0 million aggregate principal amount of our 8.55% Convertible Subordinated Notes due June 15, 2010 that are convertible into 21,276,595 shares of our Class A Subordinate Voting Stock. We have effective registration statements filed with the SEC covering all such shares of our Class A Subordinate Voting Stock issuable upon the conversion of such notes. In connection with the October 29, 2007 closing by MEC of a $20.0 million private placement of the Company's Class A Subordinate Voting Stock to Fair Enterprise, Fair Enterprise was issued 8.9 million shares of Class A Subordinate Voting Stock at a price of $2.25 per share. As a result of the private placement, the percentage of Class A Subordinate Voting Stock beneficially owned by Fair Enterprise has increased to approximately 21.6% of the issued and outstanding Class A Subordinate Voting Stock, representing approximately 10.8% of the equity of the Company. Sales of a substantial number of shares of our Class A Subordinate Voting Stock, by MID, Fair Enterprise or upon conversion of our Convertible Notes could depress the prevailing market price of our Class A Subordinate Voting Stock.

We have no current plans to pay dividends and may never pay dividends.

We have not paid any dividends to date on our Class A Subordinate Voting Stock and we do not anticipate declaring or paying cash dividends until we generate after-tax profits, if ever. See "Dividends and Dividend Policy" below.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

Information concerning properties required by this item is incorporated by reference to the information contained in "Item 1. Business" of this Report.

Item 3. Legal Proceedings

We are not directly involved in any material litigation nor, to our knowledge, is any material litigation threatened against us, other than routine litigation arising in the ordinary course of business or that which is expected to be covered by insurance other than:

On November 15, 2006, the Company opened the slots facility at Gulfstream Park, which now offers approximately 825 slot machines. The Company opened the slots facilities despite an August 2006 decision rendered by the Florida First District Court of Appeals that reversed a lower court decision granting summary judgment in favor of "Floridians for a Level Playing Field" ("FLPF"), a group in which Gulfstream Park is a member. The Court ruled that a trial is necessary to determine whether the constitutional amendment adopting the slots initiative, approved by Floridians in the November 2004 election, was invalid because the petitions bringing the initiative forward did not contain the minimum number of valid signatures. FLPF filed an application for a rehearing, rehearing en banc before the full panel of the Florida First District Court of Appeals and Certification by the Florida Supreme Court. On November 30, 2006, in a split decision, the en banc court affirmed the August 2006 panel decision and certified the matter to the Florida Supreme Court, which stayed the appellate court ruling pending its jurisdictional review of the matter. On September 27, 2007, the Florida Supreme Court ruled that the matter was not procedurally proper for consideration by the court. Its order effectively remanded the matter to the trial court for a trial on the merits. A trial on the merits will likely take over a year to fully develop and could take as many as three years to achieve a full factual record and trial court ruling for an appellate court to review. The Company believes that the August 2006 decision rendered by the Florida First District Court of Appeals is incorrect and that any allegations of fraud in the securing of the petitions will ultimately be disproven at the trial level, and accordingly, we proceeded to open the slots facility.

On November 28, 2007, we sought and were granted amicus curiae status in a suit filed by the House of Representatives and Speaker Marco Rubio against the Governor of the State of Florida, Charlie Crist, relating to the approval of tribal compacts. The Florida Supreme Court heard arguments on January 30, 2008 and judgment is currently pending.

We characterize our real estate as follows:

- Revenue-Producing Racing and Gaming Real Estate
  - real estate at our racetracks used in our racing and gaming operations;
- Excess Racing Real Estate
  - excess real estate at our racetracks that we are considering developing with strategic partners or otherwise; and
- Revenue-Producing Non-Racing Real Estate
  - developed real estate not at our racetracks that is currently generating revenue for us.

As of December 31, 2007, the aggregate net book values of our real estate properties are as follows:

	$ millions
Revenue-Producing Racing and Gaming Real Estate	655.8
Excess Racing Real Estate	87.1
Revenue-Producing Non-Racing Real Estate	8.5
	751.4

Included in our Excess Racing Real Estate is land adjacent to certain of our racetracks, Santa Anita Park, Gulfstream Park, Lone Star Park at Grand Prairie, Laurel Park (in respect of which we disposed of a portion of the excess land, a 64 acre parcel in February 2007), Pimlico Race Course and Magna Racino™. We are considering a variety of options with respect to this excess land, including entertainment and retail-based developments that could be undertaken in conjunction with business partners who might provide the necessary financing.

Our Revenue-Producing Non-Racing Real Estate includes our European residential development.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates that affect: the amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on historical experience and various other assumptions that are believed to be reasonable and prudent in the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. On an ongoing basis, we evaluate our estimates. However, actual results could differ from those estimates under different assumptions or conditions.

Our significant accounting policies are included in Note 2 to our consolidated financial statements. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Impairment of Intangible and Long-Lived Assets

Our most significant intangible assets are racing licenses which represent the value attributed to licenses to conduct race meets acquired through our racetrack acquisitions. In accordance with Financial Accounting Standards Board Statement No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets", intangibles are evaluated for impairment on an annual basis or when impairment indicators are present. Racing license impairment is assessed based on a comparison of the fair value of an individual reporting unit's racing license to its carrying value. An impairment write-down to fair value would occur if estimated discounted cash flows from operations less charges for contributory assets assumed to be owned by third parties is less than the carrying value of the racing license.

Under Financial Accounting Standards Board Statement No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-lived Assets", our long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If such events or changes in circumstances are present, we assess the recoverability of the long-lived assets by determining whether the carrying value of such assets can be recovered through projected undiscounted cash flows. If the sum of expected future cash flows, undiscounted and without interest charges, is less than net book value, the excess of the net book value over the estimated fair value, based on discounted future cash flows and appraisals, is charged to operations in the period in which such impairment is determined by management. When long-lived assets are identified as available for sale, if necessary, the carrying value is reduced to the estimated fair value less costs of disposal. Fair value is determined based upon discounted cash flows of the assets, appraisals and, if appropriate, current estimated net sales proceeds from pending offers.

We believe the accounting estimates related to intangibles and long-lived asset impairment assessments are "critical accounting estimates" because they are subject to significant measurement uncertainty and are susceptible to change as management is required to make forward-looking assumptions regarding cash flows and business operations. Any resulting impairment loss could have a material impact on our consolidated operating results and on the amount of assets reported on our consolidated balance sheets.

Future Income Tax Assets

At December 31, 2007, we recorded future tax assets (net of related valuation allowances) in respect of loss carryforwards and other deductible temporary differences. We evaluate quarterly the realizability of our future tax assets by assessing our valuation allowance and by adjusting the allowance as necessary. The assessment considers forecasts of future taxable income and tax planning strategies that could be implemented to realize the future tax assets. Should operations not yield future taxable income or if tax planning strategies can not be implemented, then there could be a material impact on our consolidated tax expense or recovery and on the amount of future tax assets reported on our consolidated balance sheets.

Stock-Based Compensation

Prior to January 1, 2006, we accounted for stock-based compensation under the recognition and measurement provisions of APB Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees", and related Interpretations, as permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). Effective January 1, 2006, we adopted the fair value recognition provisions of SFAS No. 123 (R), "Share-Based Payment" ("SFAS 123(R)"), using the modified-prospective method. Under the modified-prospective method, compensation expense recognized in 2006 includes: (a) compensation expense for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation expense for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R).

Revenue Recognition

A significant component of our revenues is generated from our racing and gaming operations. Revenues generated from horse racing are recorded on a daily basis and are recognized gross of purses, stakes and awards as well as pari-mutuel wagering taxes. Gaming revenues represent the net win earned on slots wagers. Net win is the difference between wagers placed and winning payouts to patrons, and is recorded at the time wagers are made. Non-wagering revenues include totalisator equipment sales and service revenues from AmTote earned in the provision of totalisator services to racetracks, food and beverage sales, program sales, admissions, parking, sponsorship, rental fees and other revenues. Revenues derived principally from totalisator equipment sales are recognized upon shipment or acceptance of the equipment by the customer depending on the terms of the underlying contracts. Revenues generated from service contracts in the provision of totalisator services are recognized when earned based on the terms of the service contract. Revenues from food and beverage and program sales are recorded at the time of sale. Revenues from admissions and parking are recorded on a daily basis, except for seasonal amounts which are recorded ratably over the racing season. Revenues from sponsorship and rental fees are recorded ratably over the terms of the respective agreements or when the related event occurs. Revenues from the sale of residential development inventory are recognized when title passes to the purchaser and collection is reasonably assured.

Employee Defined Benefit and Postretirement Plans

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("SFAS 158"). SFAS 158 requires employers to recognize the funded status (the difference between the fair value of plan assets and the projected benefit obligations) of a defined benefit postretirement plan as an asset or liability on the consolidated balance sheet with a corresponding adjustment to accumulated comprehensive income (loss), net of tax, measure the fair value of plan assets and benefit obligations as of the balance sheet date and provide additional disclosures about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition assets or obligations. On December 31, 2006, we adopted the recognition and disclosure provisions of SFAS 158. The adjustment to accumulated comprehensive income (loss) upon adoption represented the net unrecognized actuarial gain or loss determined in accordance with SFAS No. 87, "Employers' Accounting for Pensions" ("SFAS 87"), which was previously netted against the plan's funded status pursuant to the provisions of SFAS 87. These amounts will be subsequently recognized as net periodic pension cost pursuant to our historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of other comprehensive income (loss). Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated comprehensive income (loss) upon adoption of SFAS 158.

Litigation

In the ordinary course of business, we may be contingently liable for litigation and claims with, among others, customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on our financial position.

Off-Balance Sheet Arrangements

At December 31, 2007, we do not have any material off-balance sheet arrangements that have not been disclosed in either our consolidated financial statements or in this Report.

Related Party Transactions

Refer to Note 22 to our consolidated financial statements which describes all material related party transactions.

Results of Operations

The following is a discussion and comparison of our results of operations and financial position for the years ended December 31, 2007, 2006 and 2005.

Year Ended December 31, 2007 Compared to December 31, 2006

Racing and gaming operations

In 2007, we operated our continuing operations racetracks for 28 fewer live race days compared to the prior year primarily due to a decrease in the awarded live race days at Golden Gate Fields in 2007 compared to the prior year and planned reductions in live race days at Magna Racino™.

In 2007, revenues from our racing and gaming operations increased $48.0 million or 8.4% to $617.2 million, compared to $569.3 million in 2006, primarily due to:

- Florida revenues above the prior year by $34.1 million or 37.5% due to the opening of casino operations at Gulfstream Park in November 2006 and expanded casino operations in March 2007, which generated $41.1 million of gaming revenues in 2007, compared to $9.0 million in 2006, and increased simulcasting revenues with new legislation in 2007 which allows us to simulcast year round, partially offset by reductions in wagering at Gulfstream Park's racing operations, despite one additional live race day, caused, in part, to the limited access to ATM banking machines and check cashing services on site at Gulfstream Park during the 2007 live race meet.

- PariMax revenues above the prior year by $28.8 million or 55.9% as a result of the acquisition of the remaining 70% equity interest in AmTote in July 2006, which generated incremental revenues of $26.7 million in 2007 and is now being consolidated into the PariMax operations, whereas previously our 30% equity interest was accounted for on an equity basis and $5.8 million of increased revenues at XpressBet® due to a 14.0% increase in U.S. handle compared to the prior year primarily due to having access to CDI racing content, including the Kentucky Derby, through our TrackNet Media joint venture arrangement, partially offset by decreased revenues of $3.4 million at MagnaBet™ due to a decline in handle as a result of wagering platform changes and the termination of a contract with a German television service.

- Maryland operations below the prior year by $4.1 million or 3.5% primarily due to fewer live race days at Laurel Park.

- Northern U.S. operations below the prior year by $3.7 million or 9.3% primarily due to fewer live race days at The Meadows.

- California revenues below the prior year by $2.5 million or 1.2% primarily due to a reduction in live race days at Golden Gate Fields, whereby live race days were decreased from 106 days in 2006 to 98 days in 2007.

- European operations below the prior year by $1.3 million or 12.8% primarily due to fewer live race days at Magna Racino™.

- Eliminations of inter-company revenues between business units above the prior year by $3.5 million due to the consolidation of AmTote for the full period in the current year, compared to only from the date of acquisition in the prior year.

Pari-mutuel purses, awards and other decreased $16.2 million or 5.9% to $259.9 million in 2007, from $276.2 million in 2006, primarily due to decreased wagering at Golden Gate Fields, Laurel Park, Gulfstream Park, MagnaBet™ and The Meadows for reasons noted above as well as increased inter-company eliminations of tote fees paid by our racetracks to AmTote, which became a wholly-owned subsidiary in July 2006 and reduced carriage costs related to HRTV™ which is now being accounted for using equity accounting with the formation of a joint venture with CDI in late April 2007. As a percentage of pari-mutuel wagering revenues, pari-mutuel purses, awards and other decreased from 62.4% in 2006 to 60.1% in 2007 primarily due to lower wagering at MagnaBet™ which has historically had a higher than average purses, awards and other costs.

Gaming purses, taxes and other increased $22.2 million to $28.3 million in 2007, compared to $6.1 million in 2006, due to the opening of the casino facility at Gulfstream Park in November 2006 and the expanded casino facility in March 2007. As a percentage of gaming revenues, gaming purses, taxes and other increased from 67.0% in 2006 to 68.9% in 2007 as a result of increased slot revenues.

Operating costs in our racing and gaming operations increased $35.4 million or 14.9% to $273.0 million in 2007, from $237.6 million in 2006, primarily due to:

- an increase of $23.9 million in our Florida operations, primarily due to operating costs at Gulfstream Park for the new casino facility; and

- an increase of $11.8 million in our PariMax operations as a result of the consolidation of AmTote as noted previously, partially offset by reduced costs at HRTV™ with the formation of the joint venture with CDI.

As a percentage of total racing and gaming revenues, operating costs increased from 41.7% in 2006 to 44.2% in 2007, primarily as a result of higher costs incurred during the start-up of the casino operations at Gulfstream Park.

General and administrative expenses in our racing and gaming operations increased by $1.8 million or 2.7% to $68.8 million in 2007, compared to $67.0 million in 2006. Several of our racetracks experienced lower general and administrative expenses as a result of cost reduction initiatives, which were more than offset by an increase in our PariMax operations with the consolidation of AmTote as noted previously. As a percentage of total racing and gaming revenues, general and administrative expenses decreased from 11.8% in 2006 to 11.1% in 2007.

Real estate and other operations

Revenues from real estate and other operations increased $3.5 million from $4.9 million in 2006 to $8.5 million in 2007 and includes $0.3 million of revenues related to the sale of one parcel of land in Porter, New York. The remaining increase in revenues is attributable to increased housing unit sales at our European residential housing development in 2007 compared to 2006. Real estate and other operating costs and general and administrative expenses increased from $4.0 million in 2006 to $5.6 million in 2007, primarily due to the increased sales activity in 2007 as well as the recognition of a $0.9 million recovery of warranty costs in 2006 from a third party for costs incurred with respect to previously built housing units.

Predevelopment, pre-opening and other costs

Predevelopment, pre-opening and other costs decreased $7.7 million from $10.6 million in 2006 to $2.9 million in 2007. Predevelopment, pre-opening and other costs incurred in 2007 represent $0.9 million of costs that we incurred pursuing alternative gaming opportunities, $0.9 million of costs related to the Dixon Downs campaign, $0.5 million of costs incurred pursuing certain financing initiatives and $1.2 million of costs relating to developmental initiatives undertaken to enhance our racing operations, partially offset by a recovery of $0.6 million of costs related to the Florida slot initiatives incurred in 2006. In 2006, the predevelopment, pre-opening and other costs incurred represent $3.0 million incurred in the expensing of deferred development costs incurred related to the Romulus, Michigan racing license, $2.5 million pursuing alternative gaming opportunities, $1.5 million incurred pursuing certain financing initiatives, $1.5 million of costs relating to development initiatives undertaken to enhance our racing operations and $2.1 million of pre-opening costs incurred in the opening of the Gulfstream Park casino facility.

Depreciation and amortization

Depreciation and amortization increased $3.3 million from $39.0 million in 2006 to $42.3 million in 2007, primarily due to increased depreciation on the slots facility at Gulfstream Park and on AmTote fixed assets as a result of full consolidation upon completion of the acquisition as noted previously, partially offset by reduced depreciation at Magna Racino™ with the write-down of long-lived assets in the fourth quarter of 2006.

Interest income and expense

Net interest expense decreased $7.1 million to $50.6 million in 2007 from $57.8 million in 2006. The lower net interest expense is primarily attributable to the repayment of a previous bridge loan facility with a subsidiary of MID, reduced borrowings under our $40.0 million senior secured revolving credit facility and repayment of other debt during 2006 from the proceeds of various asset sales, partially offset by increased borrowings on our Gulfstream Park project financings with a subsidiary of MID. In 2007, $0.4 million of interest was capitalized with respect to projects under development, compared to $2.6 million in 2006.

Write-down of long-lived assets

The write-down of long-lived assets in 2007 of $1.3 million represents an impairment charge related to our Porter, New York real estate properties, of which one parcel was sold in the fourth quarter of 2007 and the remaining two parcels were sold in January 2008. The impairment loss represents the excess of our carrying value of the real estate over the fair value of the real estate properties. The write-down of long-lived assets in 2006 of $88.6 million is comprised of a $76.2 million write-down of Magna Racino™'s long-lived assets, a $11.2 million write-down on The Meadows' long-lived assets as a result of the transaction with Millennium-Oaktree and a $1.3 million write-down on our Canadian residential development real estate.

Equity loss

Equity loss in 2007 of $3.1 million increased $2.6 million from an equity loss of $0.5 million in 2006. In 2007, our equity loss represents losses incurred on our investment in Racing World, HRTV, LLC, since its effective date of April 27, 2007 and TrackNet Media, LLC from the date of creation on March 4, 2007. In 2006, our equity loss represented losses incurred in our investment in Racing World, partially offset by equity income earned from our initial 30% equity investment in AmTote until July 26, 2006.

Gain on sale of intangible assets related to The Meadows

The gain on sale of intangible assets related to The Meadows in 2006 of $126.4 million represents the gain recognized on The Meadows' transaction with Millennium-Oaktree, which was completed on November 14, 2006.

Income tax expense

We recorded an income tax recovery of $2.6 million on a loss from continuing operations of $110.4 million in 2007, whereas in 2006, we recorded an income tax benefit of $7.1 million on a loss from continuing operations of $86.7 million. The income tax recovery of $2.6 million in 2007 represents the income tax benefit of consolidating AmTote's operations in our consolidated tax position in 2007 as well as the release of valuation allowances on tax losses used in the current year and applied to gains recognized on land sales. The income tax recovery of $7.1 million in 2006 represents the reversal of net future tax liabilities associated with temporary differences related to Magna Racino™'s long-lived assets which were written down, partially offset by income tax expense recognized in certain U.S. operations.

Discontinued operations

Discontinued operations in 2007 include the operations of Remington Park in Oklahoma, Thistledown in Ohio, Portland Meadows in Oregon and Great Lakes Downs in Michigan. In addition to Remington Park, Thistledown, Portland Meadows and Great Lakes Downs, discontinued operations in 2006 also includes the Fontana Golf Club, the sale of which was completed on November 1, 2006, the Magna Golf Club, the sale of which was completed on August 25, 2006 and the operations of a restaurant and related real estate in the United States, the sale of which was completed on May 26, 2006. The following table presents the results of operations from discontinued operations for 2007 and 2006:

	Years ended December 31,	
	2007	**2006**
Revenues	$ 122,200	$ 142,534
Costs and expenses	120,873	133,303
	1,327	9,231
Predevelopment, pre-opening and other costs	447	3,557
Depreciation and amortization	3,976	7,069
Interest expense, net	2,794	4,984
Impairment loss recorded on disposition(i)	—	1,202
Loss before gain on disposition	(5,890)	(7,581)
Gain on disposition(ii)	—	1,495
Loss before income taxes	(5,890)	(6,086)
Income tax expense	—	1,653
Loss from discontinued operations	$ (5,890)	$ (7,739)

(i) Given that the sale of the Magna Golf Club on August 25, 2006 established fair values for certain assets, we performed impairment testing of these assets. Based on this analysis, a non-cash impairment loss of $1.2 million was required, which was equal to the excess of our carrying value of the assets disposed over their fair values at the date of disposition.

(ii) The gain on disposition of $1.5 million represents the gain recognized on the sale of a restaurant and related real estate in the United States on May 26, 2006.

Year Ended December 31, 2006 Compared to December 31, 2005

Racing and gaming operations

In 2006, we operated our continuing operations racetracks for five fewer live race days compared to the prior year primarily due to a change in the racing calendar at the Maryland Jockey Club and planned reductions in live race days at Magna Racino™, partially offset by an increase in awarded live race days at Golden Gate Fields.

In 2006, revenues from our racing and gaming operations increased $47.2 million or 9.0% to $569.3 million, compared to $522.0 million in 2005, primarily due to:

- PariMax revenues above the prior year by $17.3 million or 50.7% as a result of the acquisition of the remaining 70% equity interest in AmTote in July 2006, the operations of which are now being consolidated into the PariMax operations, whereas previously our 30% equity interest was accounted for on an equity basis and increased wagering activity through MagnaBet™.

- Florida revenues above the prior year by $16.4 million or 22.0% due to the opening of the slots facility on November 16, 2006 as well as increased racing revenues due to the opening of the new clubhouse facility at Gulfstream Park. The Gulfstream Park slots facility generated $9.0 million of gaming revenues in 2006. The live race meet conducted in the first half of 2005 operated out of temporary facilities which affected 2005 revenues despite best efforts to minimize the disruption's negative impact.

- California revenues above the prior year by $11.2 million or 5.7% due to:

  - increased attendance and higher levels of handle and wagering at Santa Anita Park throughout the 2006 live race meet as a result of good weather in Southern California and focused marketing initiatives to attract patrons "back to the track". Southern California experienced significant rainfall during the 2005 live race meet, which resulted in lower attendance and gross wagering and a reduction in the number of races that were run on the turf course during the 2005 live race meet. Turf course races typically generate higher levels of wagering; and

  - a change in the racing calendar at Golden Gate Fields, whereby live race days were increased from 96 days in 2005 to 106 days in 2006.

- Maryland operations above the prior year by $5.2 million or 4.6% due to increased food and beverage revenues from Maryland Turf Caterers, the food and beverage operations at Laurel Park and Pimlico, which was acquired in September 2005. These operations are now being consolidated into the Maryland operations, whereas previously the operations were accounted for on an equity basis. The increase is also attributable to increased wagering on Laurel Park racing content as a result of the new turf course at Laurel Park, which has resulted in increased field sizes and handle. Average daily export handle on Laurel Park racing content was up significantly in 2006 compared to 2005, evidencing higher quality racing that has generated increased wagering activity.

- Northern U.S. operations above the prior year by $1.0 million or 2.6% due primarily to two additional live race days at The Meadows in 2006 compared to 2005.

- Southern U.S. operations below the prior year by $4.5 million or 7.0% due to decreased handle and revenues at Lone Star Park due to three fewer live race days in 2006 compared to 2005 and increased competition from racetracks in surrounding states and internet wagering operations.

Pari-mutuel purses, awards and other increased $9.5 million or 3.6% to $276.2 million in 2006, from $266.7 million in 2005, primarily due to increased wagering at Santa Anita Park, Golden Gate Fields and Gulfstream Park for reasons noted above. As a percentage of pari-mutuel wagering revenues, pari-mutuel purses, awards and other remained relatively consistent at 62.4% in 2006 and 62.3% in 2005.

Gaming purses, taxes and other increased $6.1 million to $6.1 million in 2006 as Gulfstream Park's casino facility opened in mid November 2006.

Operating costs in our racing and gaming operations increased $20.0 million to $237.6 million in 2006, from $217.6 million in 2005, primarily due to:

- an increase of $10.0 million in our PariMax operations primarily as a result of the consolidation of AmTote as noted previously;
- an increase of $6.8 million in our Florida operations, primarily due to increased food and beverage operations and operating and marketing costs at Gulfstream Park as a result of the new slots facility;
- an increase of $2.5 million in our Maryland operations as a result of the acquisition of Maryland Turf Caterers as noted previously; and
- an increase of $2.2 million in our California operations due to increased wagering activity at Santa Anita Park as well as additional live race days at Golden Gate Fields as a result of the change in the racing calendar; partially offset by
- a decrease of $1.8 million in our European operations as a result of cost reduction initiatives at Magna Racino™.

As a percentage of total racing and gaming revenues, operating costs remained consistent at 41.7% in both 2006 and 2005.

General and administrative expenses in our racing and gaming operations increased $9.5 million to $67.0 million in 2006, from $57.5 million in 2005. The increase is primarily attributable to increased costs at our Corporate office as a result of $2.7 million in severance for three senior executives at our Corporate office, which includes $0.7 million of stock-based compensation and an additional $0.7 million of costs relating to stock-based compensation for other executives and employees. With the implementation of SFAS 123(R) on January 1, 2006, we are now required to expense stock-based compensation, whereas historically, we have provided only pro-forma disclosure of stock-based compensation expense. General and administrative expenses also increased in our PariMax operations with the consolidation of AmTote as previously noted.

As a percentage of total racing and gaming revenues, general and administrative expenses increased from 11.0% in 2005 to 11.8% in 2006 primarily due to additional costs at our Corporate office for severance and stock option arrangements and at AmTote.

Real estate and other operations

Revenues from real estate and other operations increased $0.3 million from $4.6 million in 2005 to $4.9 million in 2006. The increase in revenues is attributable to increased housing unit sales at our European residential housing development in 2006 compared to the prior year. Real estate and other operating costs and general and administrative expenses decreased from $4.9 million in 2005 to $4.0 million in 2006 primarily due to the recognition of a $0.9 million recovery of warranty costs in 2006 from a third party for costs incurred with respect to previously built housing units.

Predevelopment, pre-opening and other costs

Predevelopment, pre-opening and other costs increased $1.1 million from $9.5 million in 2005 to $10.6 million in 2006. Predevelopment, pre-opening and other costs incurred in 2006 represent $3.0 million incurred in the expensing of deferred development costs incurred related to the Romulus, Michigan racing license, $2.5 million pursuing alternative gaming opportunities, $1.5 million incurred pursuing certain financing initiatives, $1.5 million of costs relating to development initiatives undertaken to enhance our racing operations and $2.1 million of pre-opening costs incurred in the opening of the Gulfstream Park casino facility. In 2005, the predevelopment, pre-opening and other costs incurred represented costs of $6.1 million pursuing alternative gaming opportunities, $1.0 million of legal costs relating to protection of our distribution rights, $0.6 million on the write-off of information technology costs which were determined to have no future benefit, $0.4 million of costs relating to the Laurel Park redevelopment and $1.4 million of costs relating to development initiatives undertaken to enhance our racing operations.

Depreciation and amortization

Depreciation and amortization increased $5.6 million from $33.4 million in 2005 to $39.0 million in 2006, primarily due to increased depreciation on the clubhouse facility at Gulfstream Park which was substantially completed in the first quarter of 2006.

Interest income and expense

Our net interest expense increased $25.1 million to $57.8 million in 2006 from $32.6 million in 2005. The higher net interest expense is primarily attributable to borrowings on a bridge loan facility and the Gulfstream Park project financings with MID. Prior to completion of the Gulfstream Park redevelopment, interest on these financings were capitalized to the redevelopment project. In 2006, $2.6 million of interest was.capitalized with respect to projects under development, compared to $5.7 million in 2005.

Write-down of long-lived assets

The write-down of long-lived assets in 2006 of $88.6 million is comprised of a $76.2 million write-down of Magna Racino™'s long-lived assets, a $11.2 million write-down on The Meadows' long-lived assets as a result of the transaction with Millennium-Oaktree and a $1.3 million write-down on our Canadian residential development real estate. We tested Magna Racino™'s long-lived assets for impairment upon completion of its 2007 business plan. We used an expected present value approach of estimated future cash flows, including a probability-weighted approach in considering the likelihood of possible outcomes, and external valuation reports, to determine the fair value of the long-lived assets. Based on this analysis, a non-cash write-down of $76.2 million was required. Subsequent to December 31, 2006, we disposed of all of our interests and rights in a 34 acre parcel of residential development land in Aurora, Ontario, Canada for cash consideration of Cdn. $12.0 million (U.S. $10.1 million). Based on this transaction, which established a fair value for the land, we recognized a non-cash impairment loss of $1.3 million related to this property. There were no write-downs of long-lived assets in 2005.

Equity loss (income)

Equity loss in 2006 of $0.5 million decreased $1.6 million from equity income of $1.1 million in 2005. In 2006, our equity loss represents losses incurred in our investment in Racing World, partially offset by equity income earned from our initial 30% equity investment in AmTote until July 26, 2006. In 2005, our equity earnings represented earnings from our initial 30% equity investment in AmTote.

Gain on sale of intangible assets related to The Meadows

The gain on sale of intangible assets related to The Meadows in 2006 of $126.4 million represents the gain recognized on The Meadows' transaction with Millennium-Oaktree, which was completed on November 14, 2006.

Income tax benefit

We recorded an income tax benefit of $7.1 million on a loss from continuing operations before income taxes of $86.7 million in 2006, whereas in 2005, we recorded an income tax benefit of $1.2 million on a loss from continuing operations before income taxes of $94.3 million. The income tax benefit in 2006 of $7.1 million represents the reversal of net future tax liabilities associated with temporary differences related to Magna Racino™'s long-lived assets which were written down, partially offset by income tax expense recognized in certain U.S. operations. The income tax benefit in 2005 of $1.2 million represents primarily certain Austrian income tax losses benefited, partially offset by income tax expense recognized by certain U.S. operations.

Discontinued operations

Discontinued operations in 2006 include the operations of Remington Park in Oklahoma, Thistledown in Ohio, Portland Meadows in Oregon and Great Lakes Downs in Michigan, which are held for sale at December 31, 2006, the Fontana Golf Club, the sale of which was completed on November 1, 2006, the Magna Golf Club, the sale of which was completed on August 25, 2006, the operations of a restaurant and related real estate in the United States, the sale of which was completed on May 26, 2006. In addition to Remington Park, Thistledown, Portland Meadows, Great Lakes Downs, Fontana Golf Club, the Magna Golf Club and the operations of the restaurant and related real estate in the United States, discontinued operations in 2005, also include Flamboro Downs, the sale of which was completed on October 19, 2005, and the Maryland-Virginia Racing Circuit, Inc., the sale of which was completed on September 30, 2005. The following table presents the results of operations from discontinued operations for 2006 and 2005:

	Years ended December 31,	
	2006	2005
Revenues	$ 142,534	$ 120,475
Costs and expenses	133,303	113,999
	9,231	6,476
Predevelopment, pre-opening and other costs	3,557	2,388
Depreciation and amortization	7,069	6,574
Interest expense, net	4,984	4,085
Impairment loss recorded on disposition(i)(ii)	1,202	14,961
Loss before gain on disposition	(7,581)	(21,532)
Gain on disposition(iii)(iv)	1,495	9,837
Loss before income taxes	(6,086)	(11,695)
Income tax expense	1,653	492
Loss from discontinued operations	$ (7,739)	$ (12,187)

(i) Given that the sale of the Magna Golf Club on August 25, 2006 established fair values for certain assets, we performed impairment testing of these assets. Based on this analysis, a non-cash impairment loss of $1.2 million was required, which was equal to the excess of our carrying value of the assets disposed over their fair values at the date of disposition.

(ii) Upon entering into an agreement in principle with Great Canadian Gaming Corporation in July 2005 for the disposition of Flamboro Downs, which established fair values for certain assets, we performed impairment testing of these assets. Based on this analysis, a non-cash impairment charge of $15.0 million before income taxes or $12.5 million after income taxes, was required of Flamboro Downs' racing license in the year ended December 31, 2005.

(iii) The gain on disposition of $1.5 million represents the gain recognized on the sale of a restaurant and related real estate in the United States on May 26, 2006.

(iv) The gain on disposition of $9.8 million represents the gain recognized on the disposition of the investment in Maryland-Virginia Racing Circuit, Inc. on September 30, 2005.

Year Ended December 31, 2005 Compared to December 31, 2004

Racing and gaming operations

In 2005, we operated our continuing operations racetracks for 104 fewer live race days compared to the prior year, primarily due to the expiration of the Bay Meadows lease and fewer live race days at Golden Gate Fields and Gulfstream Park due to reductions in awarded live race days, partially offset by the resumption of the quarter horse meet at Lone Star Park in 2005, which was cancelled in the prior year as the track hosted the Breeders' Cup™ in 2004.

In 2005, revenues from our racing and gaming operations decreased $69.5 million or 11.7% to $522.0 million, compared to $591.5 million in 2004, primarily due to:

- California revenues below the prior year by $69.3 million or 26.2% due to:
  - the expiry of the Bay Meadows lease on December 31, 2004;
  - nine fewer live race days at Golden Gate Fields due to a change in the racing calendar; and
  - lower levels of handle and gross wagering at Santa Anita Park as a result of significant rainfall in Southern California in the first quarter of 2005, which resulted in the cancellation of a live race day and significantly reduced the number of races on the turf course. Turf course races typically generate higher levels of wagering;
- Southern U.S. operations below the prior year by $6.8 million or 9.5% due to reductions in attendance and wagering at Lone Star Park due to increased competition from nearby casinos, decreased horse population as a result of intense competition for horses and higher purse offerings at neighboring tracks;
- Florida revenues below the prior year by $5.5 million or 6.9% due to the disruption of the racing operations as a result of the redevelopment project at Gulfstream Park. The live race meet conducted in the first half of 2005 operated out of temporary facilities and best efforts were made to minimize the negative impact of the disruption;
- Northern U.S. operations below the prior year by $3.0 million or 7.0% due primarily to the expiry of the Multnomah Greyhound Park lease on December 31, 2004;
- Increased revenues in our Maryland operations, where revenues were above the prior year by $8.7 million or 8.5% due to a record setting Preakness® in terms of admissions, handle and wagering and as a result of the new turf course at Laurel Park, which since being available for racing, has resulted in increased field sizes and increased handle;
- Increased revenues in our European operations, where revenues were above the prior year by $2.6 million or 35.9% due to the opening of the Magna Racino™ in the second quarter of 2004; and
- Increased revenues in our PariMax operations, where revenues were above the prior year by $4.3 million or 14.3% due to increased wagering activity through MagnaBet™ and additional advertising revenues generated by HRTV™.

Pari-mutuel purses, awards and other decreased $26.8 million or 9.1% to $266.7 million in 2005, from $293.4 million in 2004, primarily due to the expiry of the Bay Meadows and Multnomah Greyhound Park leases, fewer live race days at Golden Gate Fields and decreased wagering at Santa Anita Park, Gulfstream Park and Lone Star Park for reasons noted above, partially offset by an increase in pari-mutuel taxes at XpressBet® as a result of a $1.6 million provision for state pari-mutuel taxes for 2003, 2004 and 2005, which was recorded in 2005. As a percentage of pari-mutuel wagering revenues, pari-mutuel purses, awards and other increased from 60.5% in 2004 to 62.3% in 2005, primarily due to lower pari-mutuel wagering revenues and the increase in pari-mutuel taxes at XpressBet® as noted above.

Operating costs in our racing and gaming operations decreased $26.2 million to $217.6 million in 2005, from $243.8 million in 2004, primarily due to:

- a decrease of $23.3 million in our California operations primarily as a result of the expiry of the Bay Meadows lease;
- a decrease of $4.9 million in our Southern U.S. operations primarily due to reduced marketing costs and other expense reductions at Lone Star Park;
- a decrease of $2.8 million in our Northern U.S. operations primarily due to the expiry of the Multnomah Greyhound Park lease on December 31, 2004;
- a decrease of $1.3 million in our PariMax operations primarily due to cost saving initiatives; partially offset by

- an increase of $3.1 million in our Maryland operations primarily due to a $1.9 million provision for an amount due from the horsemen with respect to their contribution to the costs of simulcasting in 2004 and 2005 as well as increased costs incurred to generate additional revenues at the Preakness®; and

- an increase of $3.2 million in our Florida operations as cost savings and expense reductions were offset by $5.7 million of amortization relating to the temporary facility construction costs at Gulfstream Park, which were amortized over Gulfstream Park's 2005 race meet.

As a percentage of total racing and gaming revenues, operating costs increased from 41.2% in 2004 to 41.7% in 2005, primarily as a result of the decline in racing revenues.

General and administrative expenses in our racing and gaming operations decreased $3.8 million to $57.5 million in 2005, from $61.3 million in 2004, primarily due to:

- a decrease of $5.4 million as a result of the expiry of the Bay Meadows lease; offset by

- an increase of $2.3 million in our European operations due to the start-up during 2004 of Magna Racino™ compared to a full year of operations in 2005; and

- increases at several of our facilities as a result of increased health and benefit costs.

As a percentage of total racing and gaming revenues, general and administrative expenses increased from 10.4% in 2004 to 11.0% in 2005 due primarily to the decline in racing revenues.

Real estate and other operations

Revenues from real estate and other operations decreased $16.3 million from $20.9 million in 2004 to $4.6 million in 2005. The decrease in revenues is primarily attributable to the fact that in 2004, four Non-Core Real Estate properties were sold which generated revenues of $16.4 million and income before income taxes of $9.6 million, whereas in 2005, there were no sales of Non-Core Real Estate.

Predevelopment, pre-opening and other costs

Predevelopment, pre-opening and other costs decreased $8.8 million from $18.3 million in 2004 to $9.5 million in 2005. Predevelopment, pre-opening and other costs incurred in 2005 represented costs of $6.1 million pursuing alternative gaming opportunities, $1.0 million of legal costs relating to protection of our distribution rights, $0.6 million on the write-off of information technology costs which were determined to have no future benefit, $0.4 million of costs relating to the Laurel Park redevelopment and $1.4 million of costs relating to development initiatives undertaken to enhance our racing operations. In 2004, the predevelopment, pre-opening and other costs incurred represented costs of $11.3 million pursuing alternative gaming opportunities, $2.7 million on the development of a simplified wagering machine, $1.3 million of costs relating to the Laurel Park redevelopment and $3.0 million of costs relating to developmental initiatives undertaken to enhance our racing operations.

Depreciation and amortization

Depreciation and amortization increased $2.2 million from $31.3 million in 2004 to $33.4 million in 2005, primarily due to increased depreciation in our European operations primarily at the Magna Racino™, which commenced operations and depreciation of fixed assets on April 4, 2004 and increased depreciation at certain of our facilities on recent fixed asset additions.

Interest income and expense

Our net interest expense in 2005 increased $10.7 million to $32.6 million from $21.9 million in 2004. The higher net interest expense is primarily attributable to increased borrowings on our senior secured revolving credit facility and on a bridge loan facility with MID. In 2005, $5.7 million of interest was capitalized with respect to projects under development, compared to $4.0 million in 2004.

Write-down of long-lived assets

During 2004, we commenced a major redevelopment of the Gulfstream Park racetrack and the racing surfaces at Laurel Park. As a result, we recognized a non-cash write-down of $26.3 million related to Gulfstream Park's long-lived assets and $0.4 million related to Laurel Park's long-lived assets in connection with these redevelopments.

Income tax benefit

We recorded an income tax benefit of $1.2 million on a loss from continuing operations before income taxes of $94.3 million in 2005, whereas in 2004, we recorded an income tax benefit of $4.9 million on a loss from continuing operations before income taxes of $96.9 million. The income tax benefit in 2005 of $1.2 million represents primarily certain Austrian income tax losses benefited, partially offset by income tax expense recognized by certain U.S. operations. The income tax benefit in 2004 of $4.9 million represents a reduction in enacted income tax rates in Austria, which resulted in a revaluation of our European net future tax liabilities, partially offset by income tax expense recognized by certain U.S. operations.

Discontinued operations

Discontinued operations in 2005 and 2004 include the operations of Remington Park in Oklahoma, Thistledown in Ohio, Portland Meadows in Oregon and Great Lakes Downs in Michigan, which are held for sale at December 31, 2005, the Fontana Golf Club, the sale of which was completed on November 1, 2006, the Magna Golf Club, the sale of which was completed on August 25, 2006, the operations of a restaurant and related real estate in the United States, the sale of which was completed on May 26, 2006, Flamboro Downs, the sale of which was completed on October 19, 2005, and the Maryland-Virginia Racing Circuit, Inc., the sale of which was completed on September 30, 2005. The following table presents the results of operations from discontinued operations for 2005 and 2004:

	Years ended December 31,	
	2005	**2004**
Revenues	$ 120,475	$ 119,125
Costs and expenses	113,999	108,942
	6,476	10,183
Predevelopment, pre-opening and other costs	2,388	2,237
Depreciation and amortization	6,574	6,237
Interest expense, net	4,085	2,164
Impairment loss recorded on disposition(i)	14,961	—
Loss before gain on disposition	(21,532)	(455)
Gain on disposition(ii)	9,837	—
Loss before income taxes	(11,695)	(455)
Income tax expense	492	3,270
Loss from discontinued operations	$ (12,187)	$ (3,725)

(i) Upon entering into an agreement in principle with Great Canadian Gaming Corporation in July 2005 for the disposition of Flamboro Downs, which established fair values for certain assets, we performed impairment testing of these assets. Based on this analysis, a non-cash impairment charge of $15.0 million before income taxes or $12.5 million after income taxes, was required of Flamboro Downs' racing license in the year ended December 31, 2005.

(ii) The gain on disposition of $9.8 million represents the gain recognized on the disposition of the investment in Maryland-Virginia Racing Circuit, Inc. on September 30, 2005.

Liquidity and Capital Resources

At December 31, 2007, we had a working capital deficiency of $162.2 million and had $209.4 million of debt that matures in 2008. Also, we continue to experience operational losses. Accordingly, unless we are able to generate increased cash flows through improvements in the operation of our business, assets sales or strategic transactions as contemplated by our Plan or otherwise and/or renewal, extension or replacement of our current financing arrangements, none of which are assured, we may not be able to generate cash flows that are adequate to sustain the operations of the business and pay our secured and unsecured creditors when due.

Cash Flows

Year Ended December 31, 2007

Operating activities

Cash used in operations before changes in non-cash working capital balances decreased $0.8 million from $69.1 million in 2006 to $68.2 million in 2007, due to an increase in items not involving current cash flows, partially offset by an increase in loss from continuing operations. In 2007, cash provided from non-cash working capital balances was $6.4 million compared to cash provided from non-cash working capital balances of $5.2 million in 2006. Cash provided from non-cash working capital balances of $6.4 million in 2007 is primarily due to an increase in income taxes payable and other accrued liabilities, partially offset by an increase in accounts receivable at December 31, 2007 compared to the respective balances at December 31, 2006.

Investing activities

Cash provided from investing activities in 2007 was $16.6 million, including $95.7 million of proceeds received on the disposal of real estate properties and fixed assets, partially offset by $74.4 million of expenditures on real estate property and fixed assets and $4.7 million of expenditures on other asset additions. Expenditures on real estate property and fixed asset additions in 2007 of $74.4 million consisted of $19.9 million on the Gulfstream Park casino facilities, $20.7 million on the installation of synthetic racing surfaces at Santa Anita Park and Golden Gate Fields, $8.2 million on maintenance capital improvements, $7.2 million on the Gulfstream Park redevelopment, $10.8 million on equipment and terminals at AmTote primarily related to new totalisator service contracts and $7.6 million of expenditures related to other racetrack property enhancements, infrastructure and development costs on certain of our properties and PariMax operations.

Financing activities

Cash provided from financing activities was $41.9 million in 2007 arising from proceeds from bank indebtedness of $73.8 million, proceeds from indebtedness and long-term debt with our parent company of $52.4 million, proceeds of other long-term debt of $13.8 million and issuance of share capital of $19.6 million, partially offset by repayment of other long-term debt of $73.6 million, repayment of bank indebtedness of $41.1 million and repayment of long-term debt with our parent company of $3.0 million. The proceeds from indebtedness and long-term debt with our parent company of $52.4 million consists of $33.8 million on the bridge loan, $5.4 million on the second tranche of the Gulfstream Park project financing arrangement and $13.2 million on the third tranche of the Gulfstream Park project financing arrangement.

Year Ended December 31, 2006

Operating activities

Cash used in operations before changes in non-cash working capital increased $6.2 million from a use of cash of $62.9 million in 2005 to a use of cash of $69.1 million in 2006, due primarily to a decrease in items not involving current cash flows, partially offset by an improvement in net loss from continuing operations. In 2006 and 2005, cash provided from non-cash working capital balances was consistent at $5.2 million.

Investing activities

Cash provided from investing activities in 2006 was $96.6 million, and included $171.8 million of net proceeds on The Meadows transaction and $14.5 million of net proceeds received on the disposal of real estate properties, fixed and other assets, partially offset by expenditures of $80.4 million on real estate property and fixed assets and $9.3 million on the acquisition of AmTote. Expenditures on real estate property and fixed asset additions in 2006 of $80.4 million consisted of $43.5 million on the Gulfstream Park redevelopment, $15.8 million on the Gulfstream Park gaming facility, $6.4 million on maintenance capital improvements and $14.7 million of expenditures related to other racetrack property enhancements, infrastructure and development costs on certain of our properties and technology operations.

Financing activities

Cash used in financing activities was $58.5 million in 2006, and included repayment of indebtedness and long-term debt with parent of $111.8 million, repayment of bank indebtedness of $39.9 million and repayment of long-term debt of $15.8 million, partially offset by proceeds of $77.3 million from advances and long-term debt with our parent company, proceeds on bank indebtedness of $19.1 million and the issuance of long-term debt of $12.6 million. The proceeds from indebtedness and long-term debt with our parent company of $77.3 million consists of $34.6 million on the bridge loan, $24.6 million on the first tranche of the Gulfstream Park project financing arrangement and $18.1 million on the second tranche of the Gulfstream Park project financing arrangement.

Year Ended December 31, 2005

Operating activities

Cash used in operations before changes in non-cash working capital increased $14.2 million to a use of cash of $62.9 million in 2005 from a use of cash of $48.8 million in 2004, primarily due to a decrease in items adjusting net loss to net cash. In 2005, cash provided from non-cash working capital balances was $5.2 million, compared to cash provided from non-cash working capital balances of $0.6 million in 2004. Cash provided from non-cash working capital balances of $5.2 million in 2005 is primarily due to a net increase in accounts payable, other accrued liabilities and amounts due from parent, partially offset by a decrease in accounts receivable and income taxes receivable at December 31, 2005 compared to the respective balances at December 31, 2004.

Investing activities

Cash used for investing activities in 2005 was $118.6 million, including expenditures of $123.0 million on real estate property and fixed asset additions and $1.4 million on other asset additions, partially offset by $5.8 million of net proceeds received on the disposal of real estate properties and fixed assets. Expenditures on real estate property and fixed asset additions in 2005 of $123.0 million consisted of $91.0 million on the Gulfstream Park redevelopment, $11.0 million at The Maryland Jockey Club, $7.8 million on maintenance capital improvements and $13.2 million of expenditures related to other racetrack property enhancements, infrastructure and development costs on certain of our properties and technology operations.

Financing activities

Cash provided from financing activities was $124.2 million in 2005 arising from indebtedness and long-term debt from our parent company of $136.8 million, net advances on our bank indebtedness of $2.8 million and an issuance of long-term debt of $0.2 million, partially offset by repayment of long-term debt of $15.6 million. The proceeds from indebtedness and long-term debt with our parent company of $136.8 million consists of $70.6 million on the bridge loan and $66.2 million on the first tranche of the Gulfstream Park project financing arrangement. The issuance of debt of $0.2 million represents an equipment loan at The Maryland Jockey Club. The net advances of $2.8 million on our bank indebtedness relates to a $3.0 million bank term line of credit at one of our European subsidiaries.

Working Capital, Cash and Other Resources

Our net working capital deficiency was $162.2 million at December 31, 2007, compared to $94.2 million at December 31, 2006. The increase in working capital deficiency at December 31, 2007 compared to the same date in 2006, is primarily due to the amendment to our Gulfstream Park project financing arrangement which requires us to repay $100.0 million to MID by May 31, 2008, as well as borrowings on the Bridge Loan. At December 31, 2007, we had cash and cash equivalents of $34.3 million, bank indebtedness of $39.2 million and total shareholders' equity of $362.7 million.

Bank indebtedness

We have a $40.0 million senior secured revolving credit facility with a Canadian financial institution, which was scheduled to mature on January 31, 2008, but on January 31, 2008 was amended and extended to February 29, 2008 and on February 28, 2008 was further extended to March 31, 2008. The credit facility is available by way of U.S. dollar loans and letters of credit. Loans under the facility bear interest at the U.S. Base rate plus 5% or the London Interbank Offered Rate ("LIBOR") plus 6%. Loans under the facility are secured by a first charge on the assets of Golden Gate Fields and a second charge on the assets of Santa Anita Park, and are guaranteed by certain of our subsidiaries. At December 31, 2007, we had borrowings of $34.9 million under the credit facility and had issued letters of credit totaling $4.3 million, such that $0.8 million of the loan facility was unused and available.

One of our wholly-owned subsidiaries, The Santa Anita Companies, Inc. ("SAC"), has a $7.5 million revolving loan agreement under its existing credit facility with a U.S. financial institution. While the maturity date is October 31, 2012, there is a requirement for the facility to be fully repaid for a period of 60 consecutive days during each year. The revolving loan agreement is guaranteed by our wholly-owned subsidiary, the Los Angeles Turf Club, Incorporated ("LATC") and is secured by a first deed of trust on Santa Anita Park and the surrounding real property, an assignment of the lease between LATC, the racetrack operator, and SAC and a pledge of all of the outstanding capital stock of LATC and SAC. Loans under the agreement bear interest at the U.S. Prime rate. At December 31, 2007, we had borrowings of $3.5 million under the revolving loan agreement.

One of our wholly-owned subsidiaries, AmTote, has a $3.0 million revolving credit facility with a U.S. financial institution, which matures on May 1, 2008, and is secured by a first charge on the assets and a pledge of stock of AmTote. Loans under the facility are available by way of U.S. dollar loans and letters of credit, bearing interest at LIBOR plus 2.75%. At December 31, 2007, we had borrowed $0.8 million under the revolving credit facility, such that $2.2 million of the facility was unused and available.

Long-term and related party debt

Bridge Loan

On September 12, 2007, we entered into the Bridge Loan pursuant to which up to $80.0 million of financing will be made available, subject to certain conditions. The Bridge Loan matures on May 31, 2008, is non-revolving and bears interest at a rate of LIBOR plus 11.0% per annum. On February 29, 2008, as we had not entered into agreements acceptable to MID for asset sales that would yield aggregate net proceeds sufficient to repay the entire outstanding loan amount, the interest rate increased by an additional 1.0% per annum. An arrangement fee of $2.4 million was paid to MID on closing and there is a commitment fee equal to 1.0% per annum (payable in arrears) on the undrawn portion of the $80.0 million maximum loan commitment. In addition, on February 29, 2008, there was an additional arrangement fee equal to 1.0% of the maximum principal amount then available under this facility.

The Bridge Loan is required to be repaid by way of the payment of the net proceeds of any asset sale, any equity offering (other than the Fair Enterprise Private Placement) or any debt offering, subject to specified amounts required to be paid to eliminate other prior-ranking indebtedness. The Bridge Loan is secured by essentially all of our assets and by guarantees provided by certain of our subsidiaries. The guarantees are secured by charges over the lands owned by Golden Gate Fields, Santa Anita Park and Thistledown, and charges over the lands in Dixon, California and Ocala, Florida, as well as by pledges of the shares of certain of our subsidiaries. The Bridge Loan is also cross-defaulted to all other obligations to MID and to other significant indebtedness of the Company and certain of our subsidiaries.

During 2007, we received loan advances of $38.0 million, incurred interest expense and commitment fees of $1.2 million, and repaid interest and commitment fees of $0.8 million, such that at December 31, 2007, $38.4 million was outstanding under the Bridge Loan, including $0.2 million of accrued interest and commitment fees payable. During 2007, we incurred $4.2 million of loan origination costs and amortized $1.8 million of loan origination costs, such that at December 31, 2007, $2.5 million of net loan origination costs have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

Pursuant to the terms of the Bridge Loan, advances after January 15, 2008 are subject to MID being satisfied that our $40.0 million senior secured revolving credit facility will be further extended to at least April 30, 2008 or that satisfactory refinancing of that facility has been arranged. As our senior secured revolving credit facility was extended to March 31, 2008, MID has waived this condition for advances between January 15, 2008 and March 31, 2008.

Gulfstream Park and Remington Park Project Financings

In December 2004, certain of our subsidiaries entered into a $115.0 million project financing arrangement with a subsidiary of MID, for the reconstruction of facilities at Gulfstream Park. This project financing arrangement was amended on July 22, 2005 in connection with the Remington Park loan as described below. The project financing was made by way of progress draw advances to fund reconstruction. The loan has a ten-year term from the completion date of the reconstruction project, which was February 1, 2006. Prior to the completion date, amounts outstanding under the loan bore interest at a floating rate equal to 2.55% per annum above MID's notional cost of borrowing under its floating rate credit facility, compounded monthly. After the completion date, amounts outstanding under the loan bear interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, interest was capitalized to the principal balance of the loan. Commencing January 1, 2007, we are required to make monthly blended payments of principal and interest based on a 25-year amortization period commencing on the completion date. The loan contains cross-guarantee, cross-default and cross-collateralization provisions. The loan is guaranteed by our subsidiaries that own and operate Remington Park and the Palm Meadows Training Center ("Palm Meadows") and is collateralized principally by security over the lands forming part of the operations at Gulfstream Park, Remington Park and Palm Meadows and over all other assets of Gulfstream Park, Remington Park and Palm Meadows, excluding licenses and permits. During 2007, we received no loan advances, incurred interest expense of $13.7 million, repaid interest of $12.5 million and repaid outstanding principal of $2.5 million, such that at December 31, 2007, $133.5 million was outstanding under this project financing arrangement, including $1.1 million of accrued interest payable. At December 31, 2007, net loan origination expenses of $3.2 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

On July 26, 2006, the Gulfstream Park project financing arrangement was amended to add an additional tranche of $25.8 million, plus lender costs and capitalized interest, to fund the design and construction of phase one of the slots facility to be located in the existing Gulfstream Park clubhouse building, as well as related capital expenditures and start-up costs, including the acquisition and installation of approximately 500 slot machines. The second tranche of the Gulfstream Park financing has a five-year term and bears interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, interest on this tranche was capitalized to the principal balance of the loan. Beginning January 1, 2007, this tranche requires blended payments of principal and interest based on a 25-year amortization period commencing on that date. Advances related to phase one of the slots facility were made available by way of progress draw advances and there is no prepayment penalty associated with this tranche. The Gulfstream Park project financing facility was further amended to introduce a mandatory annual cash flow sweep of not less than 75% of Gulfstream Park's total excess cash flow, after permitted capital expenditures and debt service, to be used to repay the additional principal amount being made available under the new tranche. A lender fee of $0.3 million (1% of the amount of this tranche) was added to the principal amount of the loan as consideration for the amendments. During 2007, we received loan advances of $5.5 million, incurred interest expense of $2.4 million, repaid accrued interest of $2.2 million, and repaid outstanding principal of $0.4 million, such that at December 31, 2007, $24.7 million was outstanding under this project financing arrangement, including $0.2 million of accrued interest payable. At December 31, 2007, net loan origination expenses of $0.4 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

On December 22, 2006, the Gulfstream Park project financing arrangement was further amended to add an additional tranche of $21.5 million, plus lender costs and capitalized interest, to fund the design and construction of phase two of the slots facility, as well as related capital expenditures and start-up costs, including the acquisition and installation of approximately 700 slot machines. This third tranche of the Gulfstream Park financing has a five-year term and bears interest at a rate of 10.5% per annum, compounded semi-annually. Prior to May 1, 2007, interest on this tranche was capitalized to the principal balance of the loan. Beginning May 1, 2007, this tranche requires blended payments of principal and interest based on a 25-year amortization period commencing on that date. Advances related to phase two of the slots facility are made available by way of progress draw advances and there is no prepayment penalty associated with this tranche. A lender fee of $0.2 million (1% of the amount of this tranche) was added to the principal amount of the loan as consideration for the amendments on January 19, 2007, when the first funding advance was made available to us. During 2007, we received loan advances of $13.8 million, incurred interest expense of $1.0 million, repaid accrued interest of $0.7 million, and repaid outstanding principal of $0.2 million, such that at December 31, 2007, $13.9 million was outstanding under this project financing arrangement, including $0.1 million of accrued interest payable. At December 31, 2007, net loan origination expenses of $0.3 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

On September 12, 2007, certain amendments were made to the Gulfstream Park and Remington Park project financings. In return for the lender agreeing to waive any applicable make-whole payments for repayments made under either of the project financings prior to May 31, 2008, the required amendments provide, among other things, that under the Gulfstream Park project financing arrangement: (i) Gulfstream Park's obligations are now guaranteed by MEC; and (ii) $100.0 million of indebtedness under the Gulfstream Park project financings must be repaid by May 31, 2008.

A subsidiary of MID provided project financing of $34.2 million to finance the build-out of the casino facility at Remington Park. Advances under the loan were made by way of progress draw advances to fund the capital expenditures relating to the development, design and construction of the casino facility, including the purchase and installation of electronic gaming machines. The loan has a ten-year term from the completion date of the reconstruction project, which was November 28, 2005. Prior to the completion date, amounts outstanding under the loan bore interest at a floating rate equal to 2.55% per annum above MID's notional cost of LIBOR borrowing under its floating rate credit facility, compounded monthly. After the completion date, amounts outstanding under the loan bear interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, interest was capitalized to the principal balance of the loan. Commencing January 1, 2007, we are required to make monthly blended payments of principal and interest based on a 25-year amortization period commencing on the completion date. Certain cash from the operations of Remington Park must be used to pay deferred interest on the loan plus a portion of the principal under the loan equal to the deferred interest on the Gulfstream Park construction loan. The loan is secured by all assets of Remington Park, excluding licenses and permits. The loan is also secured by a charge over the Gulfstream Park lands and a charge over Palm Meadows and contains cross-guarantee, cross-default and cross-collateralization provisions. During 2007, we received no loan advances, incurred interest expense of $3.1 million, repaid accrued interest of $2.8 million and repaid outstanding principal of $4.2 million, respectively, such that at December 31, 2007, $27.7 million was outstanding under this project financing arrangement, including $0.2 million of accrued interest payable. At December 31, 2007, net loan origination expenses of $1.2 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

At December 31, 2007, $4.5 million of the funds we placed into escrow with MID remain in escrow, which is included in "due from parent" on the consolidated balance sheets.

SAC Secured Term Loan Facility

One of our subsidiaries, SAC, has a secured term loan facility that was scheduled to mature on October 8, 2007, but on October 2, 2007, was amended and extended. The principal amendments to the term loan agreement included increasing the amount available under the facility from $60.0 million to $67.5 million, reducing the monthly principal repayments to $0.4 million, extending the maturity date until October 31, 2012 and modifying certain financial covenants. Borrowings under the facility bear interest at LIBOR plus 2.0% per annum. On March 1, 2007, April 27, 2007 and July 26, 2007, we entered into interest rate swap contracts, each with an effective date of October 1, 2007, which fix the rate of interest at 6.98%, 7.06% and 7.24% per annum, respectively, to October 8, 2009 on a notional amount of $10.0 million per contract on the outstanding balance under the SAC term loan facility. Additionally, on October 4, 2007, we entered into an interest rate swap contract, with an effective date of October 8, 2009, which fixes the rate of interest at 7.15% per annum to October 31, 2012 on a notional amount of $23.4 million of the outstanding balance under the SAC term loan facility. The loan facility is guaranteed by LATC, our wholly-owned subsidiary, and is secured by a first deed of trust on Santa Anita Park and the surrounding real property, an assignment of the lease between LATC, the racetrack operator, and SAC and a pledge of all of the outstanding capital stock of LATC and SAC. The loan contains cross-default provisions with respect to our senior secured revolving credit facility. At December 31, 2007, $66.4 million was outstanding under this fully drawn facility.

8.55% Convertible Subordinated Notes

In June 2003, we issued $150.0 million of 8.55% convertible subordinated notes, which are convertible at any time at the option of the holders into shares of our Class A Stock at a conversion price of $7.05 per share, subject to adjustment under certain circumstances, and mature on June 15, 2010. The notes are redeemable at the principal amount together with accrued and unpaid interest, at our option, under certain conditions in the period from June 2, 2006 to June 1, 2008. At December 31, 2007, all of the notes remained outstanding.

7.25% Convertible Subordinated Notes

In December 2002, we issued $75.0 million of 7.25% convertible subordinated notes, which are convertible at any time at the option of the holders into shares of our Class A Stock at a conversion price of $8.50 per share, subject to adjustment under certain circumstances, and mature on December 15, 2009. The notes were redeemable at the principal amount together with accrued and unpaid interest, at our option, under certain conditions in the period from December 21, 2005 to December 14, 2007. At December 31, 2007, all of the notes remained outstanding.

Other Term Loan Facilities

One of our European subsidiaries has a Euros 15.0 million term loan facility, secured by a first and second mortgage on land in Austria owned by the European subsidiary, which bears interest at the European Interbank Offered Rate ("EURIBOR") plus 2.0% per annum. At December 31, 2007, Euros 15.0 million (U.S. $22.1 million) was outstanding under this fully drawn facility, and is repayable in two installments of Euros 7.5 million each due on February 29, 2008 and December 31, 2008, respectively. In February 2008, the due date for the first installment was extended to March 15, 2008 and on March 12, 2008, the due date for the first installment was further extended to March 31, 2008.

Two of our subsidiaries, which are part of The Maryland Jockey Club, are party to secured term loan facilities that bear interest at the U.S. Prime rate or LIBOR plus 2.6% and 7.7% per annum, respectively. Both term loans have interest rate adjustment clauses that reset to the market rate for U.S. Treasury security of an equivalent term plus 2.6% at set dates prescribed in the agreements. At December 31, 2007, $6.3 million and $3.1 million, respectively, were outstanding under these fully drawn term loan facilities which mature on December 1, 2013 and June 7, 2017, respectively. Both loan facilities are secured by deeds of trust on land, buildings and improvements and security interests in all other assets of certain affiliates of The Maryland Jockey Club.

One of our subsidiaries, Pimlico Racing Association, Inc., has a revolving term loan facility that permits the prepayment of outstanding principal without penalty. This facility matures on December 1, 2013, bears interest at either the U.S. Prime rate or LIBOR plus 2.6% per annum and is secured by deeds of trust on land, buildings and improvements and security interests in all other assets of the subsidiary and certain affiliates of The Maryland Jockey Club. At December 31, 2007, there are no borrowings on this facility as the subsidiary has made prepayments of $8.1 million. Accordingly, the subsidiary is permitted to re-borrow up to this amount.

On July 24, 2007, one of our European subsidiaries amended and extended its Euros 3.9 million bank term loan facility by increasing the amount available under the bank term loan facility of up to Euros 4.0 million, bearing interest at the Euro Overnight Index Average rate ("EONIA") plus 3.0% per annum (previously EONIA plus 1.1% per annum), and extending the term to July 31, 2008. A European subsidiary has provided two first mortgages on real estate properties as security for this term loan. At December 31, 2007, Euros 2.4 million (U.S. $3.6 million) was outstanding under the fully drawn bank term loan facility. In January 2008, we agreed to reduce the amount available under the bank term loan facility to Euros 3.5 million and increase the interest rate to EONIA plus 3.75% per annum.

On May 11, 2007, AmTote completed a refinancing of its existing credit facilities with a new lender. The refinancing included a $3.0 million revolving credit facility to finance working capital requirements, a $4.2 million term loan for the repayment of AmTote's debt outstanding under its existing term loan facilities and an equipment term loan of up to $10.0 million to finance up to 80% of eligible capital costs related to tote service contracts. The term loan facilities bear interest at LIBOR plus 3.0%. Loans under the credit facilities are secured by a first charge on the assets and a pledge of stock of AmTote. The $4.2 million term loan matures on May 11, 2011 and the $10.0 million term loan matures on May 11, 2012. At December 31, 2007, $3.3 million was outstanding under the $4.2 million term loan facility and $2.0 million was outstanding under the equipment term loan facility.

Shelf Registration Statement

On February 21, 2007, we filed a shelf registration statement on Form S-3 (the "U.S. Registration Statement") with the United States Securities and Exchange Commission (the "SEC") and a preliminary short form base shelf prospectus (the "Canadian Prospectus") with the securities commissions in each of the Provinces in Canada (collectively, the "Canadian Securities Commissions"). As the U.S. Registration Statement has been declared effective by the SEC and the Canadian Prospectus has received a final receipt from the Canadian Securities Commissions, we will be able to offer to sell up to U.S. $500.0 million of our equity securities (including stock, warrants, units and, subject to filing a Canadian rights offering circular or prospectus with the Canadian Securities Commissions, rights) from time to time in one or more public offerings or other offerings. The terms of any such future offerings would be established at the time of such offering. The U.S. Registration Statement and Canadian Prospectus are intended to give us the flexibility to take advantage of equity financing opportunities when and if deemed appropriate. There is no assurance when and if an equity financing could be completed.

Going Concern

The consolidated financial statements included with this Report have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. We have incurred net losses of $113.8 million, $87.4 million and $105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and had an accumulated deficit of $510.1 million and a working capital deficiency of $162.2 million at December 31, 2007. At December 31, 2007, we had $209.4 million of debt that matures in 2008, including amounts owing under our $40.0 million senior secured revolving credit facility with a Canadian financial institution which is scheduled to mature on March 31, 2008, and the Bridge Loan, which is scheduled to mature on May 31, 2008, and our obligation to repay $100.0 million of indebtedness under the Gulfstream Park project financings with a subsidiary of MID by May 31, 2008. Accordingly, our ability to continue as a going concern is in substantial doubt and is dependent on generating cash flows that are adequate to sustain the operations of our business, renewing or extending current financing arrangements and meeting our obligations with respect to secured and unsecured creditors, none of which is assured. If we are unable to repay our obligations when due, other current and long-term debt will also become due on demand as a result of cross-default provisions within loan agreements, unless we are able to obtain waivers or extensions. On September 12, 2007, our Board of Directors approved the Plan which was designed to eliminate net debt by December 31, 2008 by generating funding from the sale of assets, entering into strategic transactions involving certain of our racing, gaming and technology operations, and a possible future equity issuance. The success of the Plan is not assured. To address short-term liquidity concerns and provide sufficient time to implement the Plan, we arranged $100.0 million of funding, comprised of: (i) the Fair Enterprise Private Placement; and (ii) the Bridge Loan. Although we continue to implement our Plan, the sale of assets under the Plan is taking longer than originally contemplated. As a result, we will likely need to seek additional funds in the short-term from one or more possible sources. The availability of such additional funds is not assured and, if available, the terms thereof are not determinable at this time. Accordingly, the consolidated financial statements included with this Report do not give effect to any adjustments to recorded amounts and their classification, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

In order to fund operations, implement our strategic plan and capitalize on future growth opportunities, we will be required to seek additional financing and funds from one or more possible sources, which may include MID, through means such as asset sales, project financings for racing and/or alternative gaming developments, investments by partners in certain of our racetracks and other business operations and debt or equity offerings through public or private sources. If additional financing or other sources of funds are not available to us as needed, or are not available on terms that are acceptable to us, our ability to continue as a going concern, add alternative gaming to our racetracks where and when permitted or improve and expand our operations as planned may be adversely affected.

Contractual Obligations and Commitments

Our commitments to make future payments consist primarily of repayments of long-term debt including capital lease obligations, amounts due to our parent, obligations under operating and facility leases, construction commitments and other long-term liabilities. Our contractual obligations and commitments at December 31, 2007 are as follows:

	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
			($ thousands)		
Long-term debt	32,600	13,799	57,718	3,048	107,165
Capital lease obligations(i)	1,452	2,904	3,049	25,463	32,868
Amounts due to Parent	137,400	2,238	2,746	88,266	230,650
Convertible subordinated notes	—	225,000	—	—	225,000
Operating leases(ii)	2,182	3,497	1,056	—	6,735
Facility leases(iii)	2,311	3,491	2,280	24,328	32,410
Construction and development project commitments	4,157	—	—	—	4,157
Joint venture funding(iv)	2,480	2,548	—	—	5,028
Other liabilities(v)	469	—	—	—	469
	183,051	**253,477**	**66,849**	**141,105**	**644,482**

(i) The racetrack and associated land under capital lease at Lone Star Park at Grand Prairie is included in the Grand Prairie Metropolitan Utility and Reclamation District ("GPMURD"). Lone Star Park entered into an agreement with GPMURD whereby it is required to make certain payments to GPMURD in lieu of property taxes. Such payments include amounts necessary to cover GPMURD operating expenses and debt service for certain bonds issued by GPMURD to fund improvements on the land up to the debt service requirements. Lone Star Park incurred $1.7 million in regards to this arrangement in 2007. The capital lease has an imputed interest rate of 8.5%, matures on April 1, 2027 and is secured by the buildings and improvements at Lone Star Park.

(ii) Operating lease obligations do not include contingent rental payments and represent primarily obligations for totalisator and other equipment under lease, rental or service agreements. Contingent rental payments are typically dependent upon handle, live race days and other factors.

(iii) Facilities lease obligations do not include contingent rental payments and represent primarily obligations for premises under lease or rental agreements. Contingent payments are typically dependent on handle and revenues.

(iv) Joint venture funding represents our obligations with respect to funding the HRTV, LLC joint venture to October 1, 2009.

(v) Other liabilities includes our expected 2008 pension and postretirement benefit contributions. Required pension and postretirement benefit contributions for years beyond 2008 depend on certain factors that cannot be reasonably determined at this time.

Qualitative and Quantitative Disclosures about Market Risk

Our primary exposure to market risk related to financial instruments (or the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates and commodity prices) is with respect to our investments in companies with a functional currency other than the U.S. dollar. Fluctuations in the U.S. dollar exchange rate relative to the Canadian dollar and the Euro will result in fluctuations in shareholders' equity and comprehensive income (loss). We have generally not entered into derivative financial arrangements for currency hedging purposes, and have not and will not enter into such arrangements for speculative purposes.

Additionally, we are exposed to interest rate risk. Interest rates are sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control.

Our future earnings, cash flows and fair values relating to financial instruments are primarily dependent upon prevalent market rates of interest, such as the U.S. Prime rate, LIBOR and EURIBOR. Based on interest rates at December 31, 2007 and our current credit and debt facilities, a 1% per annum increase or decrease in interest rates on our credit facilities and other variable rate borrowings would not materially affect our annual future earnings and cash flows. Based on borrowing rates currently available to us, the carrying amount of our debt approximates its fair value.

In order to mitigate a portion of the interest rate risk associated with the SAC term loan facility, we have entered into the four interest rate swap contracts described under "*Long-term and related party debt*".

Accounting Change

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". FIN 48 requires an entity to recognize the tax benefit of uncertain tax positions only when it is more likely than not, based on the position's technical merits, that the position would be sustained upon examination by the respective taxing authorities. The tax benefit is measured as the largest benefit that is more than fifty-percent likely of being realized upon final settlement with the respective taxing authorities. Effective January 1, 2007, we adopted the provisions of FIN 48 on a retroactive basis, which did not result in any charge to accumulated deficit as a cumulative effect of an accounting change or adjustment to the liability for unrecognized tax benefits. Accordingly, the adoption of FIN 48 did not have an effect on our results of operations or financial position. It is our policy to account for interest and penalties associated with income tax obligations as a component of income tax expense. We did not recognize any interest and penalties as provision for income taxes in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2007 as the maximum interest and penalty period have elapsed.

As of December 31, 2007, we had $4.0 million of unrecognized income tax benefits and $0.3 million of related accrued interest and penalties (net of any tax effect) and $0.3 million of foreign exchange, $2.6 million of which could ultimately reduce our effective tax rate. We are currently under audit in Austria. Although it is not possible to accurately predict the timing of the conclusion of the audit, we anticipate that the Austrian audit relating to the years 2002 through 2005 will be completed before the end of 2008. Given the stage of completion of the audit, we are unable to estimate the range of any possible changes to unrecognized income tax benefits the audit may cause over the next year. In addition, we do not anticipate any other significant changes to unrecognized income tax benefits over the next year.

As of January 1, 2008, the following tax years remained subject to examination by the major tax jurisdictions:

Major Jurisdictions	Open Years
Austria	2002 through 2007
Canada	2001 through 2007
United States	2003 through 2007

We are subject to income taxes in many state and local taxing jurisdictions in the U.S. and Canada, many of which are still open to tax examinations. Management does not believe these represent a significant financial exposure to the Company.

Impact of Recently Issued Accounting Standards

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for fiscal years beginning after November 15, 2007. We are currently reviewing SFAS 157, but have not yet determined the impact on our consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, "The Fair Value Option for Financial Assets and Liabilities" ("SFAS 159"). SFAS 159 allows companies to voluntarily choose, at specified election dates, to measure certain financial assets and liabilities, as well as certain non-financial instruments that are similar to financial instruments, at fair value (the "fair value option"). The election is made on an instrument-by-instrument basis and is irrevocable. If the fair value option is elected for an instrument, SFAS 159 specifies that all subsequent changes in fair value for that instrument be reported in income. The provisions of SFAS 159 are effective for fiscal years beginning after November 15, 2007. We are currently reviewing SFAS 159, but have not yet determined the impact on our consolidated financial statements.

Forward-looking Statements

This Report contains "forward-looking statements" within the meaning of applicable securities legislation, including Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") and forward-looking information as defined in the *Securities Act* (Ontario) (collectively referred to as forward-looking statements). These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the *Securities Act* (Ontario) and include, among others, statements regarding: the current status and the potential impact of the Plan on our debt reduction efforts, as to which there can be no assurance of success; expectations as to our ability to complete asset sales at the appropriate prices and in a timely manner; the impact of the Bridge Loan; expectations as to our ability to comply with the Bridge Loan and other credit facilities; strategies and plans; expectations as to financing and liquidity requirements and arrangements; expectations as to operations; expectations as to revenues, costs and earnings; the time by which certain redevelopment projects, transactions or other objectives will be achieved; estimates of costs relating to environmental remediation and restoration; proposed new racetracks or other developments, products and services; expectations as to the timing and receipt of government approvals and regulatory changes in gaming and other racing laws and regulations; expectations that claims, lawsuits, environmental costs, commitments, contingent liabilities, labor negotiations or agreements, or other matters will not have a material adverse effect on our consolidated financial position, operating results, prospects or liquidity; projections, predictions, expectations, estimates, beliefs or forecasts as to our financial and operating results and future economic performance; and other matters that are not historical facts.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or the times at or by which such performance or results will be achieved. Undue reliance should not be placed on such statements. Forward-looking statements are based on information available at the time and/or management's good faith assumptions and analyses made in light of our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances and are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control, that could cause actual events or results to differ materially from such forward-looking statements. Important factors that could cause actual results to differ materially from our forward-looking statements include, but may not be limited to, material adverse changes in: general economic conditions; the popularity of racing and other gaming activities as recreational activities; the regulatory environment affecting the horse racing and gaming industries; our ability to obtain or maintain government and other regulatory approvals necessary or desirable to proceed with proposed real estate developments; increased regulation affecting certain of our non-racetrack operations, such as broadcasting ventures; and our ability to develop, execute or finance our strategies and plans within expected timelines or budgets. In drawing conclusions set out in our forward-looking statements above, we have assumed, among other things, that we will be able to successfully implement our Plan and comply with the terms of and/or obtain waivers or other concessions from our lenders and refinance or repay on maturity our existing financing arrangements (including our Bridge Loan and our senior secured revolving credit facility with a Canadian financial institution), and there will not be any material adverse changes in: general economic conditions; the popularity of horse racing and other gaming activities; weather and other environmental conditions at our facilities; the regulatory environment; and our ability to develop, execute or finance our strategies and plans as anticipated.

Forward-looking statements speak only as of the date the statements were made. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect thereto or with respect to other forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information required by this item is contained in this Annual Report under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Qualitative and Quantitative Disclosures about Market Risk" and is incorporated herein by reference.

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Magna Entertainment Corp.

We have audited the accompanying consolidated balance sheets of Magna Entertainment Corp. (the "Company") as of December 31, 2007 and 2006 and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007. Our audit also includes the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2007 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that Magna Entertainment Corp. will continue as a going concern. As more fully described in Note 1, the Company has incurred recurring operating losses and has a working capital deficiency. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 1. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 12, 2008 expressed our opinion that Magna Entertainment Corp. has maintained effective internal control over financial reporting as of December 31, 2007.

As discussed in Note 3 to these consolidated financial statements, the Company changed its accounting policy in regard to the accounting for income taxes for the year ended December 31, 2007.

Toronto, Canada
March 12, 2008

/s/ ERNST & YOUNG LLP
Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

MAGNA ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(U.S. dollars in thousands, except per share figures)

	Note	2007	2006 (restated — note 7)	2005 (restated — note 7)
		Years ended December 31,		
Revenues	21			
Racing and gaming				
Pari-mutuel wagering		$ 432,280	$ 442,831	$ 428,169
Gaming		41,117	9,043	—
Non-wagering		143,843	117,378	93,851
		617,240	569,252	522,020
Real estate and other				
Sale of real estate		270	—	—
Other		8,205	4,946	4,643
		8,475	4,946	4,643
		625,715	574,198	526,663
Costs, expenses and other income				
Racing and gaming				
Pari-mutuel purses, awards and other		259,916	276,160	266,661
Gaming purses, taxes and other		28,324	6,059	—
Operating costs		273,011	237,586	217,585
General and administrative		68,816	67,004	57,479
Real estate and other				
Cost of real estate sold		270	—	—
Operating costs		4,918	3,839	4,831
General and administrative		713	191	36
Predevelopment, pre-opening and other costs		2,866	10,602	9,494
Depreciation and amortization		42,297	38,989	33,431
Interest expense, net	14, 22	50,621	57,758	32,613
Write-down of long-lived assets	8	1,308	88,627	—
Equity loss (income)		3,098	493	(1,122)
Gain on sale of intangible assets related to The Meadows	5	—	(126,374)	—
		736,158	660,934	621,008
Loss from continuing operations before income taxes		(110,443)	(86,736)	(94,345)
Income tax benefit	12	(2,574)	(7,124)	(1,239)
Loss from continuing operations		(107,869)	(79,612)	(93,106)
Loss from discontinued operations	7	(5,890)	(7,739)	(12,187)
Net loss		(113,759)	(87,351)	(105,293)
Other comprehensive income (loss)				
Foreign currency translation adjustment	19	5,245	3,104	(14,971)
Change in fair value of interest rate swap	20	(1,052)	(88)	415
Change in net unrecognized pension actuarial gains	24	585	—	—
Comprehensive loss		$ (108,981)	$ (84,335)	$ (119,849)
Loss per share for Class A Subordinate Voting Stock and Class B Stock				
Basic and Diluted				
Continuing operations	18	$ (0.99)	$ (0.74)	$ (0.87)
Discontinued operations	18	(0.05)	(0.07)	(0.11)
Loss per share		$ (1.04)	$ (0.81)	$ (0.98)
Average number of shares of Class A Subordinate Voting Stock or Class B Stock outstanding during the year (in thousands):				
Basic and Diluted	18	109,219	107,461	107,356

See accompanying notes

MAGNA ENTERTAINMENT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Note	2007	2006	2005
		Years ended December 31,		
			(restated — note 7)	(restated — note 7)
Cash provided from (used for):				
OPERATING ACTIVITIES OF CONTINUING OPERATIONS:				
Net loss from continuing operations		$ **(107,869)**	$ (79,612)	$ (93,106)
Adjustments to reconcile net loss to net cash provided from (used for) operating activities:				
Depreciation and amortization		**42,297**	38,989	33,431
Future income taxes	12	**(5,680)**	(11,980)	(2,232)
Amortization of loan origination costs		**2,817**	6,104	1,541
Amortization of convertible subordinated notes issue costs	15	**1,090**	1,090	1,090
Amortization of financing obligation and other long-term liabilities		**(2,072)**	—	—
Deferred interest expense	22	**75**	12,167	—
Write-down of long-lived assets	8	**1,308**	88,627	—
Write-down of development costs	22	**—**	3,048	—
Equity loss (income)		**3,098**	493	(1,122)
Gain on sale of intangible assets related to The Meadows	5	**—**	(126,374)	—
Gain on disposal of real estate properties		**—**	(1,181)	—
Gain on disposal of fixed assets		**(4,673)**	(2,828)	(2,612)
Stock-based compensation expense	3, 17	**621**	1,410	—
Issuance of Class A Subordinate Voting Stock under the Long-term Incentive Plan	16	**767**	982	102
		(68,221)	(69,065)	(62,908)
Changes in non-cash working capital balances:				
Restricted cash		**797**	(8,293)	(840)
Accounts receivable		**(2,659)**	6,799	10,272
Due from parent		**4,027**	7,020	(13,668)
Income taxes payable/receivable		**2,921**	923	2,372
Inventories		**(302)**	394	(331)
Prepaid expenses and other		**(1,519)**	(2,007)	(2)
Accounts payable		**(3,789)**	6,084	(23,452)
Accrued salaries and wages		**616**	620	(2,408)
Customer deposits		**44**	(18)	(356)
Other accrued liabilities		**6,135**	(5,276)	33,437
Deferred revenue		**128**	(1,023)	218
		6,399	5,223	5,242
		(61,822)	(63,842)	(57,666)
INVESTING ACTIVITIES OF CONTINUING OPERATIONS:				
Acquisition of business, net of cash acquired	4	**—**	(9,347)	—
Proceeds on The Meadows transaction	5	**—**	171,777	—
Real estate property additions		**(61,217)**	(75,474)	(117,241)
Fixed asset additions		**(13,165)**	(4,948)	(5,730)
Other asset disposals (additions)		**(4,690)**	2,539	(1,439)
Proceeds on real estate sold to related parties	22	**88,031**	5,578	1,400
Proceeds on disposal of real estate properties		**—**	2,100	—
Proceeds on disposal of fixed assets		**7,681**	4,328	4,403
		16,640	96,553	(118,607)
FINANCING ACTIVITIES OF CONTINUING OPERATIONS:				
Proceeds from bank indebtedness	13	**73,831**	19,144	3,260
Proceeds from indebtedness and long-term debt with parent	22	**52,362**	77,294	136,787
Proceeds from long-term debt		**13,819**	12,582	209
Repayment of bank indebtedness	13	**(41,132)**	(39,929)	(500)
Repayment of indebtedness and long-term debt with parent	22	**(3,026)**	(111,800)	—
Repayment of long-term debt		**(73,578)**	(15,800)	(15,577)
Issuance of share capital	16	**19,581**	—	—
		41,857	(58,509)	124,179
Effect of exchange rate changes on cash and cash equivalents		**170**	(104)	1,141
Net cash flows used for continuing operations		**(3,155)**	(25,902)	(50,953)

Cash provided from (used for) discontinued operations:			
Operating activities of discontinued operations	**(3,062)**	3,572	(8,434)
Investing activities of discontinued operations	**(4,417)**	54,963	9,056
Financing activities of discontinued operations	**(4,264)**	(25,224)	40,572
Net cash flows provided from (used for) discontinued operations	**(11,743)**	33,311	41,194
Net increase (decrease) in cash and cash equivalents during the year	**(14,898)**	7,409	(9,759)
Cash and cash equivalents, beginning of year	**58,291**	50,882	60,641
Cash and cash equivalents, end of year	**43,393**	58,291	50,882
Less: cash and cash equivalents, end of year of discontinued operations	**(9,078)**	(10,636)	(9,398)
Cash and cash equivalents, end of year of continuing operations	**$ 34,315**	$ 47,655	$ 41,484

See accompanying notes

MAGNA ENTERTAINMENT CORP.
CONSOLIDATED BALANCE SHEETS
(Refer to Note 1 — Going Concern)
(U.S. dollars and share amounts in thousands)

	Note	December 31, 2007	December 31, 2006 (restated — notes 6 & 7)
ASSETS			
Current assets:			
Cash and cash equivalents		$ **34,315**	$ 47,655
Restricted cash		**28,264**	29,061
Accounts receivable		**35,335**	32,010
Due from parent	22	**4,463**	6,648
Income taxes receivable		**—**	580
Inventories		**6,450**	6,117
Prepaid expenses and other		**9,991**	8,593
Assets held for sale	6	**35,658**	—
Discontinued operations	7	**71,970**	20,266
		226,446	150,930
Real estate properties, net	9	**751,492**	771,783
Fixed assets, net	10	**90,672**	80,733
Racing licenses		**109,868**	109,868
Other assets, net	11	**10,996**	4,590
Future tax assets	12	**53,168**	42,388
Assets held for sale	6	**—**	36,063
Discontinued operations	7	**—**	50,530
		$ **1,242,642**	$ 1,246,885
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Bank indebtedness	13	$ **39,214**	$ 6,515
Accounts payable		**65,533**	69,302
Accrued salaries and wages		**8,347**	7,674
Customer deposits		**2,575**	2,531
Other accrued liabilities		**52,387**	50,635
Income taxes payable		**1,948**	—
Long-term debt due within one year	14	**32,727**	85,724
Due to parent	22	**137,003**	2,823
Deferred revenue		**4,339**	4,211
Liabilities related to assets held for sale	6	**1,047**	—
Discontinued operations	7	**43,547**	15,716
		388,667	245,131
Long-term debt	14	**89,680**	93,721
Long-term debt due to parent	22	**67,107**	147,144
Convertible subordinated notes	15	**222,527**	221,437
Other long-term liabilities	24	**18,325**	16,776
Future tax liabilities	12	**93,623**	90,059
Liabilities related to assets held for sale	6	**—**	1,047
Discontinued operations	7	**—**	30,952
		879,929	846,267
Commitments and contingencies	22, 23		
Shareholders' equity:			
Class A Subordinate Voting Stock (Issued: 2007 — 58,159; 2006 — 49,055)	16	**339,435**	319,087
Class B Stock (Convertible into Class A Subordinate Voting Stock) (Issued: 2007 and 2006 — 58,466)	16	**394,094**	394,094
Contributed surplus	22	**91,825**	41,718
Other paid-in-capital	3, 17	**2,031**	1,410
Accumulated deficit		**(510,057)**	(396,298)
Accumulated comprehensive income	19, 20, 24	**45,385**	40,607
		362,713	400,618

$	**1,242,642**	$	1,246,885

See accompanying notes

On behalf of the Board:

Director

Director

MAGNA ENTERTAINMENT CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in thousands)

	Note	Class A Subordinate Voting Stock	Class B Stock	Contributed Surplus	Other Paid-in-Capital	Accumulated Deficit	Accumulated Comprehensive Income (Loss)
Balances at December 31, 2004		$ 318,003	$ 394,094	$ 17,282	$ —	$ (203,654)	$ 52,955
Activity for the year ended December 31, 2005:							
Net loss		—	—	—	—	(105,293)	—
Foreign currency translation adjustment	19	—	—	—	—	—	(14,971)
Change in fair value of interest rate swap	20	—	—	—	—	—	415
Issue of Class A Subordinate Voting Stock under the Long-term Incentive Plan	16	102	—	—	—	—	—
Gain on sale of real estate to a related party, net of tax	22	—	—	661	—	—	—
Balances at December 31, 2005		318,105	394,094	17,943	—	(308,947)	38,399
Activity for the year ended December 31, 2006:							
Net loss		—	—	—	—	(87,351)	—
Foreign currency translation adjustment	19	—	—	—	—	—	3,104
Change in fair value of interest rate swap	20	—	—	—	—	—	(88)
Adjustment, net of tax, for change in accounting policy related to Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans	3	—	—	—	—	—	(808)
Adjustment, net of tax, for change in accounting policy related to stock option compensation expense	3, 17	—	—	—	1,410	—	—
Issue of Class A Subordinate Voting Stock under the Long-term Incentive Plan	16	982	—	—	—	—	—
Gain on sale of real estate to a related party, net of tax	22	—	—	23,775	—	—	—
Balances at December 31, 2006		319,087	394,094	41,718	1,410	(396,298)	40,607
Activity for the year ended December 31, 2007:							
Net loss		—	—	—	—	(113,759)	—
Foreign currency translation adjustment	19	—	—	—	—	—	5,245
Change in fair value of interest rate swap	20	—	—	—	—	—	(1,052)
Change in net unrecognized pension actuarial gains	24	—	—	—	—	—	585
Stock option compensation expense	3, 17	—	—	—	621	—	—
Issue of Class A Subordinate Voting Stock under the Long-term Incentive Plan	16	767	—	—	—	—	—
Issue of Class A Subordinate Voting Stock under the Private Placement	16	19,581	—	—	—	—	—
Gain on sale of real estate to a related party, net of tax	22	—	—	50,107	—	—	—
Balances at December 31, 2007		**$ 339,435**	**$ 394,094**	**$ 91,825**	**$ 2,031**	**$ (510,057)**	**$ 45,385**

See accompanying notes

MAGNA ENTERTAINMENT CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in U.S. dollars unless otherwise noted and all tabular amounts in thousands, except per share figures)

1. GOING CONCERN

These consolidated financial statements of Magna Entertainment Corp. ("MEC" or the "Company") have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred net losses of $113.8 million, $87.4 million and $105.3 million for the years ended December 31, 2007, 2006 and 2005, respectively, and has an accumulated deficit of $510.1 million and a working capital deficiency of $162.2 million at December 31, 2007. At December 31, 2007, the Company had $209.4 million of debt that matures in 2008, including amounts owing under the Company's $40.0 million senior secured revolving credit facility with a Canadian financial institution, which is scheduled to mature on March 31, 2008 (refer to Note 13(i)), and its bridge loan facility of up to $80.0 million with a subsidiary of MI Developments Inc. ("MID"), the Company's controlling shareholder, which is scheduled to mature on May 31, 2008 (refer to Notes 22 and 25), and the Company's obligation to repay $100.0 million of indebtedness under the Gulfstream Park project financings with a subsidiary of MID by May 31, 2008 (refer to Note 22). Accordingly, the Company's ability to continue as a going concern is in substantial doubt and is dependent on the Company generating cash flows that are adequate to sustain the operations of the business, renewing or extending current financing arrangements and meeting its obligations with respect to secured and unsecured creditors, none of which is assured. If the Company is unable to repay its obligations when due, other current and long-term debt will also become due on demand as a result of cross-default provisions within loan agreements, unless the Company is able to obtain waivers or extensions. On September 12, 2007, the Company's Board of Directors approved a debt elimination plan designed to eliminate net debt by December 31, 2008 by generating funding from the sale of assets, entering into strategic transactions involving certain of the Company's racing, gaming and technology operations, and a possible future equity issuance. The success of the debt elimination plan is not assured. To address short-term liquidity concerns and provide sufficient time to implement the debt elimination plan, the Company arranged $100.0 million of funding, comprised of (i) a $20.0 million private placement of the Company's Class A Subordinate Voting Stock to Fair Enterprise Limited ("Fair Enterprise"), a company that forms part of an estate planning vehicle for the family of Frank Stronach, the Chairman and Interim Chief Executive Officer of the Company; and (ii) a short-term bridge loan facility of up to $80.0 million with a subsidiary of MID. Although the Company continues to implement its debt elimination plan, the sale of assets under the debt elimination plan is taking longer than originally contemplated. As a result, the Company will likely need to seek additional funds in the short-term from one or more possible sources. The availability of such additional funds is not assured and, if available, the terms thereof are not determinable at this time. These consolidated financial statements do not give effect to any adjustments to recorded amounts and their classification, which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Company owns horse racetracks in California, Florida, Maryland, Texas, Oklahoma, Ohio, Oregon and Ebreichsdorf, Austria. In addition, the Company operated a racetrack in Michigan until November 2007 and, under a management agreement, operates a racetrack in Pennsylvania that it previously owned. Based on revenues, MEC is North America's number one owner and operator of horse racetracks, and is a supplier, via simulcasting, of live racing content to the growing inter-track, off-track and account wagering markets. The Company currently operates or manages seven thoroughbred racetracks, one standardbred (harness racing) racetrack and two racetracks that run both thoroughbred and quarterhorse meets, as well as the simulcast wagering venues at these tracks. Also, at December 31, 2007, the Company owned Magna Racino™, which ran both thoroughbred and standardbred meets. Three of the racetracks owned or operated by the Company (Gulfstream Park, Remington Park and Magna Racino™), include casino operations with alternative gaming machines. In addition, the Company operates off-track betting facilities, a United States national account wagering business known as XpressBet®, which permits customers to place wagers by telephone and over the Internet on horse races at over 100 North American racetracks and internationally on races in Australia, South Africa, Dubai, Germany, the United Kingdom and Hong Kong, and a European account wagering service known as MagnaBet™. Under a series of March 2007 agreements with Churchill Downs Incorporated ("CDI"), the Company owns a 50% interest in a joint venture, TrackNet Media Group, LLC ("TrackNet Media"), the content management company formed for distribution of the full breadth of MEC's horse racing content. In addition to making horse racing content available for both MEC and CDI, it also makes such content available for third parties, including racetracks, off-track betting facilities, casinos and advance deposit wagering companies. TrackNet Media also purchases horse racing content from third parties to be made available through CDI's and MEC's respective outlets. The TrackNet Media arrangement also involves the exchange by MEC and CDI of their respective horse racing signals such that CDI's racing content is available for wagering through MEC-owned tracks and simulcast-wagering facilities and through the Company's advanced deposit wagering platform, XpressBet®, and the Company's racing content is similarly available for wagering through CDI tracks and off-track betting facilities and through CDI-owned advance deposit wagering platforms. A separate joint venture with CDI also involves the ownership by MEC and CDI of equal (50%) shares in HorseRacing TV™ ("HRTV™"), a television network focused on horse racing that the Company initially launched on the Racetrack Television Network ("RTN"). HRTV™ is currently distributed to more than 15 million cable and satellite TV subscribers. RTN, in which the Company has a minority interest, was formed to telecast races from the Company's racetracks and other racetracks to paying subscribers, via private direct to home satellite. The Company also owns AmTote International, Inc. ("AmTote"), a provider of totalisator services to the pari-mutuel industry. To support certain of the Company's thoroughbred racetracks, the Company owns and operates thoroughbred training centers in Palm Beach County, Florida and in the Baltimore, Maryland area and, under a lease agreement, operates an additional thoroughbred training center situated near San Diego, California. The Company also owns and operates production facilities in Austria and in North Carolina for StreuFex™, a straw-based horse bedding product. In addition to the Company's racetracks, the Company's real estate portfolio includes a residential development in Austria. The Company is also working with potential developers and strategic partners on proposals for developing leisure and entertainment or retail-based projects on excess lands surrounding, or adjacent to, certain of its premier racetracks. The Company has announced that pursuant to a plan to eliminate the Company's net debt by December 31, 2008, it is pursuing the sale of certain real estate, racetracks and other assets as well as considering strategic transactions involving its other racing, gaming and technology operations.

These consolidated financial statements have been prepared in U.S. dollars following generally accepted accounting principles in the United States ("U.S. GAAP").

Principles of Consolidation

These consolidated financial statements include the accounts of Magna Entertainment Corp. and its subsidiaries (collectively the "Company"). All significant intercompany balances and transactions have been eliminated. Investments in entities in which the Company does not control, but has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method. Investments in which the Company does not have the ability to exercise significant influence over operating and financial policies are accounted for using the cost method.

Cash and Cash Equivalents

Cash and cash equivalents include cash on account, demand deposits and short-term investments with maturities of less than three months at acquisition and exclude restricted cash, which represents segregated cash accounts held by the Company on behalf of others, primarily horse owners.

Inventories

Inventories, consisting primarily of totalisator terminal components and food and beverage supplies, are stated at the lower of cost (first-in, first-out) or market.

Real Estate Properties

Revenue-Producing Racing and Gaming Real Estate

Revenue-producing racing and gaming real estate is valued at cost, which includes acquisition and development costs. Development costs include all direct construction costs, capitalized interest and indirect costs wholly attributable to development. Buildings are depreciated on a straight-line basis over periods ranging from 20 to 40 years.

Excess Racing Real Estate

Excess racing real estate is real estate at the Company's racetracks that is being considered for development with potential strategic partners or otherwise. Excess racing real estate currently consists of land adjacent to certain of the Company's racetracks including Santa Anita Park, Gulfstream Park, Lone Star Park at Grand Prairie, Laurel Park, Pimlico Race Course and Magna Racino™. Excess racing real estate is valued at cost, which includes acquisition and development costs. Development costs include all direct construction costs, capitalized interest and indirect costs wholly attributable to development.

Development Real Estate

Development real estate is valued at cost, which includes acquisition and development costs. Development costs include all direct construction costs, capitalized interest and indirect costs wholly attributable to development.

Revenue-Producing Non-Racing Real Estate

Revenue-producing non-racing real estate includes residential development real estate. Revenue-producing non-racing real estate is valued at cost, which includes acquisition and development costs. Development costs include all direct construction costs, capitalized interest and indirect costs wholly attributable to development. Buildings are depreciated on a straight-line basis over periods ranging from 20 to 40 years.

Fixed Assets

Fixed assets are recorded at cost, less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the fixed assets as follows: machinery and equipment over 3 to 15 years, computer hardware and software (which is included within furniture and fixtures) over 3 to 5 years and furniture and fixtures over 5 to 7 years.

Government grants and tax credits received for capital expenditures are reflected as a reduction of the cost of the related asset.

Impairment of Long-Lived Assets

Long-lived assets not available for sale are tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If such events or changes in circumstances are present, the Company assesses the recoverability of the long-lived assets by determining whether the carrying value of such assets can be recovered through projected undiscounted cash flows. If the sum of expected future cash flows, undiscounted and without interest charges, is less than net book value, the excess of the net book value over the estimated fair value, based on discounted future cash flows and appraisals, is charged to operations in the period in which such impairment is determined by management.

When long-lived assets are identified by the Company as available for sale, if necessary, the carrying value is reduced to the estimated fair value less costs of disposal. Fair value is determined based upon discounted cash flows of the assets, appraisals and, if appropriate, current estimated net sales proceeds from pending offers.

Goodwill

Goodwill represents the excess of the cost of an acquired enterprise over the net of the fair value amounts assigned to assets acquired and liabilities assumed. Goodwill is evaluated for impairment on an annual basis or when impairment indicators are present. Goodwill impairment is assessed based on a comparison of the fair value of a reporting unit to the underlying carrying value of the reporting unit's net assets, including goodwill. When the carrying amount of the reporting unit exceeds its fair value, the reporting unit's goodwill is compared with its carrying amount to measure the amount of the impairment loss, if any. The fair value of goodwill is determined using the estimated discounted future cash flows of the reporting unit.

Racing Licenses

Racing licenses, which were acquired through the Company's acquisition of racetracks, represent the value attributed to licenses to conduct race meets. Racing licenses are intangible assets that meet the definition of an indefinite life intangible and are not subject to amortization, but are evaluated for impairment on an annual basis or when impairment indicators are present. Racing license impairment is assessed based on a comparison of the fair value of an individual reporting unit's racing license to its carrying value. An impairment write-down to fair value would occur if the estimated discounted cash flows from operations less charges for contributory assets assumed to be owned by third parties is less than the carrying value of the racing license.

Revenue Recognition

The Company records operating revenues associated with horse racing on a daily basis. Pari-mutuel wagering revenues are recognized gross of purses, stakes and awards and pari-mutuel wagering taxes. The costs relating to these amounts are shown as "pari-mutuel purses, awards and other".

Gaming revenues represent the net win earned on slot wagers. Net win is the difference between wagers placed and winning payouts to patrons, and is recorded at the time wagers are made. Gaming purses, taxes and other represent statutory required amounts to be distributed to the state as tax and to the horsemen to supplement purses.

Non-wagering revenues include totalisator equipment sales and service revenues from AmTote earned in the provision of totalisator services to racetracks, food and beverage sales, program sales, admissions, parking, sponsorship, rental fees and other revenues.

Revenues derived principally from totalisator equipment sales are recognized upon shipment or acceptance of the equipment by the customer depending on the terms of the underlying contracts. Revenues generated from service contracts in the provision of totalisator services are recognized when earned based on the terms of the service contact. Revenues from food and beverage and program sales are recorded at the time of sale. Revenues from admissions and parking are recorded on a daily basis, except for seasonal amounts which are recorded ratably over the racing season. Revenues from sponsorship and rental fees are recorded ratably over the terms of the respective agreements or when the related event occurs.

Revenues from the sale of residential development units are recognized when title passes to the purchaser and collection is reasonably assured. Properties which have been sold, but for which these criteria have not been satisfied, are included in development real estate.

Golf course annual membership fee revenues included in discontinued operations are recognized as revenue ratably over the applicable season.

Deferred Revenues

Deferred revenues associated with racing operations consist primarily of prepaid box seats, admission tickets and parking, which are recognized as revenue ratably over the period of the related race meet or when the related racing event occurs.

Golf membership initiation fees included in discontinued operations are deferred and amortized over the expected membership life.

Seasonality

The Company's racing business is seasonal in nature. The Company's racing revenues and operating results for any quarter will not be indicative of the racing revenues and operating results for the year. The Company's racing operations have historically operated at a loss in the second half of the year, with the third quarter generating the largest operating loss. This seasonality has resulted in large quarterly fluctuations in revenues and operating results.

Advertising

Costs incurred for producing advertising associated with horse racing and slot operations are generally expensed when the advertising program commences. Costs incurred with respect to promotions for specific live race days are expensed on the applicable race day.

Player Slots Rewards

Slot patrons that register in the player reward program at one of the Company's slot facilities receive a player card which tracks play and rewards points based on levels of slot play. The points can be redeemed for complimentary food and beverage and select merchandise at the respective racetrack. On a daily basis, the Company records a liability in "other accrued liabilities" on the consolidated balance sheets based on the points earned times the expected redemption rate, which is determined using redemption experience, with a corresponding expense in "gaming purses, taxes and other" in the consolidated statements of operations and comprehensive loss. The redemption value is based on the actual average cost of the complimentary food and beverage and select merchandise. At December 31, 2007 and 2006, the player slot liability is \$0.5 million and \$0.4 million, respectively. Revenues do not include the retail amount of food, beverage and other items provided gratuitously to customers.

Foreign Currency Translation

Assets and liabilities of self-sustaining foreign operations are translated using the exchange rate in effect at the year end and revenues and expenses are translated at the average rate during the year. The accumulated exchange gain or loss resulting from translating each foreign subsidiary's financial statements from its functional currency to U.S. dollars is included in accumulated comprehensive income in shareholders' equity. The appropriate amounts of exchange gains or losses included in accumulated comprehensive income are reflected in operations when there is a sale or partial sale of the Company's investment in these operations or upon a complete or substantially complete liquidation of the investment.

Income Taxes

The Company follows the liability method of tax allocation for accounting for income taxes. Under the liability method of tax allocation, future tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided to the extent that it is more likely than not that future tax assets will not be realized.

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted average number of shares of Class A Subordinate Voting Stock and Class B Stock outstanding during the year. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the "if converted" method for convertible debentures and the "treasury stock" method for options.

Under the "if converted" method:

- The convertible subordinated notes are assumed to be converted at the beginning of the period (or at the issuance, if later) and net income (loss) is increased (decreased) by related interest.

Under the "treasury stock" method:

- The exercise of options is assumed to be at the beginning of the period (or at the time of issuance, if later);
- The proceeds from the exercise of options are assumed to be used to purchase Class A Subordinate Voting Stock at the average market price during the period; and
- The incremental number of shares of Class A Subordinate Voting Stock (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted earnings (loss) per share calculation.

Interest Rate Swaps

The Company utilizes, on occasion, interest rate swap contracts to hedge exposure to interest rate fluctuations on its variable rate debt. The fair value of the swaps are recorded on the consolidated balance sheets as an asset or liability with the offset recorded in accumulated comprehensive income, net of income taxes. Any changes in the market value of the swaps are adjusted to the asset or liability account and recorded net of income taxes in other comprehensive income (loss). The Company formally assesses, at the swap's inception and on an on-going basis, whether the swap used in the hedging transaction has been highly effective in offsetting changes in the cash flows of the hedged item and whether the swap may be expected to remain highly effective in future periods. When it is determined that the swap is not, or has ceased to be, highly effective as a hedge, the Company discontinues hedge accounting prospectively.

Deferred Financing Costs

The costs of issuing long-term debt are capitalized and amortized over the term of the related debt.

Self Insurance

The Company self-insures for employee medical and dental coverages up to $150 thousand per incident. Self-insurance reserves include known claims and estimates of incurred but not reported claims based upon the Company's claims experience. The Company also maintains stop-loss insurance coverage for medical claims that exceed $150 thousand per incident.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates that affect: the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates utilized in preparing the consolidated financial statements are reasonable and prudent, however, actual results could differ from those estimates.

Comparative Amounts

Certain of the comparative amounts have been reclassified to reflect discontinued operations and assets held for sale.

Impact of Recently Issued Accounting Standards

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for fiscal years beginning after November 15, 2007. The Company is currently reviewing SFAS 157, but has not yet determined the impact on the Company's consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, *The Fair Value Option for Financial Assets and Liabilities* ("SFAS 159"). SFAS 159 allows companies to voluntarily choose, at specified election dates, to measure certain financial assets and liabilities, as well as certain non-financial instruments that are similar to financial instruments, at fair value (the "fair value option"). The election is made on an instrument-by-instrument basis and is irrevocable. If the fair value option is elected for an instrument, SFAS 159 specifies that all subsequent changes in fair value for that instrument be reported in income. The provisions of SFAS 159 are effective for fiscal years beginning after November 15, 2007. The Company is currently reviewing SFAS 159, but has not yet determined the impact on the Company's consolidated financial statements.

3. ACCOUNTING CHANGES

(a) For the year ended December 31, 2007

Income Taxes

In July 2006, the FASB issued FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. FIN 48 requires an entity to recognize the tax benefit of uncertain tax positions only when it is more likely than not, based on the position's technical merits, that the position would be sustained upon examination by the respective taxing authorities. The tax benefit is measured as the largest benefit that is more than fifty-percent likely of being realized upon final settlement with the respective taxing authorities. Effective January 1, 2007, the Company adopted the provisions of FIN 48 on a retroactive basis, which did not result in any charge to accumulated deficit as a cumulative effect of an accounting change or adjustment to the liability for unrecognized tax benefits. Accordingly, the adoption of FIN 48 did not have an effect on the Company's results of operations or financial position. It is the Company's policy to account for interest and penalties associated with income tax obligations as a component of income tax expense. Refer to Note 12 for additional disclosures related to FIN 48.

(b) For the year ended December 31, 2006

Employee Defined Benefit and Postretirement Plans

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* ("SFAS 158"). SFAS 158 required employers to recognize the funded status (the difference between the fair value of plan assets and the projected benefit obligations) of a defined benefit postretirement plan as an asset or liability on the consolidated balance sheets with a corresponding adjustment to accumulated comprehensive income, net of tax, measure the fair value of plan assets and benefit obligations as of the balance sheet dates and provide additional disclosures about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition assets or obligations.

On December 31, 2006, the Company adopted the recognition and disclosure provisions of SFAS 158. The adjustment to accumulated comprehensive income upon adoption represented the net unrecognized actuarial gain or loss determined in accordance with Statement of Financial Accounting Standards No. 87, *Employers' Accounting for Pension* ("SFAS 87"), which was previously netted against the plan's funded status pursuant to the provisions of SFAS 87. These amounts will be subsequently recognized as net periodic pension cost pursuant to the Company's historical accounting policy for amortizing such amounts. Actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of other comprehensive income (loss). Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in accumulated comprehensive income upon adoption of SFAS 158.

The effect of adopting SFAS 158 on the Company's consolidated balance sheets at December 31, 2006 is presented in the following table. The adoption of SFAS 158 had no effect on the consolidated statements of operations for the years ended December 31, 2006 and 2005.

	December 31, 2006		
	Prior to Adoption	Effect of Adoption	As Reported
Accrued pension and postretirement liability	$ 1,827	$ 1,347	$ 3,174
Future tax liability (asset), net	$ 49,257	$ (539)	$ 48,718
Accumulated comprehensive income (loss)	$ 41,415	$ (808)	$ 40,607

Included in accumulated comprehensive income at December 31, 2006 is an unrecognized actuarial gain of $0.8 million, net of tax, that had not yet been recognized in net periodic pension cost.

SFAS 158's provisions regarding the change in the measurement date of postretirement benefit plans are not applicable as the Company currently uses a measurement date of December 31 for its pension and postretirement plans.

Stock-Based Compensation

Prior to January 1, 2006, the Company accounted for stock-based compensation under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). No stock-based compensation expense was recognized in the consolidated statements of operations and comprehensive loss related to stock options for the year ended December 31, 2005 as all options granted had an exercise price no less than the fair market value of the Company's Class A Subordinate Voting Stock at the date of grant.

Effective January 1, 2006, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards No. 123(R), *Share-Based Payment* ("SFAS 123(R)"), using the modified-prospective method. Under the modified-prospective method, compensation expense recognized in the year ended December 31, 2006 include: (a) compensation expense for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123, and (b) compensation expense for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Results for the year ended December 31, 2005 have not been restated.

The Company's loss from continuing operations before income taxes, loss from continuing operations and net loss for the year ended December 31, 2006 increased $1.4 million and basic and diluted loss per share increased $0.01 per share as a result of adopting SFAS 123(R) on January 1, 2006.

As a result of the adoption of SFAS 123(R), for the year ended December 31, 2006, the Company recognized $1.4 million of stock-based compensation expense related to stock options which has been recorded on the consolidated balance sheets as "other paid-in-capital". The adoption of SFAS 123(R) for the year ended December 31, 2006 had no impact on cash flows. The Company has estimated a nominal annual effective tax rate for the year ended December 31, 2006 and, accordingly, has applied this effective tax rate to the stock-based compensation expense recognized for the year ended December 31, 2006 resulting in a nominal income tax impact related to stock-based compensation expense.

The pro-forma impact on net loss and loss per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based compensation for the year ended December 31, 2005 is as follows:

		Year ended December 31, 2005
Net loss, as reported	$	(105,293)
Pro-forma stock compensation expense determined under the fair value method, net of tax		(877)
Pro-forma net loss	$	(106,170)
Loss per share		
Basic — as reported	$	(0.98)
Basic — pro-forma	$	(0.99)
Diluted — as reported	$	(0.98)
Diluted — pro-forma	$	(0.99)

(c) *For the year ended December 31, 2005*

Intangible Assets

In accordance with a United States Securities and Exchange Commission staff announcement, effective January 1, 2005, the Company changed its method of performing its annual impairment test for its racing licenses from a residual method to a direct value method. This change had no impact on the results of operations for the year ended December 31, 2005.

4. ACQUISITION

On August 22, 2003, MEC Maryland Investments Inc. ("MEC Maryland"), a wholly-owned subsidiary of the Company, acquired a 30% equity interest in AmTote for a total cash purchase price, including transaction costs, of $4.3 million. On July 26, 2006, MEC Maryland acquired the remaining 70% equity interest of AmTote for a total cash purchase price of $9.3 million, including transaction costs of $0.1 million, net of cash acquired of $5.5 million. The results of AmTote have been consolidated from July 26, 2006 and are included in the racing and gaming — PariMax operations segment. Prior to July 26, 2006, the results of AmTote were accounted for on an equity basis.

The purchase price has been allocated to the assets and liabilities acquired as follows:

Non-cash working capital	$	1,203
Fixed assets		12,691
Other assets		127
Long-term debt		(1,470)
Other long-term liabilities		(980)
Future tax liabilities		(2,224)
Net assets acquired and total purchase price, net of cash acquired	$	9,347

5. SALE OF THE MEADOWS

On November 14, 2006, the Company completed the sale of all of the outstanding shares of Washington Trotting Association, Inc., Mountain Laurel Racing, Inc. and MEC Pennsylvania Racing, Inc. (collectively "The Meadows"), each a wholly-owned subsidiary of the Company, through which the Company owned and operated The Meadows, a standardbred racetrack in Pennsylvania, to PA Meadows, LLC, a company jointly owned by William Paulos and William Wortman, controlling shareholders of Millennium Gaming, Inc., and a fund managed by Oaktree Capital Management, LLC ("Oaktree" and together, with PA Meadows, LLC, "Millennium-Oaktree"). On closing, the Company received cash consideration of $171.8 million, net of transaction costs of $3.2 million, and a holdback agreement, under which $25.0 million is payable to the Company over a five-year period, subject to offset for certain indemnification obligations. Under the terms of the holdback agreement, the Company agreed to release the security requirement for the holdback amount, defer subordinate payments under the holdback, defer receipt of holdback payments until the opening of the permanent casino at The Meadows and defer receipt of holdback payments to the extent of available cash flows as defined in the holdback agreement, in exchange for Millennium-Oaktree providing an additional $25.0 million of equity support for PA Meadows, LLC. The Company also entered into a racing services agreement whereby the Company pays $50 thousand per annum and continues to operate, for its own account, the racing operations at The Meadows for at least five years. On December 12, 2007, Cannery Casino Resorts, LLC, the parent company of Millennium-Oaktree, announced it had entered into an agreement to sell Millennium-Oaktree to Crown Limited. If the deal is consummated, either party to the racing services agreement will have the option to terminate the arrangement. The transaction proceeds of $171.8 million were allocated to the assets of The Meadows as follows: (i) $7.2 million was allocated to the long-lived assets representing the fair value of the underlying real estate and fixed assets based on appraised values; and (ii) $164.6 million was allocated to the intangible assets representing the fair value of the racing/gaming licenses based on applying the residual method to determine the fair value of the intangible assets. On the closing date of the transaction, the net book value of the long-lived assets was $18.4 million, resulting in a non-cash impairment loss of $11.2 million relating to the long-lived assets, and the net book value of the intangible assets was $32.6 million, resulting in a gain of $132.0 million on the sale of the intangible assets. This gain was reduced by $5.6 million, representing the net present value of the operating losses expected over the term of the racing services agreement. Accordingly, the net gain recognized by the Company on the disposition of the intangible assets was $126.4 million for the year ended December 31, 2006.

Given that the racing services agreement was effectively a lease of property, plant and equipment and since the amount owing under the holdback note is to be paid to the extent of available cash flows as defined in the holdback agreement, the Company was deemed to have continuing involvement with the long-lived assets for accounting purposes. As a result, the sale of The Meadows' real estate and fixed assets was precluded from sales recognition and not accounted for as a sale-leaseback, but rather using the financing method of accounting under U.S. GAAP. Accordingly, $12.8 million of the proceeds were deferred, representing the fair value of long-lived assets of $7.2 million and the net present value of the operating losses expected over the term of the racing services agreement of $5.6 million, and recorded as "other long-term liabilities" on the consolidated balance sheet at the date of completion of the transaction. The deferred proceeds are being recognized in the consolidated statements of operations and comprehensive loss over the five-year term of the racing services agreement and/or at the point when the sale-leaseback subsequently qualifies for sales recognition. For the year ended December 31, 2007, the Company recognized $1.8 million of the deferred proceeds in income, which is recorded as an offset to racing and gaming "general and administrative" expenses on the accompanying consolidated statements of operations and comprehensive loss. With respect to the $25.0 million holdback agreement, the Company will recognize this consideration upon the settlement of the indemnification obligations and as payments are received (refer to Note 24(e)).

6. ASSETS HELD FOR SALE

(a) In November and December 2007, the Company entered into sale agreements for three parcels of excess real estate comprising approximately 825 acres in Porter, New York, subject to the completion of due diligence by the purchasers and customary closing conditions. These sale transactions were completed on December 28, 2007, January 7, 2008 and January 10, 2008 for total cash consideration of $1.7 million, net of transaction costs. At December 31, 2007, the two parcels of real estate for which the sale had not been completed are reflected as "assets held for sale" on the consolidated balance sheets. The net proceeds received on closing were used to repay a portion of the bridge loan facility of up to $80.0 million with a subsidiary of MID subsequent to year end.

(b) On December 21, 2007, the Company entered into an agreement to sell 225 acres of excess real estate located in Ebreichsdorf, Austria to a subsidiary of Magna International Inc. ("Magna"), a related party, for a purchase price of Euros 20.0 million (U.S. $29.4 million), subject to customary closing adjustments. The closing of the transaction is expected to occur during the first quarter of 2008 following the satisfaction of customary closing conditions including the receipt of all necessary regulatory approvals. Of the net proceeds that are expected to be received on closing, Euros 7.5 million is required to be used to repay a portion of a Euros 15.0 million term loan facility and the remaining portion of the net proceeds is required to be used to repay a portion of the bridge loan facility of up to $80.0 million with a subsidiary of MID.

(c) On August 9, 2007, the Company announced its intention to sell real estate properties located in Dixon, California and Ocala, Florida. The Company has initiated an active program to locate potential buyers for these properties and has listed the properties for sale with a real estate broker. Accordingly, at December 31, 2007, these real estate properties are classified as "assets held for sale" on the consolidated balance sheets in accordance with Statement of Financial Accounting Standard No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* ("SFAS 144"). In accordance with the terms of the Company's bridge loan agreement with a subsidiary of MID, the Company is required to use the net proceeds from the sale of these real estate properties to pay down principal amounts outstanding under the bridge loan and the amount of such net proceeds will permanently reduce the committed amount of the bridge loan.

(d) The Company's assets held for sale and related liabilities at December 31, 2007 and 2006 are shown below. All assets held for sale and related liabilities are classified as current at December 31, 2007 as the assets and related liabilities described in sections (a) through (c) above are expected to be sold within one year from the consolidated balance sheet date.

	December 31,	
	2007	**2006**
ASSETS		
Real estate properties, net		
Dixon, California	$ **19,139**	$ 18,711
Ocala, Florida	**8,407**	8,427
Ebreichsdorf, Austria	**6,619**	5,935
Porter, New York(i)	**1,493**	2,990
	$ **35,658**	$ 36,063
LIABILITIES		
Future tax liabilities	$ **1,047**	$ 1,047

(i) The Company entered into sale agreements for three parcels of excess real estate comprising 825 acres in Porter, New York. The Company recognized a non-cash impairment loss of $1.3 million for the year ended December 31, 2007, which represents the excess of the carrying value of the assets over the fair value. The impairment loss is included in the real estate and other operations segment.

(e) On September 12, 2007, the Company's Board of Directors approved a debt elimination plan designed to eliminate net debt by generating funding from the sale of certain assets, entering into strategic transactions involving the Company's racing, gaming and technology operations, and a possible future equity issuance (refer to Note 1). In addition to the sales of real estate described in sections (a) through (c) above, the debt elimination plan also contemplates the sale of real estate properties located in Aventura and Hallandale, Florida, both adjacent to Gulfstream Park and in Anne Arundel County, Maryland, adjacent to Laurel Park. The Company also intends to explore selling its membership interests in the mixed-use developments at Gulfstream Park in Florida and Santa Anita Park in California that the Company is pursuing under joint venture arrangements with Forest City Enterprises, Inc. ("Forest City") and Caruso Affiliated, respectively. The Company also intends to sell Great Lakes Downs in Michigan; Thistledown in Ohio; and its interest in Portland Meadows in Oregon. The Company also intends to explore other strategic transactions involving other racing, gaming and technology operations, including: partnerships or joint ventures in respect of the existing gaming facility at Gulfstream Park; partnerships or joint ventures in respect of potential alternative gaming operations at certain of the Company's other racetracks that currently do not have gaming operations; the possible sale of Remington Park, a horse racetrack and gaming facility in Oklahoma City; and transactions involving the Company's technology operations, which may include one or more of the assets that comprise the Company's PariMax business.

(i) For those properties that have not been classified as held for sale as noted in sections (a) through (c) above, the Company has determined that they do not meet all of the criteria required in SFAS 144 for the following reasons and, accordingly, these assets continue to be classified as held and used at December 31, 2007:

Real estate properties located in Aventura and Hallandale, Florida (adjacent to Gulfstream Park): At December 31, 2007, the Company had not established a selling price for these properties since it had not completed its market price analysis. Also, the Company had not initiated an active program to locate a buyer for these assets as the properties had not been listed for sale with an external agent and were not being actively marketed for sale.

Real estate property in Anne Arundel County, Maryland (adjacent to Laurel Park): At December 31, 2007, the Company had not established a selling price for this property since it had not completed its market price analysis. Also, the Company had not initiated an active program to locate a buyer for this asset as the property had not been listed for sale with an external agent and was not being actively marketed for sale. In addition, given the near term potential for a legislative change to permit video lottery terminals at Laurel Park and the possible effect on the Company's development plans for the overall property is such that at December 31, 2007, the Company does not expect to complete the sale of this asset within one year.

Membership interest in the mixed-use development at Gulfstream Park with Forest City and membership interest in the mixed-use development at Santa Anita Park with Caruso Affiliated: At December 31, 2007, the Company had not established a selling price for either of these assets since it had not completed its market analysis and independent appraisal process. As such, these assets were not being actively marketed for sale at a price that is reasonable in relation to their current fair value.

(ii) The following assets have met the criteria of SFAS 144 to be reflected as assets held for sale and also met the requirements to be reflected as discontinued operations at December 31, 2007 and have been presented accordingly:

Great Lakes Downs: In October 2007, the property was listed for sale with a real estate broker. The 2007 race meet at Great Lakes Downs concluded on November 4, 2007 and the facility was then closed. In order to facilitate the sale of this property, the Company re-acquired Great Lakes Downs from Richmond Racing Co., LLC in December 2007 pursuant to a prior existing option right.

Thistledown and Remington Park: In September 2007, the Company engaged a U.S. investment bank, to assist in soliciting potential purchasers and managing the sale process for certain assets contemplated in the debt elimination plan. In October 2007, the U.S. investment bank initiated an active program to locate potential buyers and began marketing these assets for sale.

Portland Meadows: In November 2007, the Company initiated an active program to locate potential buyers and began marketing this asset for sale.

7. DISCONTINUED OPERATIONS

(a) *For the year ended December 31, 2007*

As part of the debt elimination plan approved by the Board of Directors (refer to Note 6(e)), the Company intends to sell Great Lakes Downs in Michigan, Thistledown in Ohio, Portland Meadows in Oregon and Remington Park in Oklahoma City. Accordingly, at December 31, 2007, these operations have been classified as discontinued operations.

(b) *For the year ended December 31, 2006*

(i) On November 1, 2006, a wholly-owned subsidiary of the Company completed the sale of the Fontana Golf Club located in Oberwaltersdorf, Austria to a subsidiary of Magna, for a sale value of Euros 30.0 million (U.S. $38.3 million), which included cash consideration of Euros 13.2 million (U.S. $16.9 million), net of transaction costs, and approximately Euros 16.8 million (U.S. $21.4 million) of debt assumed by Magna. The Company recognized a gain on disposition of approximately $20.9 million, net of tax, which was recorded as a contribution of equity in contributed surplus on the consolidated balance sheets.

(ii) On August 25, 2006, a wholly-owned subsidiary of the Company completed the sale of the Magna Golf Club located in Aurora, Ontario, Canada to Magna, for cash consideration of Cdn. $51.8 million (U.S. $46.4 million), net of transaction costs. The Company recognized an impairment loss of $1.2 million at the date of disposition equal to the excess of the Company's carrying value of the assets disposed over their fair values at the date of disposition. Of the sale proceeds, Cdn. $32.6 million (U.S. $29.3 million) was used to pay all amounts owing under certain loan agreements with Bank Austria Creditanstalt AG related to the Magna Golf Club.

(iii) On May 26, 2006, the Company completed the sale of a restaurant and related real estate in the United States and received cash consideration of $2.0 million, net of transaction costs, and recognized a gain on disposition of approximately $1.5 million.

(c) *For the year ended December 31, 2005*

(i) On August 16, 2005, the Company and Great Canadian Gaming Corporation ("GCGC") entered into a share purchase agreement under which GCGC acquired all of the outstanding shares of Ontario Racing, Inc. ("ORI"). Required regulatory approval for the sale transaction was obtained on October 17, 2005 and the Company completed the transaction on October 19, 2005. On closing, GCGC paid Cdn. $50.7 million (U.S. $43.1 million) and U.S. $23.6 million, in cash and assumed ORI's existing debt.

As required under U.S. GAAP, the Company's long-lived assets and racing licenses are tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The sale transaction described above established fair values of certain assets of Flamboro Downs and, accordingly, the Company performed impairment testing of these assets. Based on this analysis, the Company recognized a non-cash impairment loss of $15.0 million before income taxes or $12.5 million after income taxes of Flamboro Downs' racing license.

(ii) On August 18, 2005, three subsidiaries of the Company entered into a share purchase agreement with Colonial Downs, L.P. ("Colonial LP") pursuant to which Colonial LP purchased all of the outstanding shares of Maryland-Virginia Racing Circuit, Inc. ("MVRC"). MVRC was an indirect subsidiary of the Company that managed the operations of Colonial Downs, a thoroughbred and standardbred horse racetrack located in New Kent, Virginia, pursuant to a management agreement with Colonial LP, the owner of Colonial Downs. Required regulatory approval for the sale transaction was obtained on September 28, 2005 and the Company completed the transaction on September 30, 2005. On closing, the Company received cash consideration of $6.8 million, net of transaction costs, and a one-year interest-bearing note in the principal amount of $3.0 million, which was repaid during the year ended December 31, 2006. The Company recognized a gain on disposition of approximately $9.8 million.

(d) The Company's results of operations related to discontinued operations for the years ended December 31, 2007, 2006 and 2005 are as follows:

	Years ended December 31,		
	2007	**2006**	**2005**
Results of Operations			
Revenues	**$ 122,200**	$ 142,534	$ 120,475
Costs and expenses	**120,873**	133,303	113,999
	1,327	9,231	6,476
Predevelopment, pre-opening and other costs	**447**	3,557	2,388
Depreciation and amortization	**3,976**	7,069	6,574
Interest expense, net	**2,794**	4,984	4,085
Impairment loss recorded on disposition	—	1,202	14,961
Loss before gain on disposition	**(5,890)**	(7,581)	(21,532)
Gain on disposition	—	1,495	9,837
Loss before income taxes	**(5,890)**	(6,086)	(11,695)
Income tax expense	—	1,653	492
Loss from discontinued operations	**$ (5,890)**	$ (7,739)	$ (12,187)

The Company's assets and liabilities related to discontinued operations at December 31, 2007 and 2006 are shown below. All assets and liabilities related to discontinued operations are classified as current at December 31, 2007 as they are expected to be sold within one year from the consolidated balance sheet date.

	December 31,	
	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,078	$ 10,636
Restricted cash	7,069	5,133
Accounts receivable	3,424	3,939
Inventories	327	267
Prepaid expenses and other	1,341	291
Real estate properties, net	39,094	—
Fixed assets, net	11,531	—
Other assets, net	106	—
	71,970	20,266
Real estate properties, net	—	38,048
Fixed assets, net	—	12,408
Other assets, net	—	74
	—	50,530
	$ 71,970	$ 70,796
LIABILITIES		
Current liabilities:		
Accounts payable	$ 8,964	$ 6,803
Accrued salaries and wages	797	1,118
Other accrued liabilities	5,091	5,593
Long-term debt due within one year	23	30
Due to parent (refer to Note 22(a)(v))	397	285
Deferred revenue	1,257	1,887
Long-term debt	115	—
Long-term debt due to parent (refer to Note 22(a)(v))	26,143	—
Other long-term liabilities	760	—
	43,547	15,716
Long-term debt	—	138
Long-term debt due to parent (refer to Note 22(a)(v))	—	30,106
Other long-term liabilities	—	708
	—	30,952
	$ 43,547	$ 46,668

8. WRITE-DOWN OF LONG-LIVED ASSETS

The Company's long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If such events or changes in circumstances are present, the Company assesses the recoverability of the long-lived assets by determining whether the carrying value of such assets can be recovered through projected undiscounted cash flows. If the sum of expected future cash flows, undiscounted and without interest charges, is less than net book value, the excess of the net book value over the estimated fair value, based on discounted future cash flows and appraisals, is charged to operations in the period in which such impairment is determined by management. The long-lived assets consist of fixed assets and real estate properties.

Write-downs and impairment losses relating to long-lived assets recognized are as follows:

	Years ended December 31,		
	2007(i)	2006(ii)	2005
Porter, New York real estate	$ 1,308	$ —	$ —
Magna Racino™	—	76,166	—
The Meadows	—	11,182	—
Residential development real estate	—	1,279	—
	$ 1,308	$ 88,627	$ —

(i) The Company entered into sale agreements for three parcels of excess real estate comprising 825 acres in Porter, New York. The Company recognized a non-cash impairment loss of $1.3 million for the year ended December 31, 2007, which represents the excess of the carrying value of the assets over the fair value, less selling costs. The impairment loss is included in the real estate and other operations segment (refer to Note 6(a)).

(ii) The Company tested Magna Racino™'s long-lived assets for impairment upon completion of its 2007 business plan. The Company used an expected present value approach of estimated future cash flows, including a probability-weighted approach in considering the likelihood of possible outcomes, and external valuation reports to determine the fair value of the long-lived assets. Expectations regarding revenue growth and new customer acquisition had not materialized as revenue growth for the year ended December 31, 2006 had leveled off, which was reflected in the future revenue projections of Magna Racino™'s 2007 business plan. Based on Magna Racino™'s 2007 business plan, its estimated undiscounted cash flows were not sufficient to recover the carrying value of its long-lived assets. Accordingly, a non-cash impairment charge of $76.2 million was required of the long-lived assets for the year ended December 31, 2006, which is included in the racing and gaming operations segment.

On February 7, 2007, MID acquired all of the Company's interests and rights in a 34 acre parcel of residential development land in Aurora, Ontario, Canada for cash consideration of Cdn. $12.0 million (U.S. $10.1 million). The Company recognized a non-cash impairment loss of $1.3 million related to this parcel of residential development land for the year ended December 31, 2006, which is included in the real estate and other operations segment (refer to Note 22(g)).

On November 14, 2006, the Company completed The Meadows transaction and performed impairment testing of these assets as of the date immediately prior to completion of the transaction. Based on this analysis, the Company recognized a non-cash impairment loss of $11.2 million of The Meadows' long-lived assets for the year ended December 31, 2006, which is included in the racing and gaming operations segment (refer to Note 5).

9. REAL ESTATE PROPERTIES

Real estate properties consist of the following:

	December 31, 2007	December 31, 2006
Revenue-producing racing and gaming real estate		
Cost		
Land and improvements	**$ 183,558**	$ 202,553
Buildings	**643,622**	595,523
Construction in progress	**23,115**	18,990
	850,295	817,066
Accumulated depreciation		
Buildings	**(194,458)**	(166,863)
Revenue-producing racing and gaming real estate, net	**655,837**	650,203
Excess racing real estate	**87,128**	91,016
Development real estate	**—**	20,705
Revenue-producing non-racing real estate		
Cost		
Land and improvements	**6,498**	6,521
Buildings	**2,122**	3,410
	8,620	9,931
Accumulated depreciation		
Buildings	**(93)**	(72)
Revenue-producing non-racing real estate, net	**8,527**	9,859
	$ 751,492	$ 771,783

Included in revenue-producing racing real estate properties are land and improvements and buildings under capital leases with a cost of $45.6 million (December 31, 2006 — $45.6 million) and accumulated depreciation of $11.1 million (December 31, 2006 — $8.9 million). Also, included in revenue-producing racing real estate properties are land and improvements and buildings related to The Meadows that are being accounted for using the financing method of accounting (refer to Note 5) with a cost of $8.9 million (December 31, 2006 — $7.9 million) and accumulated depreciation of $1.4 million (December 31, 2006 — $1.0 million).

10. FIXED ASSETS

Fixed assets consist of the following:

	December 31, 2007	December 31, 2006
Revenue-producing racing and gaming fixed assets		
Cost		
Machinery and equipment	$ 109,093	$ 81,942
Furniture and fixtures	80,537	73,804
	189,630	155,746
Accumulated depreciation		
Machinery and equipment	(48,840)	(32,972)
Furniture and fixtures	(50,149)	(42,105)
Revenue-producing racing and gaming fixed assets, net	90,641	80,669
Revenue-producing non-racing fixed assets		
Cost		
Furniture and fixtures	538	584
Accumulated depreciation		
Furniture and fixtures	(507)	(520)
Revenue-producing non-racing fixed assets, net	31	64
	$ 90,672	$ 80,733

Included in revenue-producing racing fixed assets are machinery and equipment and furniture and fixtures under capital leases with a cost of $1.9 million (December 31, 2006 — $1.9 million) and accumulated depreciation of $1.8 million (December 31, 2006 — $1.7 million). Also, included in revenue-producing racing fixed assets are machinery and equipment and furniture and fixtures related to The Meadows that are being accounted for using the financing method of accounting (refer to Note 5) with a cost of $1.0 million (December 31, 2006 — $1.0 million) and accumulated depreciation of $0.7 million (December 31, 2006 — $0.7 million).

11. OTHER ASSETS

Other assets consist of the following:

	December 31, 2007	December 31, 2006
Deferred development costs	$ 1,369	$ 1,026
Goodwill	514	1,706
Fair value of interest rate swaps (Note 20(c))	—	439
Long-term receivables	379	379
Equity investments	7,845	233
Other	889	807
	$ 10,996	$ 4,590

12. INCOME TAXES

(a) The provision (benefit) for income taxes differs from the expense that would be obtained by applying the United States federal statutory rate as a result of the following:

	Years ended December 31,		
	2007	**2006**	**2005**
Expected provision:			
Federal statutory income tax rate (35%)	**$ (38,655)**	$ (30,358)	$ (33,021)
State taxes and withholding taxes, net of benefit	**1,261**	287	314
Tax losses not benefited	**13,176**	5,665	25,966
Foreign rate differentials	**578**	9,230	848
Foreign dividends	**2,100**	1,255	1,599
Non-deductible expenses	**646**	1,671	2,883
Tax on capital gain on like-kind exchange of property	**—**	2,853	—
Taxable gain on related party property sales	**18,393**	3,351	—
Other	**(73)**	(1,078)	172
Income tax benefit	**$ (2,574)**	$ (7,124)	$ (1,239)

At December 31, 2007, the Company had United States and Austrian federal income tax loss carry forwards totaling approximately $320.8 million. Of the $320.8 million in loss carry forwards at December 31, 2007, $85.9 million have no expiration date and the remainder expire as follows:

Years:	
2008 to 2010	$ 300
2012 to 2018	4,600
2020 to 2027	230,000
	$ 234,900

There are annual limitations on the utilization of certain loss carry forwards subject to expiration.

The Company also has U.S. state income tax loss carry forwards available.

(b) The details of the earnings (loss) from continuing operations before income taxes by jurisdiction are as follows:

	Years ended December 31,		
	2007	**2006**	**2005**
United States	**$ (105,122)**	$ 6,273	$ (68,449)
Foreign	**(5,321)**	(93,009)	(25,896)
	$ (110,443)	$ (86,736)	$ (94,345)

(c) The details of the income tax provision (benefit) are as follows:

	Years ended December 31,		
	2007	**2006**	**2005**
Current income tax provision:			
United States	**$ 3,411**	$ 1,651	$ 774
Foreign	**(305)**	3,205	219
	3,106	4,856	993
Future income tax benefit:			
United States	**(5,655)**	(180)	(76)
Foreign	**(25)**	(11,800)	(2,156)
	(5,680)	(11,980)	(2,232)
	$ (2,574)	$ (7,124)	$ (1,239)

(d) Future income taxes have been provided on temporary differences, which consist of the following:

	Years ended December 31,		
	2007	**2006**	**2005**
Tax deferral on sale of real estate	**$ —**	$ —	$ (570)
Amortization of purchase accounting fair value increments, for tax purposes in excess of book	**1,001**	1,033	1,030
Deductibility (non-deductibility) of interest expense	**4,249**	(4,196)	—
Tax gain in excess of book gain on disposal of real estate property	**—**	(3,502)	(189)
Tax benefit of loss carry forwards	**(19,824)**	(728)	(23,870)
Asset impairment write-down	**—**	(14,602)	—
Increase in valuation allowance	**11,340**	7,915	23,941
Other	**(2,446)**	2,100	(2,574)
	$ (5,680)	$ (11,980)	$ (2,232)

(e) Future tax assets and liabilities consist of the following temporary differences:

	December 31, 2007	December 31, 2006
Assets:		
Real estate properties tax value in excess of book value	$ 10,390	$ 7,394
Tax benefit of carry forwards:		
Pre-acquisition	1,575	3,525
Post-acquisition	120,449	98,124
Tax benefit of charitable contribution carry forward	8,968	1,629
Benefit of various tax credit carry forwards	3,377	3,682
	144,759	114,354
Valuation allowance:		
Pre-acquisition	(1,575)	(3,349)
Post-acquisition	(90,016)	(68,617)
Future tax assets	$ 53,168	$ 42,388
Liabilities:		
Real estate properties book basis in excess of tax basis	$ 54,883	$ 54,637
Other assets book basis in excess of tax basis	32,504	25,529
Foreign branch tax deferral and other	6,236	9,893
Future tax liabilities	$ 93,623	$ 90,059

A valuation allowance was provided on future tax assets relating to tax basis of real properties in excess of book basis and future tax assets for net operating loss, tax credit and other carry-forwards.

(f) The Company accounts for uncertain tax positions in accordance with FIN 48. Accordingly, the Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Company did not recognize any interest and penalties as provision for income taxes in the accompanying consolidated statements of operations and comprehensive loss for the year ended December 31, 2007 as the maximum interest and penalty period have elapsed.

As of December 31, 2007, the Company had $4.0 million of unrecognized income tax benefits and $0.3 million of related accrued interest and penalties (net of any tax effect) and $0.3 million of foreign exchange, $2.6 million of which could ultimately reduce its effective tax rate. The Company is currently under audit in Austria. Although it is not possible to accurately predict the timing of the conclusion of the audit, the Company anticipates that the Austrian audit relating to the years 2002 through 2005 will be completed before the end of 2008. Given the stage of completion of the audit, the Company is unable to estimate the range of any possible changes to the unrecognized income tax benefit the audit may cause over the next year. In addition, the Company does not anticipate any other significant changes to unrecognized income tax benefits over the next year.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Unrecognized tax benefits balance at January 1, 2007	$ 4,000
Gross increases for tax positions of prior years	—
Gross decreases for tax positions of prior years	—
Settlements	—
Lapse of statement of limitations	—
Foreign currency impact	329
Unrecognized tax benefits balance at December 31, 2007	$ 4,329

As of January 1, 2008, the following tax years remained subject to examination by the major tax jurisdictions:

Major Jurisdictions	Open Years
Austria	2002 through 2007
Canada	2001 through 2007
United States	2003 through 2007

The Company is subject to income taxes in many state and local taxing jurisdictions in the United States and Canada, many of which are still open to tax examinations. Management does not believe these represent a significant financial exposure to the Company.

(g) Income taxes paid in cash were $2.4 million for the year ended December 31, 2007 (for the year ended December 31, 2006 — $5.4 million; for the year ended December 31, 2005 — $4.2 million).

13. BANK INDEBTEDNESS

The Company's bank indebtedness consists of the following short-term bank loans:

	December 31,	
	2007	**2006**
$40.0 million senior secured revolving credit facility[(i)]	$ **34,891**	$ —
$7.5 million revolving loan facility[(ii)]	**3,499**	6,515
$3.0 million revolving credit facility[(iii)]	**824**	—
	$ **39,214**	$ 6,515

(i) The Company has a $40.0 million senior secured revolving credit facility with a Canadian financial institution, which was scheduled to mature on January 31, 2008, but subsequent to year end was amended and extended to March 31, 2008 (refer to Note 25(b)). The credit facility is available by way of U.S. dollar loans and letters of credit. Loans under the facility are secured by a first charge on the assets of Golden Gate Fields and a second charge on the assets of Santa Anita Park, and are guaranteed by certain subsidiaries of the Company. At December 31, 2007, the Company had borrowings of $34.9 million (December 31, 2006 — nil) under the credit facility and had issued letters of credit totaling $4.3 million (December 31, 2006 — $24.7 million), such that $0.8 million was unused and available. The loans under the facility bear interest at the U.S. Base rate plus 5% or the London Interbank Offered Rate ("LIBOR") plus 6%. The weighted average interest rate on the loans outstanding under the credit facility at December 31, 2007 was 11.0% (December 31, 2006 — nil).

(ii) A wholly-owned subsidiary of the Company that owns and operates Santa Anita Park has a $7.5 million revolving loan agreement under its existing credit facility with a U.S. financial institution, which was scheduled to mature on October 8, 2007, but on October 2, 2007, was amended and extended to October 31, 2012. The revolving loan agreement requires that the aggregate outstanding principal be fully repaid for a period of 60 consecutive days during each year, is guaranteed by the Company's wholly-owned subsidiary, the Los Angeles Turf Club, Incorporated ("LATC") and is secured by a first deed of trust on Santa Anita Park and the surrounding real property, an assignment of the lease between LATC, the racetrack operator, and The Santa Anita Companies, Inc. ("SAC") and a pledge of all of the outstanding capital stock of LATC and SAC. At December 31, 2007, the Company had borrowings of $3.5 million (December 31, 2006 — $6.5 million) under the revolving loan agreement. Borrowings under the revolving loan agreement bear interest at the U.S. Prime rate. The weighted average interest rate on the borrowings outstanding under the revolving loan agreement at December 31, 2007 was 7.3% (December 31, 2006 — 8.3%).

(iii) On May 11, 2007, a wholly-owned subsidiary of the Company, AmTote, completed a refinancing of its existing credit facilities with a U.S. financial institution. The refinancing includes: (i) a $3.0 million revolving credit facility to finance working capital requirements, available by way of U.S. dollar loans and letters of credit, bearing interest at LIBOR plus 2.75%, with a maturity date of May 1, 2008; (ii) a $4.2 million term loan for the repayment of AmTote's debt outstanding under its existing term loan facilities, bearing interest at LIBOR plus 3.0%, with a maturity date of May 11, 2011 (refer to Note 14); and (iii) an equipment loan of up to $10.0 million to finance up to 80% of eligible capital costs related to tote service contracts, bearing interest at LIBOR plus 3.0%, with a maturity date of May 11, 2012 (refer to Note 14). Loans under the credit facilities are secured by a first charge on the assets and a pledge of stock of AmTote.

At December 31, 2007, the Company had borrowed $0.8 million under the $3.0 million revolving credit facility, which has a weighted average interest rate at December 31, 2007 of 7.7%.

(iv) At December 31, 2007, the Company is in compliance with all of the above noted loan agreements and related covenants.

14. DEBT AND COMMITMENTS

(a) The Company's long-term debt consists of the following:

	December 31,	
	2007	**2006**
Term loan facility, amended on October 2, 2007, bearing interest at LIBOR plus 2.0% per annum (7.2% at December 31, 2007; 6.7% at December 31, 2006) with a maturity date of October 31, 2012. The facility is guaranteed by LATC and is secured by a first deed of trust on Santa Anita Park and the surrounding real property, an assignment of the lease between LATC, the racetrack operator, and SAC and a pledge of all of the outstanding capital stock of LATC and SAC. The term loan facility contains cross-default provisions to the Company's senior secured revolving credit facility. At December 31, 2007, the term loan is fully drawn and is repayable in monthly principal amounts of $375 thousand until maturity.	**$ 66,375**	$ 64,167
Term loan facility of Euros 15.0 million, amended on December 16, 2007, bearing interest at the three- month Euro Interbank Offered Rate plus 2.0% per annum (6.8% at December 31, 2007; 5.5% at December 31, 2006) and is secured by a first and second mortgage on land in Austria owned by the European subsidiary. At December 31, 2007, the term loan is fully drawn and is repayable in two installments of Euros 7.5 million, due on each of February 29, 2008 and December 31, 2008 (refer to Note 25(d)).	**22,073**	19,794
Capital leases (imputed interest rate of 8.5%) maturing April 1, 2027, secured by buildings and improvements at Lone Star Park at Grand Prairie.	**15,380**	15,519
Term loan facility, bearing interest at either the U.S. Prime rate or LIBOR plus 2.6% per annum (7.3% at December 31, 2007; 8.0% at December 31, 2006) until December 1, 2008, with a maturity date of December 1, 2013. On December 1, 2008, the interest rate is reset to the market rate for a United States Treasury security of an equivalent term plus 2.6%. The term loan is repayable in quarterly principal and interest payments. The loan is secured by deeds of trust on land, buildings and improvements and security interests in all other assets of certain affiliates of The Maryland Jockey Club ("MJC").	**6,343**	6,874
Bank term loan of up to Euros 4.0 million, amended on July 24, 2007, bearing interest at the Euro Overnight Index Average rate ("EONIA") plus 3.0% per annum (6.6% at December 31, 2007) with a maturity date of July 31, 2008. The bank term loan at December 31, 2006 bore interest at EONIA plus 1.1% per annum (4.8% at December 31, 2006). A European subsidiary has provided two first mortgages on real estate properties as security for this facility (refer to Note 25(c)).	**3,580**	5,938
Term loan facility of $4.2 million, bearing interest at LIBOR plus 3.0% per annum (8.0% at December 31, 2007) with a maturity date of May 11, 2011. The term loan is repayable in monthly principal and interest payments. The loan is secured by a first charge on the assets and a pledge of stock of AmTote.	**3,301**	—
Term loan facility, bearing interest at 7.7% per annum, with a maturity date of June 7, 2017. On June 7, 2012, the interest rate is reset to the market rate for a United States Treasury security of an equivalent term plus 2.6%. The term loan is repayable in quarterly principal and interest payments. The term loan is callable on December 31, 2011. The loan is secured by a deed of trust on land, buildings and improvements and security interests in all other assets of certain affiliates of MJC.	**3,053**	4,030

Equipment loan of up to $10.0 million to finance up to 80% of eligible capital costs related to tote service contracts, bearing interest at LIBOR plus 3.0% per annum (8.2% at December 31, 2007) with a maturity date of May 11, 2012. The equipment loan is repayable in monthly principal and interest payments. The loan is secured by a first charge on the assets and a pledge of stock of AmTote.	**1,974**	—
Other loans of various subsidiaries, including equipment loans, with interest rates ranging from 4.9% to 7.0%.	**328**	808
Term loan facility of Euros 15.0 million, which bore interest at 4.0% per annum and was fully repaid on February 9, 2007.	**—**	19,794
Obligation to pay $18.3 million on exercise of either the put or call option to acquire the remaining voting and equity interests in MJC, which bore interest at the six-month LIBOR. The option was exercised on September 24, 2007 and the obligation was fully repaid on October 5, 2007.	**—**	18,312
Construction loan facility of up to $16.6 million with the general contractor for the reconstruction of the racetrack facilities at Gulfstream Park, which bore interest at the U.S. Prime rate plus 0.4% per annum and was fully repaid on May 17, 2007.	**—**	10,617
Term loan facility, which bore interest at either the U.S. Prime rate or LIBOR plus 2.6% per annum and was fully repaid on February 16, 2007.	**—**	9,187
Term loan facilities of $1.75 million and $1.25 million, which bore interest at the U.S. Prime rate plus 1.25% per annum and were fully repaid on May 11, 2007.	**—**	2,448
Revolving term loan facility of $3.0 million, which bore interest at the U.S. Prime rate plus 1.0% per annum and was fully repaid on May 11, 2007.	**—**	1,957
	122,407	179,445
Less: due within one year	**(32,727)**	(85,724)
	$ 89,680	$ 93,721

At December 31, 2007, the Company is in compliance with all of these long-term debt agreements and related financial covenants.

The overall weighted average interest rate on long-term debt, long-term debt due to parent and convertible subordinated notes at December 31, 2007 was 9.2% (December 31, 2006 — 8.3%; December 31, 2005 — 7.4%).

(b) Future principal repayments on long-term debt at December 31, 2007 are as follows:

	Continuing Operations	Discontinued Operations	Total
2008	$ 32,727	$ 23	$ 32,750
2009	7,026	23	7,049
2010	7,079	13	7,092
2011	8,348	8	8,356
2012	49,910	8	49,918
Thereafter	17,317	63	17,380
	$ 122,407	$ 138	$ 122,545

(c) Included within the above schedule of future principal repayments of long-term debt (Note 14(b)) are obligations under capital leases. Future minimum annual lease payments under the capital leases in effect at December 31, 2007 are as follows:

2008	$	1,452
2009		1,452
2010		1,452
2011		1,452
2012		1,597
Thereafter		25,463
Total payments		32,868
Less: capital lease minimum payments representing interest		(17,488)
Present value of lease payments	$	15,380

(d) Interest expense and interest income include:

	Years ended December 31,					
	2007		2006		2005	
Interest cost, gross	$	**52,750**	$	62,253	$	39,066
Less: Interest capitalized		**(371)**		(2,633)		(5,740)
Interest expense		**52,379**		59,620		33,326
Interest income		**(1,758)**		(1,862)		(713)
Interest expense, net	$	**50,621**	$	57,758	$	32,613

Interest capitalized relates to real estate properties under development.

Interest paid in cash for the year ended December 31, 2007 was $52.2 million (for the year ended December 31, 2006 — $39.1 million; for the year ended December 31, 2005 — $29.9 million).

15. CONVERTIBLE SUBORDINATED NOTES

(a) *8.55% Convertible Subordinated Notes*

In June 2003, the Company issued $150.0 million of 8.55% convertible subordinated notes which mature on June 15, 2010. The unsecured notes are convertible at any time at the option of the holders into shares of Class A Subordinate Voting Stock at a conversion price of $7.05 per share. The conversion price may be adjusted under certain circumstances. The notes are redeemable in whole or in part, at the Company's option, on or after June 2, 2006, at the principal amount plus accrued and unpaid interest, provided that, in connection with any redemption occurring on or after June 2, 2006 and before June 2, 2008, the closing price of the Class A Subordinate Voting Stock has exceeded 125% of the conversion price for at least 20 trading days in the 30 consecutive trading day period ending on the trading day prior to mailing of the notice of redemption. At December 31, 2007, all the notes remained outstanding.

The Company incurred issue expenses of $5.0 million, which have been recorded as a reduction of the outstanding notes balance. The notes balance will be accreted to its face value over the term to maturity.

(b) *7.25% Convertible Subordinated Notes*

In December 2002, the Company issued $75.0 million of 7.25% convertible subordinated notes which mature on December 15, 2009. The unsecured notes are convertible at any time at the option of the holders into shares of Class A Subordinate Voting Stock at a conversion price of $8.50 per share. The conversion price may be adjusted under certain circumstances. The notes were redeemable in whole or in part, at the Company's option, on or after December 21, 2005, at the principal amount plus accrued and unpaid interest, provided that, in connection with any redemption occurring on or after December 21, 2005 and before December 15, 2007, the closing price of the Class A Subordinate Voting Stock has exceeded 125% of the conversion price for at least 20 trading days in the 30 consecutive trading day period ending on the trading day prior to mailing of the notice of redemption. At December 31, 2007, all the notes remained outstanding.

The Company incurred issue expenses of $2.8 million, which have been recorded as a reduction of the outstanding notes balance. The notes balance will be accreted to its face value over the term to maturity.

16. CAPITAL STOCK

(a) The Company's authorized, issued and outstanding capital stock is as follows:

Class A Subordinate Voting Stock with a par value of $0.01 per share (authorized — 310,000,000) have the following attributes:

(i) Each share is entitled to one vote per share at all meetings of stockholders.

(ii) Each share shall participate equally as to dividends with each share of Class B Stock.

Class B Stock with a par value of $0.01 per share (authorized — 90,000,000) have the following attributes:

(i) Each share is entitled to 20 votes per share at all meetings of stockholders.

(ii) Each share shall participate equally as to dividends with each share of Class A Subordinate Voting Stock.

(iii) Each share may be converted at any time into a fully-paid share of Class A Subordinate Voting Stock.

In the event that the Class A Subordinate Voting Stock or Class B Stock are subdivided or consolidated, the other class shall be similarly changed to preserve the relative position of each class.

(b) Changes in the Class A Subordinate Voting Stock and Class B Stock for the years ended December 31, 2007, 2006 and 2005 are shown in the following table (number of shares in the following table are expressed in whole numbers and have not been rounded to the nearest thousand):

	Class A Subordinate Voting Stock		Class B Stock		Total	
	Number of shares	Stated value	Number of shares	Stated value	Number of shares	Stated value
Issued and outstanding at December 31, 2004	48,878,796	$ 318,003	58,466,056	$ 394,094	107,344,852	$ 712,097
Issued under the Long-term Incentive Plan	16,567	102	—	—	16,567	102
Issued and outstanding at December 31, 2005	48,895,363	318,105	58,466,056	394,094	107,361,419	712,199
Issued under the Long-term Incentive Plan	159,264	982	—	—	159,264	982
Issued and outstanding at December 31, 2006	49,054,627	319,087	58,466,056	394,094	107,520,683	713,181
Issued under the Long-term Incentive Plan	215,691	767	—	—	215,691	767
Issued under the Private Placement(i)	8,888,888	19,581	—	—	8,888,888	19,581
Issued and outstanding at December 31, 2007	**58,159,206**	**$ 339,435**	**58,466,056**	**$ 394,094**	**116,625,262**	**$ 733,529**

(i) On October 29, 2007, the Company completed a private placement of the Company's Class A Subordinate Voting Stock to Fair Enterprise and received proceeds of $19.6 million, net of transaction costs of $0.4 million. Pursuant to the terms of the subscription agreement entered into on September 13, 2007, Fair Enterprise was issued 8.9 million shares of Class A Subordinate Voting Stock at a price of $2.25 per share. The price per share was set at the greater of (i) 90% of the volume weighted average price per share of Class A Subordinate Voting Stock on Nasdaq for the five trading days commencing on September 13, 2007; and (ii) U.S. $1.91, being 100% of the volume weighted average price per share of Class A Subordinate Voting Stock on Nasdaq for the five trading days immediately preceding September 13, 2007 (the date of announcement of the private placement). Prior to this transaction, Fair Enterprise owned approximately 7.5% of the issued and outstanding Class A Subordinate Voting Stock. Upon completion of the private placement, the percentage of Class A Subordinate Voting Stock beneficially owned by Fair Enterprise has increased to approximately 21.6% of the issued and outstanding Class A Subordinate Voting Stock, representing approximately 10.8% of the equity of the Company. The shares of Class A Subordinate Voting Stock issued pursuant to the subscription agreement were issued and sold in a private transaction exempt from registration under Section 4(2) of the Securities Act of 1933, as amended.

(c) The following table (number of shares have been rounded to the nearest thousand) presents the maximum number of shares of Class A Subordinate Voting Stock and Class B Stock that would be outstanding if all of the outstanding options and convertible subordinated notes issued and outstanding at December 31, 2007 were exercised or converted:

	Number of Shares
Class A Subordinate Voting Stock outstanding	58,159
Class B Stock outstanding	58,466
Options to purchase Class A Subordinate Voting Stock	4,950
8.55% Convertible Subordinated Notes, convertible at $7.05 per share	21,276
7.25% Convertible Subordinated Notes, convertible at $8.50 per share	8,824
	151,675

17. LONG-TERM INCENTIVE PLAN

The Company's Long-term Incentive Plan (the "Incentive Plan") (adopted in 2000 and amended in 2007) allows for the grant of non-qualified stock options, incentive stock options, stock appreciation rights, restricted stock, bonus stock and performance shares to directors, officers, employees, consultants, independent contractors and agents. A maximum of 9.2 million shares of Class A Subordinate Voting Stock remain available to be issued under the Incentive Plan, of which 7.8 million are available for issuance pursuant to stock options and tandem stock appreciation rights and 1.4 million are available for issuance pursuant to any other type of award under the Incentive Plan.

During 2005, the Company introduced an incentive compensation program for certain officers and key employees, which awarded performance shares of Class A Subordinate Voting Stock under the Incentive Plan. The number of shares of Class A Subordinate Voting Stock underlying the performance share awards were based either on a percentage of a guaranteed bonus or a percentage of total 2005 compensation divided by the market value of the Class A Subordinate Voting Stock on the date the program was approved by the Compensation Committee of the Board of Directors of the Company. These performance shares vested over a six or eight month period to December 31, 2005 and were distributed, subject to certain conditions, in two equal installments. The first distribution occurred in March 2006 and the second distribution occurred in March 2007. During the year ended December 31, 2005, 201,863 performance share awards were granted under the Incentive Plan with a weighted average grant-date market value of either U.S. $6.26 or Cdn. $7.61 per share and 2,392 performance share awards were issued with a nominal stated value. At December 31, 2005, there were 199,471 performance share awards vested with a weighted average grant-date market value of either U.S. $6.26 or Cdn. $7.61 per share and no non-vested performance share awards. During the year ended December 31, 2006, 131,751 of these vested performance awards were issued with a stated value of $0.8 million and 4,812 were forfeited. Accordingly, at December 31, 2006, there were 62,908 vested performance shares remaining to be issued under this 2005 incentive compensation arrangement. During the year ended December 31, 2007, all of these performance shares were issued with a stated value of $0.2 million. At December 31, 2007, there are no performance shares to be issued under the 2005 incentive compensation arrangement. The Company recognized no compensation expense related to the 2005 incentive compensation arrangement for the year ended December 31, 2007 (for the year ended December 31, 2006 — nil; for the year ended December 31, 2005 — $1.3 million).

In 2006, the Company continued the incentive compensation program as described in the immediately preceding paragraph. The program was similar in all respects except that the 2006 performance shares vested over a 12-month period to December 31, 2006 and were distributed, subject to certain conditions, in March 2007. During the year ended December 31, 2006, 162,556 performance share awards were granted under the Incentive Plan with a weighted average grant-date market value of either U.S. $6.80 or Cdn. $7.63 per share, 1,616 performance share awards were issued with a nominal stated value and 42,622 performance share awards were forfeited. At December 31, 2006, there were 118,318 performance share awards vested with an average grant-date market value of either U.S. $6.80 or Cdn. $7.63 per share and no non-vested performance share awards. During the year ended December 31, 2007, 111,841 of these vested performance awards were issued with a stated value of $0.4 million and 6,477 were forfeited. Accordingly, at December 31, 2007, there are no performance shares to be issued under the 2006 incentive compensation arrangement. The Company recognized no compensation expense related to the 2006 incentive compensation arrangement for the year ended December 31, 2007 (for the year ended December 31, 2006 — $0.8 million; for the year ended December 31, 2005 — nil).

At December 31, 2007, there is no unrecognized compensation expense related to these performance share award arrangements.

During the year ended December 31, 2007, 40,942 shares with a stated value of $0.2 million (for the year ended December 31, 2006 — 25,896 shares with a stated value of $0.2 million; for the year ended December 31, 2005 — 14,175 shares with a stated value of $0.1 million) were issued to Company directors in payment of services rendered.

The Company grants stock options to certain directors, officers, key employees and consultants to purchase shares of the Company's Class A Subordinate Voting Stock. All of such stock options give the grantee the right to purchase Class A Subordinate Voting Stock of the Company at a price no less than the fair market value of such stock at the date of grant.

Generally, stock options under the Incentive Plan vest over a period of two to six years from the date of grant at rates of 1/7th to 1/3rd per year and expire on or before the tenth anniversary of the date of grant, subject to earlier cancellation upon the occurrence of certain events specified in the stock option agreements entered into by the Company with each recipient of options.

Information with respect to shares subject to option is as follows (number of shares subject to option in the following table are expressed in whole numbers and have not been rounded to the nearest thousand):

	Shares Subject to Option			Weighted Average Exercise Price		
	2007	**2006**	**2005**	**2007**	**2006**	**2005**
Balance, beginning of year	**4,905,000**	4,827,500	4,500,500	**$ 6.08**	$ 6.14	$ 6.18
Granted	**390,000**	200,000	720,000	**3.20**	5.25	6.55
Forfeited or expired[(i)]	**(345,000)**	(122,500)	(393,000)	**6.68**	6.96	7.39
Balance, end of year	**4,950,000**	4,905,000	4,827,500	**$ 5.82**	$ 6.08	$ 6.14

(i) For the years ended December 31, 2007, 2006 and 2005, options forfeited or expired were as a result of employment contracts being terminated and voluntary employee resignations. No options that were forfeited were subsequently reissued.

Information regarding stock options outstanding is as follows:

	Options Outstanding			Options Exercisable		
	2007	**2006**	**2005**	**2007**	**2006**	**2005**
Number	**4,950,000**	4,905,000	4,827,500	**4,406,334**	4,412,968	4,127,715
Weighted average exercise price	**$5.82**	$6.08	$6.14	**$5.99**	$6.08	$6.07
Weighted average remaining contractual life (years)	**3.6**	4.2	5.1	**2.9**	3.8	4.5

At December 31, 2007, the 4,950,000 stock options outstanding had exercise prices ranging from $2.78 to $7.00 per share. The average fair value of the stock option grants for the year ended December 31, 2007 was $1.36 (for the year ended December 31, 2006 — $2.26; for the year ended December 31, 2005 — $2.94) using the Black-Scholes option valuation model. The fair value of stock option grants was estimated at the date of grant using the following assumptions:

	Years ended December 31,		
	2007	**2006**	**2005**
Risk free interest rates	**4.15%**	4.4%	4.0%
Dividend yields	—	—	—
Volatility factor of expected market price of Class A Subordinate Voting Stock	**0.559**	0.510	0.547
Weighted average expected life (years)	**5.00**	4.00	4.00

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

The compensation expense recognized for the year ended December 31, 2007 related to stock options was approximately $0.6 million (for the year ended December 31, 2006 — $1.4 million; for the year ended December 31, 2005 — nil). At December 31, 2007, the total unrecognized compensation expense related to stock options is $0.4 million, which is expected to be recognized into expense over a period of 3.7 years.

Prior to implementation of SFAS 123(R) on January 1, 2006, pro-forma information regarding net loss and loss per share was required under SFAS 123 and was determined as if the Company had accounted for its stock options under the fair value method under SFAS 123. The Company's SFAS 123 pro-forma net loss and the related per share amounts for the year ended December 31, 2005 is as follows:

	Year ended December 31, 2005	
Net loss, as reported	$	(105,293)
Pro-forma stock compensation expense determined under the fair value method, net of tax		(877)
Pro-forma net loss	$	(106,170)
Loss per share		
Basic — as reported	$	(0.98)
Basic — pro-forma	$	(0.99)
Diluted — as reported	$	(0.98)
Diluted — pro-forma	$	(0.99)

For purposes of pro-forma disclosures, the estimated fair value of the options is amortized to expense over the option's vesting period.

For the year ended December 31, 2007, the Company recognized total compensation expense of $0.6 million (for the year ended December 31, 2006 — $2.3 million; for the year ended December 31, 2005 — $1.4 million) relating to performance share awards, director compensation and stock options under the Incentive Plan.

18. LOSS PER SHARE

The following table is a summary of the elements used in calculating basic and diluted loss per share (number of shares in the following table are expressed in whole numbers and have not been rounded to the nearest thousand):

	Years ended December 31,		
	2007	**2006**	**2005**
Loss from continuing operations	**$ (107,869)**	$ (79,612)	$ (93,106)
Loss from discontinued operations	**(5,890)**	(7,739)	(12,187)
Net loss	**$ (113,759)**	$ (87,351)	$ (105,293)
Weighted average number of shares outstanding:			
Class A Subordinate Voting Stock	**50,753,177**	48,995,338	48,890,052
Class B Stock	**58,466,056**	58,466,056	58,466,056
Diluted weighted average number of shares outstanding	**109,219,233**	107,461,394	107,356,108
Loss per share:			
Basic and Diluted			
Continuing operations	**$ (0.99)**	$ (0.74)	$ (0.87)
Discontinued operations	**(0.05)**	(0.07)	(0.11)
Loss per share	**$ (1.04)**	$ (0.81)	$ (0.98)

As a result of the net loss for the years ended December 31, 2007, 2006 and 2005, options to purchase 4,950,000 shares (for the year ended December 31, 2006 — 4,905,000; for the year ended December 31, 2005 — 4,827,500), notes convertible into 30,100,124 shares (for the years ended December 31, 2006 and 2005 — 30,100,124) and no performance share awards (for the year ended December 31, 2006 — 179,769; for the year ended December 31, 2005 — 199,471) have been excluded from the computation of diluted loss per share since their effect is anti-dilutive.

19. FOREIGN CURRENCY TRANSLATION ADJUSTMENT

Unrealized translation adjustments arise on the translation to U.S. dollars of assets and liabilities of the Company's self-sustaining foreign operations. For the year ended December 31, 2007, the Company incurred unrealized foreign currency translation gains of $5.2 million, primarily from the strengthening of the Euro and Canadian dollar against the U.S. dollar (an unrealized gain of $3.1 million for the year ended December 31, 2006; an unrealized loss of $15.0 million for the year ended December 31, 2005).

20. FINANCIAL INSTRUMENTS

(a) *Fair Value*

The methods and assumptions used to estimate the fair value of financial instruments are described below. Management has estimated the fair value of its financial instruments using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, estimated fair values are not necessarily indicative of the amounts that could be realized in current market exchanges.

Cash and cash equivalents, restricted cash, accounts receivable, due from parent, bank indebtedness, accounts payable, accrued salaries and wages, customer deposits, other accrued liabilities and due to parent

Due to the short period to maturity of these instruments, the carrying values as presented in the consolidated balance sheets are reasonable estimates of fair value.

Long-term debt, long-term debt due to parent and convertible subordinated notes

The fair value of the Company's long-term debt, long-term debt due to parent and convertible subordinated notes is estimated using discounted cash flow analysis based on the Company's current incremental borrowing rates for similar types of arrangements. Based on current rates for debt with similar terms and maturities, the fair values of the Company's long-term debt, long-term debt due to parent and convertible subordinated notes are not materially different from their carrying values.

(b) *Credit Risk*

The Company's financial assets that are exposed to credit risk consist primarily of cash and cash equivalents and accounts receivable.

Cash and cash equivalents, which include short-term investments, including commercial paper, are only invested in entities with an investment grade credit rating. Credit risk is further reduced by limiting the amount which is invested in any one government or corporation.

The Company, in the normal course of business, settles wagers for other racetracks and is thereby exposed to credit risk. However, these receivables are generally not a significant portion of the Company's total assets and are comprised of a large number of accounts.

(c) *Interest Rate Risk*

The Company utilizes, on occasion, interest rate swap contracts to hedge exposure to interest rate fluctuations on variable rate debt.

At December 31, 2007, the Company has four outstanding interest rate swap contracts with a major U.S. financial institution. On March 1, 2007, April 27, 2007 and July 26, 2007, the Company entered into interest rate swap contracts, each with an effective date of October 1, 2007, which fix the rate of interest at 6.98%, 7.06% and 7.24% per annum, respectively, to October 8, 2009 on a notional amount of $10.0 million per contract of the outstanding balance under the SAC term loan facility. Additionally, on October 4, 2007, the Company entered into an interest rate swap contact, with an effective date of October 8, 2009, which fixes the rate of interest at 7.15% per annum to October 31, 2012 on a notional amount of $23.4 million of the outstanding balance under the SAC term loan facility.

At December 31, 2006, the Company had two outstanding interest rate swap contracts with a major U.S. financial institution. The Company entered into an interest swap contract, with an effective date of November 30, 2005, which fixed the rate of interest at 7.05% per annum on a notional amount of $10.0 million of the outstanding balance under the SAC term loan facility, reduced by monthly amounts of $60 thousand until maturity. The contract matured on October 8, 2007. The Company entered into an additional interest rate swap contract, with an effective date of November 1, 2004, which fixed the rate of interest at 5.38% per annum on a notional amount of 40% of the outstanding balance under the SAC term loan facility, reduced by monthly amounts of $167 thousand until maturity. The contract matured on October 31, 2007.

U.S. GAAP requires companies to recognize all of their derivative instruments at fair value. Gains or losses related to changes in fair value of derivative instruments designated as cash flow hedges are recorded in accumulated comprehensive income if certain hedge criteria are met, and recognized in the consolidated statements of operations and comprehensive loss along with the related results of the hedged item. The Company formally documents, designates and assesses the effectiveness of such transactions.

The Company has designated its interest rate swap contracts as a cash flow hedge of anticipated interest payments under its variable rate debt agreement. Accordingly, gains and losses on the swaps that are recorded in accumulated comprehensive income will be recorded in the statements of operations and comprehensive loss as net interest expense in the periods in which the related variable interest is paid. For the years ended December 31, 2007, 2006 and 2005, there was no material ineffectiveness related to the Company's cash flow hedges.

The Company's interest rate swaps are a liability of approximately $1.3 million at December 31, 2007, which is included in "other long-term liabilities" (refer to Note 24) and was an asset of approximately $0.4 million at December 31, 2006, which is in included in "other assets" (refer to Note 11) in the consolidated financial statements, using current interest rates.

The Company expects to reclassify approximately $0.4 million before income taxes, or $0.3 million after income taxes, of the amount included in accumulated comprehensive income as of December 31, 2007, into net interest expense over the next twelve months.

Otherwise, the Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

21. SEGMENT INFORMATION

Operating Segments

The Company's reportable segments reflect how the Company is organized and managed by senior management. The Company has two principal operating segments: racing and gaming operations and real estate and other operations. The racing and gaming segment has been further segmented to reflect geographical and other operations as follows: (1) California operations include Santa Anita Park, Golden Gate Fields and San Luis Rey Downs; (2) Florida operations include Gulfstream Park's racing and gaming operations and the Palm Meadows Training Center; (3) Maryland operations include Laurel Park, Pimlico Race Course, Bowie Training Center and the Maryland off-track betting network; (4) Southern U.S. operations include Lone Star Park; (5) Northern U.S. operations include The Meadows and its off-track betting network and the North American production and sales operations for StreuFex™; (6) European operations include Magna Racino™ and the European production and sales operations for StreuFex™; (7) PariMax operations include XpressBet®, HRTV™ to April 27, 2007, MagnaBet™, RaceONTV™, AmTote and the Company's equity investments in Racing World Limited, TrackNet Media and HRTV, LLC from April 28, 2007; and (8) Corporate and other operations includes costs related to the Company's corporate head office, cash and other corporate office assets and investments in racing related real estate held for development. Eliminations reflect the elimination of revenues between business units. The real estate and other operations segment includes the Company's residential housing development. Comparative amounts reflected in segment information for the years ended December 31, 2006 and 2005 and at December 31, 2006 have been reclassified to reflect the operations of Remington Park's racing and gaming operations and its off-track betting network, Thistledown, Great Lakes Downs and Portland Meadows and the Oregon off-track betting network as discontinued operations.

The Company uses revenues and earnings (loss) before interest, income taxes, depreciation and amortization ("EBITDA") as key performance measures of results of operations for purposes of evaluating operating and financial performance internally. Management believes that the use of these measures enables management and investors to evaluate and compare, from period to period, operating and financial performance of companies within the horse racing industry in a meaningful and consistent manner as EBITDA eliminates the effects of financing and capital structures, which vary between companies. Because the Company uses EBITDA as a key measure of financial performance, the Company is required by U.S. GAAP to provide the information in this note concerning EBITDA. However, these measures should not be considered as an alternative to, or more meaningful than, net income (loss) as a measure of the Company's operating results or cash flows, or as a measure of liquidity.

The accounting policies of each segment are the same as those described in Note 2. The following summary presents key information by operating segment:

	Years ended December 31,		
	2007	2006	2005
Revenues			
California operations	$ **204,262**	$ 206,745	$ 195,527
Florida operations	**125,075**	90,962	74,542
Maryland operations	**112,289**	116,412	111,252
Southern U.S. operations	**60,509**	60,288	64,827
Northern U.S. operations	**36,525**	40,267	39,230
European operations	**9,181**	10,525	9,708
PariMax operations	**80,338**	51,522	34,196
	628,179	576,721	529,282
Corporate and other	**361**	339	116
Eliminations	**(11,300)**	(7,808)	(7,378)
Total racing and gaming operations	**617,240**	569,252	522,020
Sale of real estate	**270**	—	—
Residential development and other	**8,205**	4,946	4,643
Total real estate and other operations	**8,475**	4,946	4,643
Total revenues	$ **625,715**	$ 574,198	$ 526,663

	Years ended December 31,		
	2007	2006	2005
Earnings (loss) before interest, income taxes, depreciation and amortization ("EBITDA")			
California operations	$ **15,890**	$ 18,012	$ 16,674
Florida operations	**(12,431)**	(81)	(254)
Maryland operations	**6,511**	7,605	4,956
Southern U.S. operations	**3,913**	4,838	6,400
Northern U.S. operations	**(860)**	(393)	1,018
European operations	**(7,424)**	(10,757)	(15,153)
PariMax operations	**3,447**	(10,114)	(8,657)
	9,046	9,110	4,984
Corporate and other	**(24,971)**	(27,160)	(23,567)
Predevelopment, pre-opening and other costs	**(2,866)**	(10,602)	(9,494)
Write-down of long-lived assets	—	(87,348)	—
Gain on sale of intangible assets related to The Meadows	—	126,374	—
Total racing and gaming operations	**(18,791)**	10,374	(28,077)
Residential development and other	**2,574**	916	(224)
Write-down of long-lived assets	**(1,308)**	(1,279)	—
Total real estate and other operations	**1,266**	(363)	(224)
Total EBITDA	$ **(17,525)**	$ 10,011	$ (28,301)

	December 31, 2007	December 31, 2006
Total Assets		
California operations	$ 320,781	$ 309,443
Florida operations	358,907	361,550
Maryland operations	162,606	171,135
Southern U.S. operations	97,228	98,184
Northern U.S. operations	18,502	19,146
European operations	51,674	49,689
PariMax operations	43,717	41,625
	1,053,415	1,050,772
Corporate and other	71,903	55,370
Total racing and gaming operations	1,125,318	1,106,142
Residential development and other	9,696	33,884
Total real estate and other operations	9,696	33,884
Total assets from continuing operations	1,135,014	1,140,026
Total assets held for sale	35,658	36,063
Total assets of discontinued operations	71,970	70,796
Total assets	$ 1,242,642	$ 1,246,885

	Years ended December 31, 2007	2006	2005
Real estate properties and fixed asset additions			
Racing and gaming operations	$ 74,380	$ 79,522	$ 122,349
Real estate and other operations	2	900	622
Total real estate properties and fixed asset additions	$ 74,382	$ 80,422	$ 122,971

Reconciliation of EBITDA to Net Loss

Year ended December 31, 2007	Racing and Gaming Operations	Real Estate and Other Operations	Total
EBITDA (loss) from continuing operations	$ (18,791)	$ 1,266	$ (17,525)
Interest expense, net	50,462	159	50,621
Depreciation and amortization	42,265	32	42,297
Income (loss) from continuing operations before income taxes	$ (111,518)	$ 1,075	(110,443)
Income tax benefit			(2,574)
Loss from continuing operations			(107,869)
Loss from discontinued operations			(5,890)
Net loss			$ (113,759)

	Year ended December 31, 2006		
	Racing and Gaming Operations	Real Estate and Other Operations	Total
EBITDA (loss) from continuing operations	$ 10,374	$ (363)	$ 10,011
Interest expense (income), net	58,297	(539)	57,758
Depreciation and amortization	38,790	199	38,989
Loss from continuing operations before income taxes	$ (86,713)	$ (23)	(86,736)
Income tax benefit			(7,124)
Loss from continuing operations			(79,612)
Loss from discontinued operations			(7,739)
Net loss			$ (87,351)

	Year ended December 31, 2005		
	Racing and Gaming Operations	Real Estate and Other Operations	Total
EBITDA loss from continuing operations	$ (28,077)	$ (224)	$ (28,301)
Interest expense (income), net	33,666	(1,053)	32,613
Depreciation and amortization	33,374	57	33,431
Income (loss) from continuing operations before income taxes	$ (95,117)	$ 722	(94,345)
Income tax benefit			(1,239)
Loss from continuing operations			(93,106)
Loss from discontinued operations			(12,187)
Net loss			$ (105,293)

Geographic Segments

Revenues by geographic segments of the Company are as follows:

	Years ended December 31,		
	2007	2006	2005
United States	$ **604,713**	$ 552,976	$ 509,205
Canada	—	110	—
Europe	**21,002**	21,112	17,458
	$ **625,715**	$ 574,198	$ 526,663

Real estate properties, fixed assets, racing licenses and other assets, net of accumulated depreciation and amortization, by geographic segment are as follows:

	December 31,	
	2007	2006
United States	$ 900,154	$ 902,427
Canada	—	10,298
Europe	62,874	54,249
Total from continuing operations	963,028	966,974
Total assets held for sale	35,658	36,063
Total from discontinued operations	50,731	50,530
	$ 1,049,417	$ 1,053,567

22. TRANSACTIONS WITH RELATED PARTIES

(a) The Company's indebtedness and long-term debt due to parent consists of the following:

	December 31,	
	2007	2006
Bridge loan facility(i)	$ 35,889	$ —
Gulfstream Park project financing		
Tranche 1(ii)	130,324	131,350
Tranche 2(iii)	24,304	18,617
Tranche 3(iv)	13,593	—
	204,110	149,967
Less: due within one year	(137,003)	(2,823)
	$ 67,107	$ 147,144

(i) Bridge Loan Facility

On September 12, 2007, the Company entered into a bridge loan agreement with a subsidiary of MID pursuant to which up to $80.0 million of financing will be made available to the Company, subject to certain conditions. The bridge loan matures on May 31, 2008, is non-revolving and bears interest at a rate of LIBOR plus 10.0% per annum, which increased to LIBOR plus 11.0% on December 31, 2007. If, by February 29, 2008, the Company has not entered into agreements acceptable to MID for asset sales that would yield aggregate net proceeds sufficient to repay the entire outstanding loan amount, the interest rate increases by an additional 1.0% per annum. An arrangement fee of $2.4 million was paid to MID on closing and there is a commitment fee equal to 1.0% per annum (payable in arrears) on the undrawn portion of the $80.0 million maximum loan commitment. In addition, on February 29, 2008, there is an additional arrangement fee equal to 1.0% of the maximum principal amount then available under this facility. The bridge loan is required to be repaid by way of the payment of the net proceeds of any asset sale, any equity offering (other than the Fair Enterprise private placement) or any debt offering, subject to specified amounts required to be paid to eliminate other prior-ranking indebtedness. The bridge loan is secured by essentially all of the assets of the Company and by guarantees provided by certain subsidiaries of the Company. The guarantees are secured by charges over the lands owned by Golden Gate Fields, Santa Anita Park and Thistledown, and charges over the lands in Dixon, California and Ocala, Florida, as well as by pledges of the shares of certain of the Company's subsidiaries. The bridge loan is also cross-defaulted to all other obligations to MID and to other significant indebtedness of the Company and certain of its subsidiaries. Pursuant to the terms of the bridge loan, advances after January 15, 2008 are subject to MID being satisfied that the Company's $40.0 million senior secured revolving credit facility will be further extended to at least April 30, 2008 or that satisfactory refinancing of that facility has been arranged. In addition, the first advance that would result in the then outstanding loan amount under the bridge loan exceeding $40.0 million is subject to MID being satisfied that the Company is in compliance with, can reasonably be expected to be able to implement, and is using all commercially reasonable efforts to implement the debt elimination plan.

During the year ended December 31, 2007, the Company received loan advances of $38.0 million, incurred interest expense and commitment fees of $1.2 million, and repaid interest and commitment fees of $0.8 million, such that at December 31, 2007, $38.4 million was outstanding under the bridge loan facility, including $0.2 million of accrued interest and commitment fees payable. During the year ended December 31, 2007, the Company incurred $4.2 million of loan origination costs and amortized $1.8 million of loan origination costs, such that at December 31, 2007, $2.5 million of net loan origination costs have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity. The weighted average interest rate on the borrowings outstanding under the bridge loan at December 31, 2007 is 16.2%.

In July 2005, as amended on July 26, 2006 and September 29, 2006, a subsidiary of MID provided to the Company a non-revolving bridge loan facility of up to $119.0 million available in three tranches. An arrangement fee of $1.0 million was paid on closing, a second arrangement fee of $0.5 million was paid when the second tranche was made available to the Company, a third arrangement fee of $0.5 million was paid when the third tranche was made available to the Company and a fourth arrangement fee of $0.2 million was paid in connection with the amendments on September 29, 2006. In connection with the amendments on July 26, 2006, there was an extension fee of $0.5 million (0.5% of the amount of the bridge loan then outstanding). This bridge loan facility was fully repaid on November 14, 2006.

For the year ended December 31, 2006, $37.7 million was advanced under the bridge loan, $111.8 million was repaid and $5.7 million of net loan origination costs were amortized, such that at December 31, 2006 no amounts remained outstanding under the bridge loan. In addition, for the year ended December 31, 2006, $9.7 million (for the year ended December 31, 2005 — $2.5 million) of commitment fees and interest expense were incurred related to the bridge loan, of which no amounts (December 31, 2005 — $0.6 million) remained outstanding at December 31, 2006.

(ii) Gulfstream Park Project Financing — Tranche 1

In December 2004, certain of the Company's subsidiaries entered into a $115.0 million project financing arrangement with a subsidiary of MID, for the reconstruction of facilities at Gulfstream Park. This project financing arrangement was amended on July 22, 2005 in connection with the Remington Park loan as described in Note 22(a)(v) below. The project financing was made by way of progress draw advances to fund reconstruction. The loan has a ten-year term from the completion date of the reconstruction project, which was February 1, 2006. Prior to the completion date, amounts outstanding under the loan bore interest at a floating rate equal to 2.55% per annum above MID's notional cost of borrowing under its floating rate credit facility, compounded monthly. After the completion date, amounts outstanding under the loan bear interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, interest was capitalized to the principal balance of the loan. Commencing January 1, 2007, the Company is required to make monthly blended payments of principal and interest based on a 25-year amortization period commencing on the completion date. The loan contains cross-guarantee, cross-default and cross-collateralization provisions. The loan is guaranteed by the Company's subsidiaries that own and operate Remington Park and the Palm Meadows Training Center ("Palm Meadows") and is collateralized principally by security over the lands forming part of the operations at Gulfstream Park, Remington Park and Palm Meadows and over all other assets of Gulfstream Park, Remington Park and Palm Meadows, excluding licenses and permits. During the year ended December 31, 2007, the Company received no loan advances (for the year ended December 31, 2006 — $24.9 million; for the year ended December 31, 2005 — $67.0 million), incurred interest expense of $13.7 million (for the year ended December 31, 2006 — $12.8 million; for the year ended December 31, 2005 — $3.6 million), repaid interest of $12.5 million (for the years ended December 31, 2006 and 2005 — nil) and repaid outstanding principal of $2.5 million (for the years ended December 31, 2006 and 2005 — nil), such that at December 31, 2007, $133.5 million was outstanding under this project financing arrangement, including $1.1 million of accrued interest payable. At December 31, 2007, net loan origination costs of $3.2 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

On September 12, 2007, certain amendments were made to the Gulfstream Park and Remington Park project financings. In return for the lender agreeing to waive any applicable make-whole payments for repayments made under either of the project financings prior to May 31, 2008, the required amendments provide, among other things, that under the Gulfstream Park project financing arrangement: (i) Gulfstream Park's obligations are now guaranteed by the Company; and (ii) $100.0 million of indebtedness under the Gulfstream Park project financings must be repaid by May 31, 2008.

(iii) Gulfstream Park Project Financing — Tranche 2

On July 26, 2006, certain of the Company's subsidiaries that own and operate Gulfstream Park entered into an amending agreement relating to the existing Gulfstream Park project financing arrangement with a subsidiary of MID by adding an additional tranche of $25.8 million, plus lender costs and capitalized interest, to fund the design and construction of phase one of the slots facility to be located in the existing Gulfstream Park clubhouse building, as well as related capital expenditures and start-up costs, including the acquisition and installation of approximately 500 slot machines. The second tranche of the Gulfstream Park financing has a five-year term and bears interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, interest on this tranche was capitalized to the principal balance of the loan. Beginning January 1, 2007, this tranche requires blended payments of principal and interest based on a 25-year amortization period commencing on that date. Advances related to phase one of the slots facility were made available by way of progress draw advances and there is no prepayment penalty associated with this tranche. The Gulfstream Park project financing facility was further amended to introduce a mandatory annual cash flow sweep of not less than 75% of Gulfstream Park's total excess cash flow, after permitted capital expenditures and debt service, to be used to repay the additional principal amount being made available under the new tranche. A lender fee of $0.3 million (1% of the amount of this tranche) was added to the principal amount of the loan as consideration for the amendments. During the year ended December 31, 2007, the Company received loan advances of $5.5 million (for the year ended December 31, 2006 — $18.8 million; for the year ended December 31, 2005 — nil), incurred interest expense of $2.4 million (for the year ended December 31, 2006 — $0.4 million; for the year ended December 31, 2005 — nil), repaid accrued interest of $2.2 million (for the years ended December 31, 2006 and 2005 — nil), and repaid outstanding principal of $0.4 million (for the years ended December 31, 2006 and 2005 — nil), such that at December 31, 2007, $24.7 million was outstanding under this project financing arrangement, including $0.2 million of accrued interest payable. At December 31, 2007, net loan origination costs of $0.4 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

(iv) Gulfstream Park Project Financing — Tranche 3

On December 22, 2006, certain of the Company's subsidiaries that own and operate Gulfstream Park entered into an additional amending agreement relating to the existing Gulfstream Park project financing arrangement with a subsidiary of MID by adding an additional tranche of $21.5 million, plus lender costs and capitalized interest, to fund the design and construction of phase two of the slots facility, as well as related capital expenditures and start-up costs, including the acquisition and installation of approximately 700 slot machines. This third tranche of the Gulfstream Park financing has a five-year term and bears interest at a rate of 10.5% per annum, compounded semi-annually. Prior to May 1, 2007, interest on this tranche was capitalized to the principal balance of the loan. Beginning May 1, 2007, this tranche requires blended payments of principal and interest based on a 25-year amortization period commencing on that date. Advances related to phase two of the slots facility are made available by way of progress draw advances and there is no prepayment penalty associated with this tranche. A lender fee of $0.2 million (1% of the amount of this tranche) was added to the principal amount of the loan as consideration for the amendments on January 19, 2007, when the first funding advance was made available to the Company. During the year ended December 31, 2007, the Company received loan advances of $13.8 million (for the years ended December 31, 2006 and 2005 — nil), incurred interest expense of $1.0 million (for the years ended December 31, 2006 and 2005 — nil), repaid accrued interest of $0.7 million (for the years ended December 31, 2006 and 2005 — nil), and repaid outstanding principal of $0.2 million (for the years ended December 31, 2006 and 2005 — nil), such that at December 31, 2007, $13.9 million was outstanding under this project financing arrangement, including $0.1 million of accrued interest payable. At December 31, 2007, net loan origination costs of $0.3 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity.

(v) Remington Park Project Financing

In July 2005, the Company's subsidiary that owns and operates Remington Park entered into a $34.2 million project financing arrangement with a subsidiary of MID for the build-out of the casino facility at Remington Park. Advances under the loan were made by way of progress draw advances to fund the capital expenditures relating to the development, design and construction of the casino facility, including the purchase and installation of electronic gaming machines. The loan has a ten-year term from the completion date of the reconstruction project, which was November 28, 2005. Prior to the completion date, amounts outstanding under the loan bore interest at a floating rate equal to 2.55% per annum above MID's notional cost of LIBOR borrowing under its floating rate credit facility, compounded monthly. After the completion date, amounts outstanding under the loan bear interest at a fixed rate of 10.5% per annum, compounded semi-annually. Prior to January 1, 2007, interest was capitalized to the principal balance of the loan. Commencing January 1, 2007, the Company is required to make monthly blended payments of principal and interest based on a 25-year amortization period commencing on the completion date. Certain cash from the operations of Remington Park must be used to pay deferred interest on the loan plus a portion of the principal under the loan equal to the deferred interest on the Gulfstream Park construction loan. The loan is secured by all assets of Remington Park, excluding licenses and permits. The loan is also secured by a charge over the Gulfstream Park lands and a charge over Palm Meadows and contains cross-guarantee, cross-default and cross-collateralization provisions. During the year ended December 31, 2007, the Company received no loan advances (for the year ended December 31, 2006 — $12.5 million; for the year ended December 31, 2005 — $20.7 million), incurred interest expense of $3.1 million (for the year ended December 31, 2006 — $3.2 million; for the year ended December 31, 2005 — $0.3 million), repaid accrued interest of $2.8 million (for the years ended December 31, 2006 and 2005 — nil), and repaid outstanding principal of $4.2 million (for the year ended December 31, 2006 — $5.0 million; for the year ended December 31, 2005 — nil), such that at December 31, 2007, $27.7 million was outstanding under this project financing arrangement, including $0.2 million of accrued interest payable. At December 31, 2007, net loan origination costs of $1.2 million have been recorded as a reduction of the outstanding loan balance. The loan balance is being accreted to its face value over the term to maturity. The Remington Park project financing has been reflected in discontinued operations (refer to Note 7).

(vi) Future principal repayments on the indebtedness and long-term debt due to parent at December 31, 2007 are scheduled to occur as follows:

	Continuing Operations	Discontinued Operations	Total
2008	$ 137,003	$ 397	$ 137,400
2009	882	180	1,062
2010	977	199	1,176
2011	1,083	220	1,303
2012	1,199	244	1,443
Thereafter	62,966	25,300	88,266
	$ 204,110	$ 26,540	$ 230,650

(b) At December 31, 2007, $4.5 million (December 31, 2006 — $6.5 million) of the funds the Company placed into escrow with MID remains in escrow.

(c) On December 21, 2007, the Company entered into an agreement to sell 225 acres of excess real estate located in Ebreichsdorf, Austria to a subsidiary of Magna for a purchase price of Euros 20.0 million (U.S. $29.4 million), subject to customary adjustments. The closing of the transaction is expected to occur during the first quarter of 2008 following the satisfaction of customary closing conditions, including the receipt of all necessary regulatory approvals. The net proceeds received on closing will be used to repay debt.

(d) On October 29, 2007, the Company completed a private placement of the Company's Class A Subordinate Voting Stock to Fair Enterprise and received proceeds of $19.6 million, net of transaction costs of $0.4 million. Pursuant to the terms of the subscription agreement entered into on September 13, 2007, Fair Enterprise was issued 8.9 million shares of Class A Subordinate Voting Stock at a price of $2.25 per share. The price per share was set at the greater of (i) 90% of the volume weighted average price per share of Class A Subordinate Voting Stock on Nasdaq for the five trading days commencing on September 13, 2007; and (ii) U.S. $1.91, being 100% of the volume weighted average price per share of Class A Subordinate Voting Stock on Nasdaq for the five trading days immediately preceding September 13, 2007 (the date of announcement of the private placement). Prior to this transaction, Fair Enterprise owned approximately 7.5% of the issued and outstanding Class A Subordinate Voting Stock. Upon the completion of the private placement, the percentage of Class A Subordinate Voting Stock beneficially owned by Fair Enterprise has increased to approximately 21.6% of the issued and outstanding Class A Subordinate Voting Stock, representing approximately 10.8% of the equity of the Company. The shares of Class A Subordinate Voting Stock issued pursuant to the subscription agreement were issued and sold in a private transaction exempt from registration under Section 4(2) of the Securities Act of 1933, as amended.

(e) On September 24, 2007, the Company exercised its option to acquire the remaining voting and equity interests in MJC, pursuant to an agreement with certain companies controlled by Joseph De Francis, who was a member of the Company's Board of Directors when the option was exercised, and Karin De Francis. Under the terms of the option agreement, the Company paid $18.3 million plus interest on October 5, 2007.

(f) On June 7, 2007, the Company sold 205 acres of land and buildings, located in Bonsall, California, and on which the San Luis Rey Downs Training Center is situated, to MID for cash consideration of approximately $24.0 million. The Company also has entered into a lease agreement whereby a subsidiary of the Company will lease the property from MID for a three year period on a triple-net lease basis, which provides for a nominal annual rent in addition to operating costs that arise from the use of the property. The lease is terminable at any time by either party on four months notice. The gain on sale of the property of approximately $17.7 million, net of tax, has been reported as a contribution of equity in contributed surplus.

(g) On March 28, 2007, the Company sold a 157 acre parcel of excess land adjacent to the Palm Meadows Training Center, located in Palm Beach County, Florida and certain development rights to MID for cash consideration of $35.0 million. The gain on sale of the excess land and development rights of approximately $16.7 million, net of tax, has been reported as a contribution of equity in contributed surplus.

On February 7, 2007, MID acquired all of the Company's interests and rights in a 34 acre parcel of residential development land in Aurora, Ontario, Canada for cash consideration of Cdn. $12.0 million (U.S. $10.1 million), which was equal to the carrying value of the land.

On February 7, 2007, MID also acquired a 64 acre parcel of excess land at Laurel Park in Howard County, Maryland for cash consideration of $20.0 million. The gain on sale of the excess land of approximately $15.8 million, net of tax, has been reported as a contribution of equity in contributed surplus.

The Company has been granted profit participation rights in respect of each of these three properties under which it is entitled to receive 15% of the net proceeds from any sale or development after MID achieves a 15% internal rate of return.

(h) The Company has entered into a consulting agreement with MID, dated September 12, 2007, under which MID will provide consulting services to the Company's management and Board of Directors in connection with the debt elimination plan. The Company is required to reimburse MID for its expenses, but there are no fees payable to MID in connection with the consulting agreement. The consulting agreement may be terminated by either party under certain circumstances.

(i) A subsidiary of the Company had an option agreement with MID to acquire 100% of the shares of the MID subsidiary that owns land in Romulus, Michigan. The option agreement expired on December 15, 2006 and, accordingly, the Company expensed approximately $3.0 million of deferred development costs incurred in pursuit of the Romulus, Michigan racing license.

(j) On November 1, 2006, a wholly-owned subsidiary of the Company sold its interest in the entity that owns and operates the Fontana Golf Club located in Oberwaltersdorf, Austria to a subsidiary of Magna for a sale value of Euros 30.0 million (U.S. $38.3 million). The Company received cash proceeds of approximately Euros 13.2 million (U.S. $16.9 million), net of transaction costs, and approximately Euros 16.8 million (U.S. $21.4 million) of debt was assumed by Magna. The gain on sale of Fontana Golf Club of approximately $20.9 million, net of tax, is reported as a contribution of equity. A subsidiary of MID received a fee of $0.2 million (1% of the net sale proceeds) as consideration for waiving repayment rights under the bridge loan agreement with MID.

(k) On August 25, 2006, a wholly-owned subsidiary of the Company completed the sale of the Magna Golf Club located in Aurora, Ontario, Canada to Magna for cash consideration of Cdn. $51.8 million (U.S. $46.4 million), net of transaction costs. The Company recognized an impairment loss of $1.2 million at the date of disposition equal to the excess of the Company's carrying value of the assets disposed over their fair values at the date of disposition. A subsidiary of MID received a fee of Cdn. $0.2 million (1% of the net sale proceeds) as consideration for waiving repayment rights under the bridge loan agreement with MID.

On August 25, 2006, in conjunction with the sale of the Magna Golf Club, the Company entered into an access agreement with Magna for the use of the Magna Golf Club's golf course and the clubhouse meeting, dining and other facilities. The agreement, which expires on August 25, 2011, required a one-time payment of $0.3 million.

(l) On March 31, 2006, the Company sold a non-core real estate property located in the United States to Magna for total proceeds of $5.6 million, net of transaction costs. The gain on sale of the property of approximately $2.9 million, net of tax, is reported as a contribution of equity. In accordance with the terms of the senior secured revolving credit facility, the Company used the net proceeds from this transaction to repay principal amounts outstanding under this credit facility.

(m) During the year ended December 31, 2005, a wholly-owned subsidiary of the Company sold to Mr. Frank Stronach, the Chairman of the Board and a Director of the Company, two housing lots and a housing unit. These sales were in the normal course of operations of the Company and the total sales price for these properties was $1.4 million. The gain on the sale of the properties of approximately $0.7 million, net of tax, is reported as a contribution of equity.

(n) On November 1, 2004, a wholly-owned subsidiary of the Company entered into an access agreement with Magna and one of its subsidiaries for their use of the golf course and the clubhouse meeting, dining and other facilities at the Magna Golf Club in Aurora, Ontario, Canada. The agreement, which was retroactive to January 1, 2004, ended on August 25, 2006 as a result of the sale of the Magna Golf Club (refer to Note 22(k)) and stipulated an annual fee of Cdn. $5.0 million. For the year ended December 31, 2007, no amount (for the year ended December 31, 2006 — $2.9 million; for the year ended December 31, 2005 — $4.1 million) has been recognized in discontinued operations related to this agreement.

(o) On November 1, 2004, a wholly-owned subsidiary of the Company entered into an access agreement with Magna and one of its subsidiaries for their use of the golf course and the clubhouse meeting, dining and other facilities at the Fontana Golf Club in Oberwaltersdorf, Austria. The agreement, which was retroactive to March 1, 2004, ended on November 1, 2006 as a result of the sale of the Fontana Golf Club (refer to Note 22(j)) and stipulated an annual fee of Euros 2.5 million. For the year ended December 31, 2007, no amount (for the year ended December 31, 2006 — $2.6 million; for the year ended December 31, 2005 — $3.1 million) has been recognized in discontinued operations related to this agreement.

(p) During the period from January 1, 2006 to July 26, 2006, the Company paid $2.1 million (for the year ended December 31, 2005 — $2.4 million) of rent for totalisator equipment and fees for totalisator services to AmTote, a company in which the Company had a 30% equity interest up to July 26, 2006.

(q) During the year ended December 31, 2007, the Company incurred $3.7 million (for the year ended December 31, 2006 — $3.8 million; for the year ended December 31, 2005 — $4.5 million) of rent for facilities and central shared and other services to Magna and its subsidiaries. At December 31, 2007, amounts due to Magna and its subsidiaries is $2.8 million (December 31, 2006 — $1.4 million).

23. COMMITMENTS AND CONTINGENCIES

(a) The Company generates a substantial amount of its revenues from wagering activities and, therefore, it is subject to the risks inherent in the ownership and operation of a racetrack. These include, among others, the risks normally associated with changes in the general economic climate, trends in the gaming industry, including competition from other gaming institutions and state lottery commissions, and changes in tax laws and gaming laws.

(b) In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with, among others, customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

(c) On May 18, 2007, ODS Technologies, L.P., doing business as TVG Network, filed a summons against the Company, HRTV, LLC and XpressBet, Inc. seeking an order that the defendants be enjoined from infringing certain patents relating to interactive wagering systems and for an award for damages to compensate for the infringement. An Answer to Complaint, Affirmative Defenses and Counterclaims have been filed on behalf of the defendants. At the present time, the final outcome related to this action cannot be accurately determined by management.

(d) The Company has letters of credit issued with various financial institutions of $1.1 million to guarantee various construction projects related to activity of the Company. These letters of credit are secured by cash deposits of the Company. The Company also has letters of credit issued under its senior secured revolving credit facility of $4.3 million (refer to Note 13(i)).

(e) The Company has provided indemnities related to surety bonds and letters of credit issued in the process of obtaining licenses and permits at certain racetracks and to guarantee various construction projects related to activity of its subsidiaries. At December 31, 2007, these indemnities amounted to $6.3 million with expiration dates through 2009.

(f) At December 31, 2007, the Company had commitments under operating leases requiring future minimum annual rental payments for the years ending December 31 as follows:

	Continuing Operations	Discontinued Operations	Total
2008	$ 2,957	$ 1,536	$ 4,493
2009	2,270	1,392	3,662
2010	1,952	1,374	3,326
2011	1,096	789	1,885
2012	686	765	1,451
Thereafter	610	23,718	24,328
	$ 9,571	$ 29,574	$ 39,145

Commitments under operating leases do not include contingent rental payments.

For the year ended December 31, 2007, payments under these operating leases amounted to approximately $6.0 million (for the year ended December 31, 2006 — $9.4 million; for the year ended December 31, 2005 — $4.2 million). The Company also rents or leases certain totalisator equipment and services from third parties, for which the annual payments are contingent upon handle, live race days and other factors. The Company's rent expense relating to the totalisator equipment and services was $1.6 million for the year ended December 31, 2007 (for the year ended December 31, 2006 — $3.5 million; for the year ended December 31, 2005 — $5.2 million).

The Company occupies land for the Remington Park racing facility under an operating lease that extends through 2013. The lease also contains options to renew for five 10-year periods after the initial term. The Company is obligated to pay rent based on minimum annual rental payments ranging from $470 thousand to $503 thousand plus one-half of one percent of the pari-mutuel wagers made at the track in excess of $187.0 million during the racing season and one percent of gaming revenue in excess of $60.0 million. The percentage rent was not applicable for the years ended December 31, 2007, 2006 and 2005.

The Company owns an approximate 22% interest in the real property upon which Portland Meadows is located, and also owns the long-term rights to operate the facility pursuant to an operating lease. The operating lease requires the Company to pay rent equal to one percent of the wagers made at the track (including wagers on both live and import races), and also an additional percentage of revenues for other activities as follows: (a) one percent of revenues for horse-related activities, including simulcasting of horse races during the non-live season, (b) five percent of revenues not related to horse racing up to $800 thousand, and (c) three percent of revenues not related to horse racing in excess of $800 thousand. As the owner of approximately 22% interest in the real property, the Company receives approximately 22% of the rent payments, which are applied to the rental payments made by the Company in order to reduce rent expense which is reflected in racing and gaming operating costs on the consolidated statements of operations and comprehensive loss.

The racetrack and associated land under capital leases at Lone Star Park are included in the Grand Prairie Metropolitan Utility and Reclamation District ("GPMURD"). MEC Lone Star, L.P., a wholly-owned subsidiary of the Company, entered into an agreement with GPMURD, whereby it is required to make certain payments to GPMURD in lieu of property taxes. Such payments include amounts necessary to cover GPMURD operating expenses and debt service for certain bonds issued by GPMURD to fund improvements on the land up to the debt service requirements. The Company expensed $1.7 million of such payments for the year ended December 31, 2007 (for the year ended December 31, 2006 — $2.1 million; for the year ended December 31, 2005 — $1.8 million).

(g) Contractual commitments outstanding at December 31, 2007, which related to construction and development projects, amounted to approximately $4.2 million.

(h) On March 4, 2007, the Company entered into a series of customer-focused agreements with CDI in order to enhance wagering integrity and security, to own and operate HRTV™, to buy and sell horse racing content, and to promote the availability of horse racing signals to customers worldwide. These agreements involved the formation of a joint venture, TrackNet Media, a reciprocal content swap agreement and the purchase by CDI from the Company of a 50% interest in HRTV™. TrackNet Media is the vehicle through which the Company and CDI horse racing content is made available to third parties, including racetracks, off-track betting facilities, casinos and advance deposit wagering companies. TrackNet Media purchases horse racing content from third parties to be made available through the Company's and CDI's respective outlets. Under the reciprocal content swap agreement, the

Company and CDI will exchange their respective horse racing signals. To facilitate the sale of 50% of HRTV™ to CDI, on March 4, 2007, HRTV, LLC was created with an effective date of April 27, 2007. Both the Company and CDI are required to make quarterly capital contributions, on an equal basis, until October 2009 to fund the operations of HRTV, LLC; however, the Company may under certain circumstances be responsible for additional capital commitments. The Company's share of the required capital contributions to HRTV, LLC is expected to be approximately $7.0 million of which $2.0 million has been contributed to December 31, 2007.

(i) On November 15, 2006, the Company opened the slots facilities at Gulfstream Park. The Company opened the slots facilities despite an August 2006 decision rendered by the Florida First District Court of Appeals that reversed a lower court decision granting summary judgment in favor of "Floridians for a Level Playing Field" ("FLPF"), a group in which Gulfstream Park is a member. The Court ruled that a trial is necessary to determine whether the constitutional amendment adopting the slots initiative, approved by Floridians in the November 2004 election, was invalid because the petitions bringing the initiative forward did not contain the minimum number of valid signatures. FLPF filed an application for a rehearing, rehearing en banc before the full panel of the Florida First District Court of Appeals and Certification by the Florida Supreme Court. On November 30, 2006, in a split decision, the en banc court affirmed the August 2006 panel decision and certified the matter to the Florida Supreme Court, which stayed the appellate court ruling pending its jurisdictional review of the matter. On September 27, 2007, the Florida Supreme Court ruled that the matter was not procedurally proper for consideration by the court. Its order effectively remanded the matter to the trial court for a trial on the merits. A trial on the merits will likely take over a year to fully develop and could take as many as three years to achieve a full factual record and trial court ruling for an appellate court to review. The Company believes that the August 2006 decision rendered by the Florida First District Court of Appeals is incorrect and that any allegations of fraud in the securing of the petitions will ultimately be disproved at the trial level, and accordingly, the Company has opened the slots facilities. At December 31, 2007, the carrying value of the fixed assets related to the slots facilities is approximately $29.6 million. If the August 2006 decision rendered by the Florida First District Court of Appeals is correct, the Company may incur a write-down of these fixed assets.

(j) In May 2005, a Limited Liability Company Agreement was entered into with Forest City concerning the planned development of "The Village at Gulfstream Park™". That agreement contemplates the development of a mixed-use project consisting of residential units, parking, restaurants, hotels, entertainment, retail outlets and other commercial use projects on a portion of the Gulfstream Park property. Forest City is required to contribute up to a maximum of $15.0 million as an initial capital contribution. The Company is obligated to contribute 50% of any equity amounts in excess of $15.0 million as and when needed; however, to December 31, 2007, the Company has not made any such contributions. At December 31, 2007, approximately $42.3 million of costs have been incurred by The Village at Gulfstream Park, LLC, which have been funded by a construction loan and equity contributions from Forest City. The Company has reflected its share of equity amounts in excess of $15.0 million, of approximately $5.8 million, as an obligation which is included in "other accrued liabilities" on the accompanying consolidated balance sheets. The Limited Liability Company Agreement also contemplated additional agreements, including a ground lease, a reciprocal easement agreement, a development agreement, a leasing agreement and a management agreement which were executed upon satisfaction of certain conditions. Upon the opening of The Village at Gulfstream Park™, construction of which commenced in June 2007, annual cash receipts (adjusted for certain disbursements and reserves) will first be distributed to the Forest City partner, subject to certain limitations, until such time as the initial contribution accounts of the partners are equal. Thereafter, the cash receipts are generally expected to be distributed to the partners equally, provided they maintain their equal interest in the partnership. The annual cash payments made to the Forest City partner to equalize the partners' initial contribution accounts will not exceed the amount of the annual ground rent.

(k) On September 28, 2006, certain of the Company's affiliates entered into definitive operating agreements with certain Caruso Affiliated affiliates regarding the proposed development of The Shops at Santa Anita on approximately 51 acres of undeveloped lands surrounding Santa Anita Park. This development project, first contemplated in an April 2004 Letter of Intent which also addressed the possibility of developing undeveloped lands surrounding Golden Gate Fields, contemplates a mixed-use development with approximately 800,000 square feet of retail, entertainment and restaurants as well as 4,000 parking spaces. Westfield Corporation ("Westfield"), a developer of a neighboring parcel of land, has challenged the manner in which the entitlement process for the development of the land surrounding Santa Anita Park has been proceeding. On May 16, 2007, Westfield commenced civil litigation in the Los Angeles Superior Court in an attempt to overturn the Arcadia City Council's approval and granting of entitlements related to the construction of The Shops at Santa Anita. In addition, on May 21, 2007, Arcadia First! filed a petition against the City of Arcadia to overturn the entitlements and named the Company and certain of its subsidiaries as real parties in interest. If either Westfield or Arcadia First! is ultimately successful in its challenge, development efforts could potentially be delayed or suspended. The first hearings on the merits of the petitioners' claims are scheduled to be heard before the trial judge during the third week of April 2008. To December 31, 2007, the Company has expended approximately

$9.9 million on these initiatives, of which $3.6 million was paid during the year ended December 31, 2007. These amounts have been recorded as "real estate properties, net" on the accompanying consolidated balance sheets. Under the terms of the Letter of Intent, the Company may be responsible to fund additional costs; however, to December 31, 2007, the Company has not made any such payments.

(l) MJC was party to agreements with the Maryland Thoroughbred Horsemen's Association and the Maryland Breeders' Association, which expired on December 31, 2007, under which the horsemen and breeders each contributed 4.75% of the costs of simulcasting to MJC. Without arrangements similar in effect to these agreements, there would be an increase in costs of approximately $2.0 million. At this time, the Company is uncertain as to the renewal of these agreements on comparable terms.

24. OTHER LONG-TERM LIABILITIES

(a) *Other long-term liabilities consist of the following:*

	December 31,	
	2007	**2006**
Finance obligation (Note 5)	**$ 11,052**	$ 12,816
Deferred revenue	**3,092**	—
Pension liability	**1,720**	2,714
Fair value of interest rate swaps (Note 20(c))	**1,315**	—
Postretirement liability	**407**	460
Other	**739**	786
	$ 18,325	$ 16,776

(b) *Employee Defined Benefit Pension Plans*

The Company's Santa Anita Park racetrack has a pension plan that consists of a non-contributory defined benefit retirement plan for year-round employees who are at least 21 years of age, have one or more years of service, and are not covered by collective bargaining agreements. Plan assets consist of a group of annuity contracts with a life insurance company. Plan benefits are based primarily on years of service and qualifying compensation during the final years of employment. Funding requirements comply with federal requirements that are imposed by law.

The Company's subsidiary, AmTote, which is consolidated in the Company's results from July 26, 2006 (refer to Note 4) sponsors two pension plans for union employees. Retirement benefits for the pension plans are funded entirely by AmTote. Normal retirement for one of the pension plans is age 65 with at least 30 years of service and normal retirement for the other pension plan is age 65 with at least 5 years of service. Funding requirements comply with federal requirements that are imposed by law.

The net periodic pension cost of the Company includes the following components:

	Years ended December 31,		
	2007	**2006**	**2005**
Components of net periodic pension cost:			
Service cost	**$ 624**	$ 588	$ 532
Interest cost on projected benefit obligation	**982**	837	690
Expected return on plan assets	**(1,120)**	(807)	(631)
Settlements	**(27)**	—	—
Amortization of prior service cost	—	18	18
Amortization of net loss	—	87	115
Net periodic pension cost	**$ 459**	$ 723	$ 724

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plans:

	Years ended December 31,		
	2007	2006	2005
Change in benefit obligation:			
Benefit obligation at beginning of year	**$ 19,067**	$ 14,592	$ 14,104
Plans acquired through acquisition of AmTote	**—**	4,971	—
Service cost	**624**	588	532
Interest cost	**982**	837	690
Benefits paid	**(682)**	(643)	(623)
Actuarial gains	**(939)**	(993)	(111)
Settlements	**(475)**	(285)	—
Benefit obligation at end of year	**18,577**	19,067	14,592
Change in plan assets:			
Fair value of plan assets at beginning of year	**16,353**	11,349	10,688
Plans acquired through acquisition of AmTote	**—**	4,091	—
Actual return on plan assets	**1,144**	1,159	840
Company contributions	**517**	682	444
Benefits paid	**(682)**	(643)	(623)
Settlements	**(475)**	(285)	—
Fair value of plan assets at end of year	**16,857**	16,353	11,349
Funded status of plan (underfunded)	**(1,720)**	(2,714)	(3,243)
Unrecognized net gain	**—**	—	2,790
Net pension liability	**$ (1,720)**	$ (2,714)	$ (453)
Accumulated benefit obligation	**$ 16,446**	$ 16,928	$ 12,519

The asset allocation for the Company's defined benefit pension plans are as follows:

	December 31,		
	2007	2006	2005
Debt securities	**49%**	51%	64%
Equity securities	**48%**	46%	36%
Real estate	**3%**	3%	—
	100%	100%	100%

Assumptions used in determining the funded status of the defined benefit pension plans are as follows:

	Years ended December 31,		
	2007	2006	2005
Weighted average discount rate	**5.5 - 6.5%**	5.0 - 6.5%	5.0%
Weighted average rate of increase in compensation levels	**4.0%**	4.0%	4.0%
Expected long-term rate of return	**6.5 - 8.5%**	6.0 - 9.0%	6.0%

The expected long-term rate of return on plan assets was determined by considering the plan's current investment mix and the historical and expected future performance of these investment categories.

The measurement date and related assumptions for the underfunded status of the Company's pension plans are as of December 31.

(c) *Postretirement Benefit Plan*

One of the Company's subsidiaries, AmTote, which is consolidated in the Company's results from July 26, 2006 (refer to Note 4) also sponsors a postretirement group medical plan for Tier 1 union employees who retire after the age of 53 with at least 13 years of service. The coverage terminates at age 65. For union plan participants who retired prior to September 1, 1994, coverage is fully provided by AmTote, whereas union plan participants retiring subsequent to September 1, 1994, are required to make certain contributions to obtain coverage. For Tier 1 employees retiring between April 15, 2004 and June 30, 2006, the coverage is replaced by a Company contribution towards the cost of private insurance. For Tier 1 employees retiring after June 30, 2006, postretirement is not available.

The net periodic benefit cost of the Company for the years ended December 31, 2007 and 2006 is shown below. The Company did not have any postretirement benefit plans for the year ended December 31, 2005.

	Years ended December 31,	
	2007	**2006**
Components of net periodic benefit cost:		
Service cost	$ —	$ 1
Interest cost on projected benefit obligation	27	13
Amortization of net loss	—	63
Net periodic benefit cost	$ 27	$ 77

The following provides a reconciliation of benefit obligations, plan assets and funded status of the plan:

	Years ended December 31,	
	2007	**2006**
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 460	$ —
Plan acquired through acquisition of AmTote	—	495
Service cost	—	1
Interest cost	27	13
Plan participants' contributions	23	—
Benefits paid	(64)	(52)
Actuarial gains	(39)	3
Benefit obligation at end of year	407	460
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Company contributions	41	52
Plan participants' contributions	23	—
Benefits paid	(64)	(52)
Fair value of plan assets at end of year	—	—
Funded status of plan (underfunded) and net postretirement liability	$ (407)	$ (460)
Accumulated benefit obligation	$ 407	$ 460

Assumptions used in determining the funded status of the Company's postretirement plan are as follows:

	Years ended December 31, 2007	2006
Weighted average discount rate	**6.5%**	6.5%
Health care cost trend assumed for next year	**10.0%**	7.0%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	**5.0%**	5.0%
Year that the rate reaches the ultimate trend rate	**2013**	2009

The measurement date and related assumptions for the underfunded status of the Company's postretirement plan are as of December 31.

(d) *Expected Contributions and Future Benefit Payments*

The expected contributions and future benefit payments of the Company's defined benefit pension plans and postretirement plan are as follows:

	Defined Benefit Pension Plans	Postretirement Plan	Total
Expected employer contributions — 2008	$ 369	$ 100	$ 469
Expected benefit payments:			
2008	$ 1,063	$ 100	$ 1,163
2009	955	90	1,045
2010	1,104	67	1,171
2011	924	57	981
2012	1,160	35	1,195
2013-2017	6,339	101	6,440
	$ 11,545	**$ 450**	**$ 11,995**

(e) The Company also participates in several multi-employer benefit plans on behalf of its employees who are union members. Company contributions to these plans were $5.1 million in the year ended December 31, 2007 (year ended December 31, 2006 — $4.9 million; year ended December 31, 2005 — $4.0 million). The data available from administrators of the multi-employer pension plans is not sufficient to determine the accumulated benefit obligations, nor the net assets attributable to the multi-employer plans in which the Company's employees participate.

The Meadows participates in a multi-employer defined benefit pension plan for which the pension plan's total vested liabilities exceed its assets. An updated actuarial valuation is in the process of being obtained, however, based on allocation information currently provided by the plan, the portion of the estimated unfunded liability for vested benefits attributable to The Meadows is approximately $3.7 million. Effective November 1, 2007, the New Jersey Sports & Exposition Authority withdrew from the plan and effective December 25, 2007, The Meadows also withdrew from the plan. As part of the indemnification obligations under the holdback agreement with Millennium-Oaktree (refer to Note 5), the withdrawal liability that has been triggered as a result of withdrawal from the plan will be offset against the amount owing to the Company under the holdback agreement.

(f) The Company offers a 401(k) plan (the "401(k) Plan") to provide retirement benefits for employees. All employees who meet certain eligibility requirements are able to participate in the 401(k) Plan. Discretionary matching contributions are determined each year by the Company. The Company contributed $1.2 million in the year ended December 31, 2007 (year ended December 31, 2006 — $1.2 million; year ended December 31, 2005 — $0.8 million) to the 401(k) Plan.

25. SUBSEQUENT EVENTS

(a) On January 7 and 10, 2008, the Company completed the sales transactions with respect to two parcels of excess real estate in Porter, New York for total cash consideration of $1.4 million, net of transaction costs, which was equal to the carrying value of the real estate (refer to Note 6(a)).

(b) On January 31, 2008, the Company's senior secured revolving credit facility with a Canadian financial institution was amended and extended to February 29, 2008 and on February 28, 2008, the facility was further extended to March 31, 2008 (refer to Note 13(i)). Pursuant to the terms of the Company's bridge loan facility with a subsidiary of MID, advances after January 15, 2008 are subject to MID being satisfied that the Company's senior secured revolving credit facility will be further extended to at least April 30, 2008 or that satisfactory refinancing of that facility has been arranged. As the senior secured revolving credit facility was extended to March 31, 2008, MID waived this condition for advances between January 15, 2008 and March 31, 2008.

(c) Effective January 1, 2008, the Company amended its bank term loan of up to Euros 4.0 million to reduce the amount available under the bank term loan facility of up to Euros 3.5 million and increase the interest rate to EONIA plus 3.75% per annum.

(d) On February 12, 2008, the Company amended its Euros 15.0 million term loan facility whereby the first installment of Euros 7.5 million due on February 29, 2008 was extended until March 15, 2008. On March 12, 2008, the first installment was further extended to March 31, 2008.

(e) On February 12, 2008, the Company received notice from The Nasdaq Stock Market advising that, in accordance with Nasdaq Marketplace Rule 4450(e)(2), the Company has 180 calendar days, or until August 11, 2008, to regain compliance with the minimum bid price for the Company's publicly held Class A Subordinate Voting Stock required for continued listing on the Nasdaq Global Market, as set forth in Nasdaq Marketplace Rule 4450(a)(5). The Company received this notice because the bid price of its publicly held Class A Subordinate Voting Stock closed below the $1.00 per share minimum for 30 consecutive business days prior to February 12, 2008.

The notice also states that if, at any time before August 11, 2008, the bid price of the Company's Class A Subordinate Voting Stock on the Nasdaq Global Market closes at $1.00 per share or more for a minimum of 10 consecutive trading days, the Nasdaq staff will provide the Company with written notification that it has achieved compliance with its listing requirements. However, the notice states that if the Company cannot demonstrate compliance with such rule by August 11, 2008 (or such later date as may be permitted by Nasdaq), the Nasdaq staff will provide the Company with written notification that its Class A Subordinate Voting Stock will be delisted.

During this 180 calendar day period, the Company's Class A Subordinate Voting Stock will continue to trade on the Nasdaq Global Market. This notification has no effect on the listing of the Company's Class A Subordinate Voting Stock on the Toronto Stock Exchange.

MAGNA ENTERTAINMENT CORP.

SCHEDULE III

REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2007

(Amounts in thousands, U.S. dollars)

		Initial Costs to Company		Costs Capitalized Subsequent to Acquisition		Foreign Exchange Impact		Gross Amount at which Carried at Close of Period						De i
Description	**Encumbrance**	**Land**	**Building and Improvements**	**Land**	**Building and Improvements**	**Land**	**Building and Improvements**	**Land**	**Building and Improvements**	**Total**	**Accumulated Depreciation**	**Date of Construction**	**Date Acquired**	**St C**
EXCESS REAL ESTATE														
Racing Operations														
Santa Anita Park (Arcadia, California, U.S.A.)	52,781	52,500	—	—	281	—	—	52,500	281	52,781	—	n/a	1998	
Gulfstream Park (Hallandale, Florida, U.S.A.)	13,234	14,201	—	(967)	—	—	—	13,234	—	13,234	—	n/a	1999	
Lone Star Park (Grand Prairie, Texas, U.S.A.)	—	4,245	—	—	—	—	—	4,245	—	4,245	—	n/a	2002	
Maryland Jockey Club (Baltimore, Maryland, U.S.A.)(i)	5,869	10,900	—	(5,031)	—	—	—	5,869	—	5,869	—	n/a	2002	
MEC Grundstuckwicklungs GmbH (Ebreichsdorf, Austria)	—	5,462	—	3,651	—	1,886	—	10,999	—	10,999	—	n/a	1996	
	71,884	87,308	—	(2,347)	281	1,886	—	86,847	281	87,128	—			
ASSETS HELD FOR SALE														
Dixon Downs (Dixon, California, U.S.A.)	19,139	6,584	—	12,533	22	—	—	19,117	22	19,139	—	n/a	2001	
Ocala (Ocala, Florida, U.S.A.)	8,407	7,227	—	1,180	—	—	—	8,407	—	8,407	—	n/a	2002	
MEC Grundstuckwicklungs GmbH (Ebreichsdorf, Austria)	—	4,512	—	—	—	2,107	—	6,619	—	6,619	—	n/a	1996	
New York, U.S.A.(i)	—	725	—	768	—	—	—	1,493	—	1,493	—	n/a	1998	
	27,546	19,048	—	14,481	22	2,107	—	35,636	22	35,658	—			

(i) The following provides a reconciliation of the total amount at which real estate was carried at the beginning of the year to the amount shown in the column "Gross Amount at which Carrie of Period":

Maryland Jockey Club (Baltimore, Maryland, U.S.A.)		
Balance, beginning of year	$	10,900
Deductions during the year:		
Cost of real estate sold		(5,031)
Balance, close of year	$	5,869
New York, U.S.A.		
Balance, beginning of year	$	2,990
Additions during the year:		
Costs Capitalized		81
Deductions during the year:		
Cost of real estate sold		(270)
Writedown of real estate(ii)		(1,308)
Balance, close of year	$	1,493

(ii) The Company entered into sale agreements for three parcels of excess real estate comprising 825 acres in Porter, New York. The Company recognized a non-cash impairment loss of $1.3 million for the year ended December 31, 2007, which represents the excess of the carrying value of the assets over the fair value.

MAGNA ENTERTAINMENT CORP.
SUPPLEMENTARY INFORMATION
Quarterly Information
[U.S. dollars in thousands, except per share figures]
[Unaudited]

For the year ended December 31, 2007	March 31	June 30	September 30	December 31	Total
Revenues	$ 255,660	$ 169,539	$ 83,230	$ 117,286	$ 625,715
Earnings (loss) before interest, income taxes, depreciation and amortization ("EBITDA")	23,346	2,325	(26,125)	(17,071)	(17,525)
Interest expense, net	11,729	11,448	12,029	15,415	50,621
Depreciation and amortization	9,266	9,646	10,688	12,697	42,297
Income (loss) from continuing operations before income taxes	2,351	(18,769)	(48,842)	(45,183)	(110,443)
Income tax expense (benefit)	(1,168)	3,930	(770)	(4,566)	(2,574)
Income (loss) from continuing operations	3,519	(22,699)	(48,072)	(40,617)	(107,869)
Loss from discontinued operations	(1,050)	(738)	(1,739)	(2,363)	(5,890)
Net income (loss)	2,469	(23,437)	(49,811)	(42,980)	(113,759)
Diluted earnings (loss) per share					
Continuing operations	0.03	(0.21)	(0.45)	(0.36)	(0.99)
Discontinued operations	(0.01)	(0.01)	(0.01)	(0.02)	(0.05)
Diluted earnings (loss) per share	$ 0.02	$ (0.22)	$ (0.46)	$ (0.38)	$ (1.04)

For the year ended December 31, 2006	March 31	June 30	September 30	December 31	Total
Revenues	$ 246,904	$ 145,215	$ 79,528	$ 102,551	$ 574,198
EBITDA (loss)	22,943	(439)	(21,627)	9,134	10,011
Interest expense, net	12,715	14,759	15,489	14,795	57,758
Depreciation and amortization	8,773	8,854	9,990	11,372	38,989
Income (loss) from continuing operations before income taxes	1,455	(24,052)	(47,106)	(17,033)	(86,736)
Income tax expense (benefit)	(711)	3,126	(863)	(8,676)	(7,124)
Income (loss) from continuing operations	2,166	(27,178)	(46,243)	(8,357)	(79,612)
Income (loss) from discontinued operations	46	840	(4,499)	(4,126)	(7,739)
Net income (loss)	2,212	(26,338)	(50,742)	(12,483)	(87,351)
Diluted earnings (loss) per share					
Continuing operations	0.02	(0.26)	(0.43)	(0.08)	(0.74)
Discontinued operations	—	0.01	(0.04)	(0.04)	(0.07)
Diluted earnings (loss) per share	$ 0.02	$ (0.25)	$ (0.47)	$ (0.12)	$ (0.81)

For the year ended December 31, 2005	March 31	June 30	September 30	December 31	Total
Revenues	$ 227,123	$ 143,265	$ 57,143	$ 99,132	$ 526,663
EBITDA (loss)	12,432	3,390	(26,640)	(17,483)	(28,301)
Interest expense, net	7,133	7,065	8,280	10,135	32,613
Depreciation and amortization	8,318	8,262	8,561	8,290	33,431
Loss from continuing operations before income taxes	(3,019)	(11,937)	(43,481)	(35,908)	(94,345)
Income tax expense (benefit)	(826)	3,010	(1,336)	(2,087)	(1,239)

Loss from continuing operations	(2,193)	(14,947)	(42,145)	(33,821)	(93,106)
Income (loss) from discontinued operations	(1,927)	(11,957)	7,609	(5,912)	(12,187)
Net loss	(4,120)	(26,904)	(34,536)	(39,733)	(105,293)
Diluted earnings (loss) per share					
Continuing operations	(0.02)	(0.14)	(0.39)	(0.32)	(0.87)
Discontinued operations	(0.02)	(0.11)	0.07	(0.05)	(0.11)
Diluted loss per share	$ (0.04)	$ (0.25)	$ (0.32)	$ (0.37)	$ (0.98)

Revenues, EBITDA (loss), interest expense, depreciation and amortization and income tax expense (benefit) reflect only continuing operations.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process defined to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this evaluation of the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934) as of December 31, 2007, under the supervision and with the participation of the Company's management, including its Interim Chief Executive Officer and Chief Financial Officer, the Interim Chief Executive Officer and Chief Financial Officer have concluded that the Company maintained effective internal control over financial reporting as of December 31, 2007.

Based on this evaluation carried out, as of December 31, 2007, under the supervision and with the participation of the Company's management, including its Interim Chief Executive Officer and Chief Financial Officer, the Interim Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15(d)-15(e) under the U.S. Securities Exchange Act of 1934) are effective.

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

The effectiveness of our internal controls over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROLS

To the Shareholders and Board of Directors of Magna Entertainment Corp.

We have audited Magna Entertainment Corp.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Magna Entertainment Corp.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's annual report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Magna Entertainment Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Magna Entertainment Corp. as at December 31, 2007 and 2006, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2007 and our report dated March 12, 2008 expressed an unqualified opinion thereon. Our audits also included the financial statement schedule listed in the Index at Item 15(a).

Toronto, Canada
March 12, 2008

/s/ ERNST & YOUNG LLP
Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Item 9B. Other Information

Not applicable.

Part III

Item 10. Directors and Executive Officers of the Registrant

The information required herein is incorporated by reference from sections of our Proxy Statement titled "Nominees", "Management — Executive Officers", "The Board of Directors and Committees of the Board — Audit Committee", "Section 16(a) Beneficial Ownership Reporting Compliance" and "Code of Conduct", which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after our fiscal year end of December 31, 2007.

Item 11. Executive Compensation

The information required herein is incorporated by reference from sections of our Proxy Statement titled "The Board of Directors and Committees of the Board — Directors' Compensation", "The Board of Directors and Committees of the Board — Compensation Committee Interlocks and Insider Participation", "Executive Compensation" and "Corporate Governance, Human Resources and Compensation Committee Report", which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after our fiscal year end of December 31, 2007.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required herein is incorporated by reference from the sections of our Proxy Statement titled "Equity-Based Compensation Plan Information" and "Security Ownership", which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after our fiscal year end of December 31, 2007.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required herein is incorporated by reference from the section of our Proxy Statement titled "Certain Relationships and Related Transactions", which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after our fiscal year end of December 31, 2007.

Item 14. Principal Accountant Fees and Services

The information required herein is incorporated by reference from the section of our Proxy Statement titled "Principal Accountant Fees and Services", which Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after our fiscal year end of December 31, 2007.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements and Schedule

The following Consolidated Financial Statements of Magna Entertainment Corp. as at or for the year ended December 31, 2007 are included in Part II, Item 8 of this Annual Report:

Report of the Independent Auditors
Consolidated Statements of Operations and Comprehensive Loss
Consolidated Statements of Cash Flows
Consolidated Balance Sheets
Consolidated Statements of Changes in Shareholders' Equity
Notes to the Consolidated Financial Statements
Schedule III — Real Estate and Accumulated Depreciation

(b) Exhibits

Please refer to the exhibit index below.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 14th day of March, 2008.

MAGNA ENTERTAINMENT CORP.

By: /s/ FRANK STRONACH

Frank Stronach
Interim Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ FRANK STRONACH Frank Stronach	Interim Chief Executive Officer and Chairman (Principal Executive Officer)	March 14, 2008
By: /s/ RON CHARLES Ron Charles	Chief Operating Officer and Director	March 14, 2008
By: /s/ BLAKE TOHANA Blake Tohana	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)	March 14, 2008
By: /s/ MARY LYN SEYMOUR Mary Lyn Seymour	Vice-President and Controller (Principal Accounting Officer)	March 14, 2008
By: /s/ ANTHONY R. CAMPBELL Anthony R. Campbell	Director	March 14, 2008
By: /s/ JERRY D. CAMPBELL Jerry D. Campbell	Director	March 14, 2008
By: /s/ JENNIFER JACKSON Jennifer Jackson	Director	March 14, 2008
By: /s/ WILLIAM J. MENEAR William J. Menear	Director	March 14, 2008
By: /s/ FRANK VASILKIOTI Frank Vasilkioti	Director	March 14, 2008
By: /s/ CHARLIE J. WILLIAMS Charlie J. Williams	Director	March 14, 2008

EXHIBIT INDEX

The following documents are filed as part of this Annual Report.

Exhibit No.	Description of Document
3.1	Restated Certificate of Incorporation of Magna Entertainment Corp. (incorporated herein by reference to exhibit 3.1 of the registrant's Report on Form 8-K filed on March 16, 2000).
3.2	By-Laws of Magna Entertainment Corp. (incorporated herein by reference to exhibit 3.2 of the registrant's Report on Form 10-Q filed on May 10, 2004).
4.1	Form of Stock Certificate for Class A Subordinate Voting Stock (incorporated herein by reference to exhibit 4 of the registrant's Registration Statement on Form S-1 originally filed on January 14, 2000 (File number 333-94791).
4.2	Indenture dated as of December 2, 2002, between Magna Entertainment Corp. and The Bank of New York, as trustee, including the form of $7^{1}/4$% Convertible Subordinated Notes due December 15, 2009. (incorporated herein by reference to exhibit 4.1 to registrant's registration statement on Form S-3 filed January 31, 2003 (File number 333-102889)).
4.3	Indenture dated as of June 2, 2003, between Magna Entertainment Corp. and the Bank of New York, as trustee, including the form of 8.55% Convertible Subordinated Notes due June 15, 2010 (incorporated herein by reference to exhibit 4.1 of the Registrant's Registration Statement on Form S-3 filed July 25, 2003 (file number 333-107368)).
10.1	Term Loan Credit Agreement dated as of November 15, 1999, as amended from time to time, between The Santa Anita Companies, Inc. and Wells Fargo Bank, National Association (incorporated herein by reference to the exhibit 10.7 of the registrant's Registration Statement on Form S-1/A originally filed on February 14, 2000 (File number 333-94791)).
10.2	Magna Entertainment Corp. Long-Term Incentive Plan (incorporated herein by reference to exhibit 10.11 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999).
10.3	Amendment No. 1 to the Term Loan Credit Agreement dated as of November 15, 1999, between The Santa Anita Companies, Inc. and Wells Fargo Bank, National Association (incorporated herein by reference to exhibit 10.21 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000).
10.4	Amendment No. 2 to the Term Loan Credit Agreement dated as of November 15, 1999, between The Santa Anita Companies, Inc. and Wells Fargo Bank, National Association (incorporated herein by reference to exhibit 10.22 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000).
10.5	Amendment No. 3 to the Term Loan Credit Agreement dated as of November 1, 2001, between The Santa Anita Companies, Inc. and Wells Fargo Bank, National Association (incorporated herein by reference to exhibit 10.16 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2002).
10.6	Option Agreement dated November 27, 2002 by and among the Company, Joseph LLC, Karin LLC, Joseph A. De Francis and Karin M. De Francis (incorporated herein by reference to exhibit 2.2 to registrant's Report on Form 8-K filed on December 12, 2002.) (Exhibit A to this Agreement has been omitted but will be furnished supplementally to the Commission upon request).
10.7	Employment Agreement between the Company and Blake Tohana dated July 1, 2003 (incorporated herein by reference to exhibit 10.29 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003).

10.8	Loan Agreement dated March 5, 2004 between MEC Grundstucksentwicklungs GmbH and Raiffeisenlandesbank Niederosterreich-Wien AG in the amount of Euro 15,000,000 (incorporated herein by reference to exhibit 10.1 to the registrant's Form 10-Q for the Quarter ended March 31, 2004).
10.09	Term Loan Credit Agreement dated as of October 8, 2004 between Wells Fargo Bank, National Association and The Santa Anita Companies, Inc. (incorporated herein by reference to exhibit 10.1 to the registrant's Report on Form 8-K filed on October 14, 2004).
10.10	Form of Election for Performance Shares in Lieu of Guaranteed Bonus for W. Thomas Hodgson, Jim McAlpine, Donald Amos, Paul Cellucci, Blake Tohana and certain other employees of the Registrant (incorporated herein by reference to exhibit 10.1 of the Registrant's Report on Form 8-K filed on May 9, 2005).
10.11	Form of Indemnity Agreement dated as of October 31, 2005 (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on November 2, 2005).
10.12	Amended and Restated Credit Agreement between the Registrant and the Bank of Montreal, et al., dated as of July 22, 2005 (incorporated herein by reference to exhibit 10.5 to the registrant's Report on Form 10-Q filed on November 9, 2005).
10.13	First Amending Agreement made as of the 1st day of February, 2006 between the registrant and MID Islandi SF, et al (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on February 9, 2006).
10.14	Separation Agreement between the registrant and W. Thomas Hodgson dated March 31, 2006 (incorporated herein by reference to exhibit 10.3 of the registrant's Report on Form 10-Q filed on May 9, 2006).
10.15	Consulting Agreement made as of April 30, 2006 among MEC Holdings (Canada) Inc., the registrant, McAlpine Capital Advisors Inc. and Jim McAlpine (incorporated herein by reference to exhibit 10.2 of the registrant's Report on Form 10-Q filed on August 9, 2006).
10.16	First Amending Agreement to the Amended and Restated Credit Agreement, dated as of July 22, 2005, between the registrant and the Bank of Montreal, et al, made as of July 26, 2006. (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.17	Second Amending Agreement to the Amended and Restated Credit Agreement, dated as of July 22, 2005, between the registrant and the Bank of Montreal, et al, made as of November 6, 2006. (incorporated herein by reference to exhibit 10.2 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.18	Second Amending Agreement made as of July 26, 2006 between the registrant and MID Islandi, sf., et al. (incorporated herein by reference to exhibit 10.3 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.19	Third Amending Agreement made as of September 26, 2006 between the registrant and MID Islandi SF, et al. (incorporated herein by reference to exhibit 10.4 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.20	Fourth Amending Agreement made as of September 29, 2006 between the registrant and MID Islandi SF, et al. (incorporated herein by reference to exhibit 10.5 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.21	Fifth Amending Agreement made as of November 6, 2006 between the registrant and MID Islandi SF, et al. (incorporated herein by reference to exhibit 10.6 of the registrant's Report on Form 10-Q filed on November 9, 2006).

10.22	Limited Liability Company Agreement of Santa Anita Associates, LLC between Santa Anita Commercial Enterprises, Inc. and Santa Anita Associates Holding Co., LLC, effective as of September 28, 2006 (incorporated herein by reference to exhibit 10.7 of the registrant's Report on Form 10-Q filed on November 9, 2006). (Portions of this document marked with "***" are subject to a pending Confidential Treatment Request filed with the Secretary of the Securities and Exchange Commission and have been filed separately with the Securities and Exchange Commission).
10.23	Letter Agreement between the Registrant and Donald Amos dated October 13, 2006. (incorporated herein by reference to exhibit 10.8 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.24	Second Amended and Restated Loan Agreement made as of the 26th day of July, 2006 between Gulfstream Park Racing Association, Inc. and MID Islandi sf., et al. (incorporated herein by reference to exhibit 10.9 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.25	Amended Stock Purchase Agreement dated as of July 26, 2006 amending the Stock Purchase Agreement, dated November 8, 2005 between the registrant and PA Meadows, LLC. (incorporated herein by reference to exhibit 10.10 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.26	Post-Closing and Note Issuance Agreement, dated as of July 26, 2006 between the registrant and PA Meadows LLC. (incorporated herein by reference to exhibit 10.11 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.27	Racing Services Agreement entered into as of July 26, 2006 by and among the registrant, MEC Pennsylvania Racing Services, Inc., Mountain Laurel Racing, Inc., Washington Trotting Association, Inc., MEC Pennsylvania Racing, Inc., MEC Pennsylvania Food Service, Inc., and MEC Racing Management (incorporated herein by reference to exhibit 10.12 of the registrant's Report on Form 10-Q filed on November 9, 2006).
10.28	Share Purchase Agreement made as of October 31, 2006 between Fontana Beteiligungs GmbH and Magna Steyr Metalforming AG (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on November 7, 2006). (The schedules to this agreement (Schedule A — List of Capitalized Terms; Schedule B — Net Working Capital as of September 30, 2006; and Schedule C — Demerger Agreement) have not been included and will be furnished to Securities and Exchange Commission upon request).
10.29	Asset Purchase Agreement made August 25, 2006 between Magna International Inc. as the Purchaser and MEC Holdings (Canada) Inc. as the Vendor (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on November 8, 2006). (The schedules to this agreement, which are listed in Section 1.6 of the agreement, have not been included and will be furnished to the Securities and Exchange Commission upon request).
10.30	Third Amended and Restated Gulfstream Loan Agreement dated December 22, 2006 between Gulfstream Park Racing Association, Inc., MID Islandi SF, Remington Park, Inc., GPRA Thoroughbred Training Center, Inc. and the registrant (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on December 22, 2006).
10.31	Sixth Amending Agreement dated December 22, 2006 between the registrant and the Guarantors and Bank of Montreal (incorporated herein by reference to exhibit 10.2 of the registrant's Report on Form 8-K filed on December 22, 2006).
10.32	Employment Agreement between the Company and Michael Neuman dated February 27, 2007 (incorporated herein by reference to exhibit 10.1 to the registrant's Report on Form 8-K filed on March 5, 2007).

10.33	March 4, 2007 Limited Liability Company Operating Agreement of HRTV, LLC between Churchill Downs Incorporated, Magna Entertainment Corp. and MEC HRTV HOLDCO LLC (incorporated herein by reference to exhibit 10.1 to the registrant's Report on Form 8-K filed on March 6, 2007).
10.34	March 4, 2007 Limited Liability Company Operating Agreement of TRACKNET MEDIA GROUP, LLC between Churchill Downs Incorporated, CD CONTENTCO HC, LLC, the registrant and MEC CONTENT HOLDCO LLC (incorporated herein by reference to exhibit 10.2 to the registrant's report on Form 8-K filed on March 6, 2007).
10.35	Agreement of Purchase and Sale made February 7, 2007 between MI Developments (Maryland) Inc., MI Developments Inc. and Laurel Racing Association Limited Partnership (incorporated herein by reference to exhibit 10.35 of the registrant's Report on Form 10-K for the period ended December 31, 2006 filed March 15, 2007).
10.36	Agreement of Purchase and Sale made March 27, 2007 between 20004 Delaware Inc., Palm Meadows Estates, LLC and GPRA Thoroughbred Training Center, Inc. (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on March 28, 2007).
10.37	Agreement of Purchase and Sale made June 7, 2007 between 20005 Delaware Inc. and SLRD Thoroughbred Training Center, Inc. (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed on June 7, 2007).
10.38	Separation Agreement between the registrant and Michael Neuman effective June 22, 2007 (incorporated herein by reference to exhibit 10.1 of the registrant's Report Form 8-K filed on June 28, 2007).
10.39	Subscription Agreement between the registrant and Fair Enterprise Limited dated September 13, 2007 (incorporated herein by reference to exhibit 10.1 of the registrant's Report on Form 8-K filed September 18, 2007).
10.40	Bridge Loan Agreement between the registrant, the Guarantors and MID ISlandi SF dated as of September 12, 2007 (incorporated herein by reference to exhibit 10.2 of the registrant's Report on Form 8-K filed September 18, 2007).
10.41	Second Amending Agreement in Respect of the Third Amended and Restated Gulfstream Park Loan Agreement between Gulfstream Park Racing Association, Inc., the Guarantors and MID Islandi SF dated as of September 12, 2007 (incorporated herein by reference to exhibit 10.3 of the registrant's Report on Form 8-K filed September 18, 2007).
10.42	Consulting Agreement between the registrant and Greenbrook Capital Partners Inc., effective September 1, 2007 (incorporated herein by reference to exhibit 10.4 of the registrant's Report on Form 8-K filed September 18, 2007).
10.43	Long Term Incentive Plan, as amended (incorporated herein by reference to exhibit 10.3 of the registrant's Report on Form 10-Q for the period ended June 30, 2007 filed August 9, 2007).
10.44	Agreement of Purchase and sale made as of December 21, 2007 with a subsidiary of Magna International Inc.*
12	Statement re: Computation of Earnings to Fixed Charges.*
21	Subsidiaries of the Registrant.*
23	Consent of Ernst & Young LLP.*
24	Power of Attorney.*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.*

31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.*
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

QuickLinks

EX-24 6 a2183268zex-24.htm EXHIBIT 24

Exhibit 24

POWER OF ATTORNEY

The undersigned directors of Magna Entertainment Corp. (the "Company") hereby appoint Frank Stronach, Chairman and Interim Chief Executive Officer, Blake S. Tohana, Executive Vice-President and Chief Financial Officer, and William G. Ford, Senior Legal Counsel and Corporate Secretary, as their true and lawful attorneys-in-fact, with full power for and on their behalf to execute, in their names and capacities as directors of the Company, and to file with the Securities and Exchange Commission on behalf of the Company under the Securities Exchange Act of 1934, as amended, an Annual Report on Form 10-K for the year ended December 31, 2007 (including any and all amendments thereto).

This Power of Attorney automatically ends upon the termination of Mr. Tohana's and Mr. Ford's service with the Company.

In witness whereof, the undersigned have executed this Power of Attorney on this 14th day of March, 2008.

/s/ ANTHONY R. CAMPBELL Anthony R. Campbell	/s/ WILLIAM J. MENEAR William J. Menear
/s/ JERRY D. CAMPBELL Jerry D. Campbell	/s/ FRANK STRONACH Frank Stronach
/s/ RON CHARLES Ron Charles	/s/ FRANK VASILKIOTI Frank Vasilkioti
/s/ JENNIFER JACKSON Jennifer Jackson	/s/ CHARLIE WILLIAMS Charlie Williams

EX-31.1 7 a2183268zex-31_1.htm EXHIBIT 31.1

Exhibit 31.1

**CERTIFICATION OF INTERIM CHIEF EXECUTIVE OFFICER
REGARDING MAGNA ENTERTAINMENT CORP.'S
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2007**

I, Frank Stronach, certify that:

1. I have reviewed this Annual Report on Form 10-K of Magna Entertainment Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to material affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2008.

/s/ FRANK STRONACH
Frank Stronach
Interim Chief Executive Officer

EX-32.1 9 a2183268zex-32_1.htm EXHIBIT 32.1

Exhibit 32.1

Certification by the Interim Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Frank Stronach, the Interim Chief Executive Officer of Magna Entertainment Corp. ("MEC"), certify pursuant to 18 U.S.C. Section 1350 that (i) the Annual Report on Form 10-K (the "Report") of MEC for the year ended December 31, 2007 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of MEC.

/s/ FRANK STRONACH
Frank Stronach, Interim Chief Executive Officer

Date: March 14, 2008

A signed original of this written statement required by Section 906 has been provided to Magna Entertainment Corp. and will be retained by Magna Entertainment Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

EX-32.2 10 a2183268zex-32_2.htm EXHIBIT 32.2

Exhibit 32.2

Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Blake S. Tohana, the Chief Financial Officer of Magna Entertainment Corp. ("MEC"), certify pursuant to 18 U.S.C. Section 1350 that (i) the Annual Report on Form 10-K (the "Report") of MEC for the year ended December 31, 2007 fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of MEC.

/s/ BLAKE S. TOHANA
Blake S. Tohana, Chief Financial Officer

Date: March 14, 2008

A signed original of this written statement required by Section 906 has been provided to Magna Entertainment Corp. and will be retained by Magna Entertainment Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 10.44

English Translation

REAL ESTATE TRANSFER AGREEMENT

between

MEC Grundstücksentwicklungs GmbH

with its seat in Oberwaltersdorf and the business address in Magna Strasse 1, 2522 Oberwaltersdorf registered in the commercial register of the commercial court Wiener Neustadt under FN 135317x

- hereinafter referred to as "**Seller**" -

and

MP MAGNA Projektentwicklungs GmbH & CO OEG

with its seat in 2522 Oberwaltersdorf and the business address in Magna Strasse 1, 2522 Oberwaltersdorf registered in the commercial register of the commercial court Wiener Neustadt under FN 280603b

- hereinafter referred to as "**Purchaser**" -

- the Seller and the Purchaser are hereinafter collectively referred to as the "Parties" or the "Party"-

as follows:

1. **Facts - Property**

1.1 The Seller is the registered sole owner of the following real estate:

1.1.1 EZ (folio number) 1257, land register (*Grundbuch*) 04112 Trumau, district court (*Bezirksgericht*) Ebreichsdorf, plots (*Grundstücke*) no. 1301 forest, with an area of 2.992 m² and no. 1302, farmland, forest and watercourses, with an area of 202.392 m², in total an area of 205.384 m²;

1.1.2 EZ (folio number) 1268, land register 04112 Trumau, district court Ebreichsdorf, plots no. 1303/2, roads, with an area of 2.390 m² and no. 1304/2, forest, with an area of 5.972 m², in total an area of 8.362 m²;

1.1.3 EZ (folio number) 1547, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plot no. 578/5, farmland, with an area of 192.000 m²;

1.1.4 EZ (folio number) 1959, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plots no. 581/1, forest, with an area of 6.323 m²; no. 586/1, farmland, forest, with an area of 248.661 m²; no. 586/2 farmland, forest, with an area of 91.354 m² (modification of area pending); no. 586/3, building land, farmland, forest, watercourses, roads, with an area of 1,611.105 m²; no. 586/4, farmland, forest, roads, with an area of 101.855 m²; no. 594/2, watercourses, with an area of 3.947 m²; no. 987/3, roads, with an area of 1.321 m²; no. 1043/4, roads, with an area of 292 m²; no. 1044/2, watercourses, with an area of 1.210 m² and no. 1044/4, watercourses, with an area of 3.372 m², in total an area of 2,069.440 m²;

1.1.5 EZ (folio number) 1961, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plots no. 581/5, forest, with an area of 1.203 m²; no. 582, farmland, forest, with an area of 136.803 m²; no. 583, watercourses, with an area of 3.168 m² and no. 584, forest, watercourses, with an area of 6.243 m², in total an area of 147.417 m².

1.2 Pursuant to the division plan of ARGE VERMESSUNG BADEN, Zivilgeometer DI Ing. Frosch dated 14 December 2007, file no. 6636/07

1.2.1 the partial area (*Trennstück*) (1), with an area of 5.895 m², plot no. 584 (currently EZ 1961) will be merged with the new plot no. 584/1 8 (in future EZ 1961);

1.2.2 the partial area (*Trennstück*) (2), with an area of 348 m², plot no. 584 (currently EZ 1961) will be merged with the new plot no. 584/2 (in future EZ 1547);

1.2.3 the partial area (*Trennstück*) (3), with an area of 200.804 m², plot no. 586/3 (currently EZ 1959) will be merged with the new plot no. 586/5 (in future EZ 1547);

1.2.4 the partial area (*Trennstück*) (4), with an area of 40.075 m², plot no. 586/4 (currently EZ 1959) will be merged with the plot no. 1004/4 (continues to be EZ 1959);

1.2.5 the partial area (*Trennstück*) (5), with an area of 3.506 m², plot no. 586/4 (currently EZ 1959) will be merged with the plot no. 578/5 (in future EZ 1547);

1.2.6 the partial area (*Trennstück*) (6), with an area of 1.586 m², plot no. 1044/4 (currently EZ 1959) will be merged with the plot no. 578/5 (in future EZ 1547), and

1.2.7 the partial area (*Trennstück*) (7), with an area of 1.210 m², plot no. 1044/2 (currently EZ 1959) will be merged with the plot no. 1044/4 (in future EZ 1559).

1.3 The following plots shall be sold and transferred pursuant to the terms and conditions of this Agreement:

1.3.1 EZ 1257, land register 04112 Trumau, district court Ebreichsdorf, plot no. 1301, with an area of 2.992 m² and plot no. 1302, with an area of 202.392 m², in total an area of 205.384 m²;

1.3.2 EZ 1268, land register 04112 Trumau, district court Ebreichsdorf, plot no. 1303/2, with an area of 2.390 m² and no. 1304/2, with an area of 5.972 m², in total an area of 8.362 m²;

1.3.3 EZ 1547, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plot no. 578/5, with an area of 197.092 m²; no. 584/2, with an area of 348 m² and no. 586/5, with an area of 200.804 m², in total an area of 398.244 m²;

1.3.4 EZ 1959, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plot no. 581/1, with an area of 6.323 m²; no. 586/1, with an area of 248.661 m² and no. 1044/4, with an area of 43.071 m², in total an area of 298.055 m². For the avoidance of doubt, the Parties state that the plots no. 586/2, 586/3, 586/4, 594/2, 987/3, 1043/4 and 1044/2 after the division (section 1.2. and 5.) shall <u>not</u> be part of the Property..

These plots (section 1.3.1 till [including] 1.3.4) are hereinafter collectively referred to as the "Property".

The Property has an area in total of approximately 910.045 m².

1.4 The real estate pursuant to section 1.1 is affected with the encumbrances ("Encumbrances") as set out in the attached extracts of the land registry (Exibit.1.4).

The Purchaser acknowledges the existence of the Encumbrances.

Upon the signing of this Agreement no plan, which shows the locality of the Encumbrances, exist. Therefore, the Parties could not yet confirm and agree, which of these Encumbrances would affect the Property.

The Seller shall submit upon its assignment and costs the respective plan(s) and shall obtain the respective duly signed statements from the beneficiary(ies) for the deletion of encumbrances in the land registry.

2. Sale and Transfer

2.1 Seller sells and transfers the Property and Purchaser purchases and acquires the Property free and clear of registered and/or non-registered encumbrances and rights of third persons (except for Encumbrances) from Seller.

2.2 The actual transfer and acquisition of the Property together with all rights (in particular, but not limited to any water rights, if any) and obligations, relating to the Property, Seller was or would have been entitled to, shall take place free of registered and/or non-registered encumbrances and rights of third parties (except Encumbrances) on the third Austrian bank working day, which follows the issuance of the final decree of the land transfer authority ("Effective Date").

2.3 Risks, hazards and benefits relating to the Property shall pass to Seller upon transfer pursuing to section 2.2.

2.4 Any costs, taxes, charges and dues relating to the Property for periods after the Effective Date shall be borne by Purchaser.

3. Purchase Price

3.1 The purchase price negotiated and mutually agreed between the Parties shall amount to EUR 20.000.000 (Euro twenty million).

3.2 The Parties herby mutually and irrevocably state and agree, that the transfer and the sale of the Property pursuant this Agreement shall not be subject to the Value Added Tax Act (*Umsatzsteuergesetz*) (for clarification purposes: the Parties do not opt for the option pursuant to section 6 para 2 Austrian Value Added Tax Act).

3.3 The Purchaser shall pay within three (3) bank working days as of execution of this Agreement and the notarization of the signatures of the Parties:

3.3.1 a partial payment of EUR 18.051.164 (EUR eighteen million fifty one thousand one hundred sixty four) to the trustee-account held with ERSTE BANK der österreichischen Sparkassen,AG account number 407-101-613/55, bank code 20111, IBAN AT84 2011 1407 1016 1355 opened by the mutually appointed trustee-agent DORDA BRUGGER JORDIS Rechtsanwälte GmbH, 1010 Vienna, Dr. Karl Lueger-Ring 10;

3.3.2 a partial payment of EUR 1.948.836 (EUR one million nine hundred forty eight thousand eight hundred thirty six) to the trustee-account held with ERSTE BANK der österreichischen Sparkassen, account number 407-101-613/56, bank code 20111, IBAN AT57 2011 1407 1016 1356, opened by the mutually appointed trustee-agent DORDA BRUGER JORDIS Rechtsanwälte GmbH, 1010 Vienna, Dr. Karl Lueger-Ring 10.

3.3.3 the land transfer tax in the amount of EUR 700.000 as well as the court registration fee in the amount of EUR 200.000, in total an amount of EUR 900.000, to the account of the Trustee-Agent, held with Erste Bank der österreichischen Sparkassen AG, account number 280-369-386/06, bank code 20111, IBAN AT622011128036938606.

3.4 The Parties irrevocably empower and instruct the Trustee-Agent, after the credit entry of the purchase price (section 3.3.1 and 3.3.2) and the land transfer tax and the court registration fee (section 3.3.3) on the respective trustee-accounts and

3.4.1 receipt of this duly signed and notarized Agreement, and

3.4.2 receipt of the final and binding approval of the land transfer authority for the closing of this Agreement, and

3.4.3 receipt of the duly signed and notarized statement issued by Raiffeisen-Landesbank Niederösterreich-Wien AG providing for the deletion of the blocking order relating to the maximum amount mortgage on plots 581/1, 586/1 and 1044/1 of EZ (folio number) 1959, C-LNR 19, and

3.4.4 to pay without undue delay the land transfer tax and the registration fee calculated by the trustee-agent, or file the respective notification to the tax authorities, and

3.4.5 the file the application with the land register for the registration of the Purchaser as owner of the Property, and

3.4.6 the file the application with the land register for the deletion of the blocking order relating to the plots 581/1, 586/1 and 1044/4 of EZ (folio number) 1959, C-LNR 19 for the maximum amount of EUR 7,500.000, and

3.4.7 after receipt of the final and binding decree from the land register providing for the registration of the Purchaser as owner of the Property free of any mortgages

(i) transfer an amount of EUR 7.500.000 from the trustee-account pursuant to section 3.3.1 to the account of Seller held with Raiffeisen-Landesbank Niederösterreich-Wien AG, held, account-number 11-00.624.270, bank code 32.000

(ii) transfer an amount of EUR 10.551.164 from the trustee-account pursuant to section 3.3.1 to the account of Seller, held with Bank Austria Creditanstalt AG, account-number 50662 658 101, bank code 12.000, and

(iii) transfer an amount (or split in more partial amounts) of EUR 1.948.836 (EUR one million nine hundred fourty eight thousand eight hundred thirty six) from the trustee-account pursuant to section 3.3.2 in accordance with written pay-out instructions from the Purchaser to the Seller and/or third parties,

3.4.8 and there after without undue delay close the trustee-accounts.

3.5 The Seller shall be entitled to interest which accrue on the trustee-account pursuant to sections 3.3.1 and 3.3.2 minus Capital Transfer Tax und fees for the opening, maintaining and closing of this trustee-account, the remaining amount shall be paid to the Seller by the Trustee-Agent upon closure of this trustee-account to the account pursuant to section 3.4.7. The interest on such trustee-account is currently 3,268 % per anno.

The Purchaser shall be entitled to interest which accrue on the trustee-account pursuant to section 3.3.3 minus Capital Transfer Tax und fees for the opening, maintaining and closing of this trustee-account, the remaining amount shall be paid to the account designated by Seller in writing by the Trustee-Agent after the payment pursuant to section 3.4.4 has been made.

3.6 The Trustee-Agent states that the trusteeship shall be subject to the provision of electronic trusteeship regime of the Bar Association.

4. Guarantees / Representations

4.1 The Seller represents and guarantees (*echte Garantie*, pursuant to section 880a second alternative ABGB), that the following statements relating to the Property are true and correct:

4.1.1 Title

The Seller is the registered sole owner of the Property.

4.1.2 Authorisation / Encumbrances

The Seller, as registered sole owner is entitled to dispose of the property pursuant to the terms of this Agreement. The Property shall transfer (except for Encumbrances) free of registered and/or non-registered encumbrances and rights of third parties to the Purchaser.

4.2 The Seller represents, that the following statements relating to the Property are true and correct:

4.2.1 Area of Property

The Property has an area of approximately 910.045 m².

4.2.2 Decrees / Conditions

All conditions in connection with decrees have been fully complied with; all limitations have been complied with.

4.2.3 Building

No buildings are erected on the Property.

4.2.4 Proceedings

In relation to the Property no proceedings are pending, in particular no civil and/or administrative proceedings.

4.2.5 Environment

To the best of the Seller's knowledge, the Land is being used in accordance with all material applicable environmental laws, regulations and decrees. Seller is not aware of any facts that give rise to claims due to material non-compliance with applicable environmental laws, regulations and decrees.

To the best of Seller's knowledge, no written or oral notice from the competent authorities has been received by Seller in relation to the Land for any claim related to the violation of material applicable environmental laws, regulations and decrees by Seller.

4.3 The representations, guarantees and warranties shall be true and correct on the signing date and on the Effective Date.

4.4 Guarantee and warranty claims pursuant to sections 4.1 and 4.2.5 of this Agreement shall become time — barred and forfeit within ten (10) years as of the Effective Date; warranty claims pursuant to sections 4.2.1 to 4.2.4 shall become time — barred and forfeit within three (3) years as of the Effective Date.

5. Authorisation to effect changes in the Land Register

The Seller hereby expressly and irrevocably agrees, that without further information and agreement, based on this Agreement the following changes can be made in the land register:

5.1 EZ 1257, land register 04112 Trumau, district court Ebreichsdorf, plots no. 1301 and no. 1302, owned by MEC Grundstücksentwicklungs GmbH

5.1.1 the registration of the title relating to EZ 1257, land register 04112 Trumau, district court Ebreichsdorf, plot no. 1301 and no. 1302 for

MP MAGNA Projektentwicklungs GmbH & Co OEG
Magna Strasse 1, 2522 Oberwaltersdorf
FN 280603b

5.2 EZ 1268, land register 04112 Trumau, district court Ebreichsdorf, plots no. 1303/2 and no. 1304/2, owned by MEC Grundstücksentwicklungs GmbH

5.2.1 the registration of the title relating to EZ 1268, land register 04112 Trumau, district court Ebreichsdorf, plot no. 1302/2 and no. 1304/2 for

MP MAGNA Projektentwicklungs GmbH & Co OEG
Magna Strasse 1, 2522 Oberwaltersdorf
FN 280603b

5.3 EZ 1961, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plot nos. 581/5, 582, 583 and 584, owned by MEC Grundstücksentwicklungs GmbH

5.3.1 the split up of the partial area (*Trennstück*) (1) with an area of 5.895 m² of plot no. 584 and transfer of the registered rights and merger with the new plot no. 584/1, and

5.3.2 the split up of the partial area (*Trennstück*) (2) with an area of 348 m² of plot no. 584 and transfer of the registered rights appreciation to EZ 1547, land register 04102 Ebreichsdorf, and merger with the new plot no. 584/2;

5.4 EZ 1959, land register 04102 Ebreichsdorf, district court Ebreichsdorf, plot nos. 581/1, 586/1, 586/2, 586/3, 586/4, 594/2, 987/3, 1043/4, 1044/2 and 1044/4, owned by MEC Grundstücksentwicklungs GmbH

5.4.1 the split up of the partial area (*Trennstück*) (3) with an area of 200.804 m² of plot no. 586/3 and the transfer of the registered rights appreciation to EZ 1547 land register 04102 Ebreichsdorf, district court Ebreichsdorf, and merger with the new plot no. 586/5;

5.4.2 the split up of the partial area (*Trennstück*) (4) with an area of 40.075 m² of plot no. 586/4 and the transfer of the registered rights and merger with the new plot no. 1044/4; both plots within EZ 1959 land register 04102 Ebreichsdorf, district court Ebreichsdorf,

5.4.3 the split up of the partial area (*Trennstück*) (5) with an area of 3.506 m² of plot no. 586/4 and the transfer of the registered rights appreciation to EZ 1547 land register 04102 Ebreichsdorf, district court Ebreichsdorf, and merger with the new plot no. 578/5;

5.4.4 the split up of the partial area (*Trennstück*) (6) with an area of 1.586 m² of plot no. 1044/4 and the transfer of the registered rights appreciation to EZ 1547 and merger with the new plot no. 578/5; both plots are within EZ 1547 land register 04102 Ebreichsdorf, district court Ebreichsdorf;

5.4.5 the split up of the partial area (*Trennstück*) (7) with an area of 1.210 m² of plot no. 1044/2 and the transfer of the registered rights and merger with the new plot no. 1044/4; both plots are within EZ 1959 land register 04102 Ebreichsdorf, district court Ebreichsdorf,

5.4.6

a) the split up of the plots 581/1, 586/1 and 1044/4 of EZ 1959, land register 04102 Ebreichsdorf, district court Ebreichsdorf,

b) the opening of a new EZ in the same land register for these plots,

c) hereunto the registration of the title for

MP MAGNA Projektentwicklungs GmbH & Co OEG
Magna Strasse 1, 2522 Oberwaltersdorf
FN 280603b

5.5 EZ 1547, plot no. 587/5, wholly owned by MEC Grundstücksentwicklungs GmbH

5.5.1 the establishment of the new plot 584/2 (refer to 5.3.2);

5.5.2 the establishment of the new plot 586/5 (refer to 5.4.1);

5.5.3 the merger of the partial area (*Trennstück*) (5) of plot 578/5 (refer to 5.4.3);

5.5.4 the merger of the partial area (*Trennstück*) (6) of plot 578/5 (refer to 5.4.4), and

5.5.5 the registration of the title relating to EZ 1547, plot nos. 587/5, 584/2 and 586/5 for

MP MAGNA Projektentwicklungs GmbH & Co OEG
Magna Strasse 1, 2522 Oberwaltersdorf
FN 280603b

6. Land transfer Approval — Rescission

6.1 This Agreement is conditional upon the issuance of a final decree by the competent land transfer authority.

6.2 The Purchaser is entitled to rescind this Agreement, if the final decree from the land transfer authority has not been issued before 31 July 2008.

6.3 The Trustee-Agent shall repay the principal amounts credited with the trustee-accounts plus interest accrued thereon, minus Capital Transfer Tax und fees for the opening, maintaining and closing of this trustee-account, to an account designated in writing by the Purchaser, provided, however, that the Purchaser has rescinded this Agreement.

7. Authorisation, Instruction

7.1 The Parties authorise and instruct DORDA BRUGGER JORDIS Rechtsanwälte GmbH, Dr. Karl Lueger-Ring 10, 1010 Vienna, to take all actions necessary for the consummation of this Agreement, to represent each of them in proceedings before authorities and court in matters, directly or indirectly relating to this Agreement, in particular, but not limited to, in proceedings before the land transfer authority, the tax authority and the land register.

7.2 Further, the parties in power and authorize DORDA BRUGGER JORDIS Rechtsanwälte GmbH, Dr. Karl Lueger-Ring 10, 1010 Vienna, free from the prohibition of double representation and self contracting, to arrange everything necessary concerning the registration in the land register, in particular but not limited to, to make all declarations and to file applications with the land registry, to apply for blocking orders concerning the intended sale of the real state pursuant to section 1, to establish applications and addendums to this agreement, also in form of notarial deeds, to file applications with courts and authorities, to amend or change these documents, and to receive mail and to settle everything necessary and useful relating to the sale of the afore mentioned plots.

7.3 The authorizations according to section 3.4, section 7.1 and 7.2 expire with date of the registration of the title relating to the Property for the purchaser.

8. Statement by Purchaser

Purchaser is an Austrian partnership (*Offene Erwerbsgesellschaft; GmbH & Co OEG*), with the seat in Oberwaltersdorf and registered with commercial register of the commercial court Wiener Neustadt; unlimited partner of the Purchase is MAGNA Metalforming AG with the seat in Oberwaltersdorf, registered in a commercial register of the commercial court Wiener Neustadt and MAGNA Projektentwicklungs GmbH with the seat in Oberwaltersdorf, registered in a commercial register of the commercial court Wiener Neustadt. Foreigners in the meaning of the Act on Land Transfer of the province of Lower Austria 2007 (*Niederösterreichisches Grundverkehrsgesetzes 2007*) do not hold a substantial share in Purchaser.

9. Miscellaneous

9.1 This agreement correctly and fully sets out the agreement of the Parties; there are no oral agreements.

9.2 Amendments and/or changes of this Agreement shall be made in writing to be effective; this shall also apply to any waiver of this written form requirement.

9.3 The Parties confirm that the consideration of either Party is reasonable; and that the right to rescind this Agreement for whatsoever reasons and on whatsoever grounds is waived.

9.4 If any term of this agreement becomes null, unenforceable and/or invalid, this shall not result in nullity, unenforceability and/or invalidity of the entire agreement. In this event, the parties shall endeavour to replace the null, invalid and/or unenforceable term by a valid and enforceable term that closes and reflects the purpose of term to be replaced.

9.5 All rights and obligations arising out of this Agreement shall pass to the successors of the Parties and shall be transferred to such successors.

9.6 Headings shall be for ease of reference only and shall in no way limit or modify such term.

9.7 The Parties declare and agree that they have jointly drafted, drawn up and negotiated each term of this Agreement; this shall also apply, if the content and/or the construction of a term is unclear and/or ambiguous. The applicability of section 915 ABGB (Austrian Civil Code) is hereby expressly waived.

10. Costs / Fees

10.1 All costs and fees related to the execution and the registration of this Agreement with the land register, in particular real estate transfer taxes, shall be born by Purchaser; Purchaser has also given the instruction to draw up this Agreement.

10.2 Each Party shall bear the costs relating to the drawing up of this Agreement as well as relating to its advice.

11. Copies

This Agreement is executed in one single deed Purchaser shall be entitled to keep this deed after the registration in the land register. Seller shall receive a single copy.

Appendix
1.4 extracts from the land register

Oberwaltersdorf, this day of 21 December 2007	Oberwaltersdorf, this day of 21 December 2007
on behalf of MEC Grundstücksentwicklungs GmbH	on behalf of MP MAGNA Projektentwicklungs GmbH & Co OEG
Manfred Rottensteiner Stefan Wierzbinski	Dietmar Perger Wolfgang Breitfuss

EX-12 3 a2183268zex-12.htm EXHIBIT 12

Exhibit 12

Earnings to Fixed Charges Ratio

	Year ended December 31, 2007	Year ended December 31, 2006	Year ended December 31, 2005	Year ended December 31, 2004	Year ended December 31, 2003
Part I - Earnings					
Pretax loss from continuing operations	(110,443)	(86,736)	(94,345)	(96,850)	(151,915)
Add:					
Fixed Charges					
Interest expense - not income	52,750	62,253	39,066	26,643	20,610
Amortization of debt issue costs and discount or premium relating to indebtedness	4,757	7,948	3,070	1,625	1,466
Interest portion of rental expense	507	703	267	569	523
Preferred stock dividends	—	—	—	—	—
Fixed Charges reduced by:					
Interest capitalized during the period	371	2,633	5,740	4,043	7,281
Preferred stock dividends	—	—	—	—	—
Amortization related to capitalized interest	372	406	281	247	—
	(53,172)	(18,871)	(57,963)	(72,303)	(136,597)
Part II - Fixed Charges					
Interest Expense - not income	52,750	62,253	39,066	26,643	20,610
Amortization of debt issue costs and discount or premium relating to indebtedness	4,757	7,948	3,070	1,625	1,466
Interest portion of rental expense	507	703	267	569	523
Preferred stock dividends	—	—	—	—	—
	58,014	70,904	42,403	28,837	22,599
Fixed charge coverage	(0.92)	(0.27)	(1.37)	(2.51)	(6.04)

EX-21 4 a2183268zex-21.htm EXHIBIT 21

Exhibit 21

LIST OF SUBSIDIARIES

United States

The Santa Anita Companies, Inc. (Delaware)
  Los Angeles Turf Club, Incorporated (California) (Santa Anita Park)
SLRD Thoroughbred Training Center, Inc. (Delaware) (San Luis Rey Downs)
Gulfstream Park Racing Association, Inc. (Florida)
  Orchid Concessions, Inc. (Florida) (Gulfstream Park Food and Beverage)
  GPRA Commercial Enterprises, Inc.
    The Village at Gulfstream Park, LLC
Pacific Racing Association (California) (Golden Gate Fields)
MEC Land Holdings (California) Inc. (California)
Remington Park, Inc. (Oklahoma)
Thistledown, Inc. (Ohio)
MI Racing Inc. (Delaware) (Great Lakes Downs)
MEC Holdings (USA) Inc. (Delaware)
Bay Meadows Operating Company, LLC (Delaware)
Bay Meadows Catering Company (California)
40000 Delaware Inc. (Delaware)
MEC Global Wagering Solutions LLC (Delaware)
MEC Pennsylvania Racing Services, Inc. (Delaware)
GPRA Thoroughbred Training Center, Inc. (Delaware) (Palm Meadows)
  Palm Meadows Estates, LLC (Delaware)
MEC Land Holdings (Oregon) LLC (Delaware)
MEC Oregon Racing, Inc. (Delaware) (Portland Meadows)
MEC Dixon, Inc. (Delaware)
DLR, Inc.
OTL, Inc.
MEC Texas Racing, Inc. (Delaware)
Racetrack Holdings, Inc. (Delaware)
  MEC Lone Star, L.P. (Delaware) (Lone Star Park at Grand Prairie)
    MEC Texas Concessions, LLC (Texas)
MEC Maryland Ventures, LLC (Maryland)
MEC Maryland Investments, Inc. (Delaware)
  30000 Maryland Investments LLC (Delaware)
    AmTote International Inc. (Delaware)
      AmTote Canada, Inc. (Ontario)
      AmTote Australasia Pty Limited (NSW Australia)
Maryland Racing, Inc. (Delaware)
MJC Racing (2007) LLC (Delaware)
  Maryland Turf Caterers, Inc. (Maryland)
    MTC Cecil County, Inc. (Maryland)
  Laurel Racing Assoc., Inc. (Maryland) (Laurel Park)
    Laurel Racing Association Limited Partnership (Maryland)
      Prince George's Racing, Inc. (Maryland)
        Southern Maryland Agricultural Association (Maryland)
      Maryland OTB Facilities, LLC (Maryland)
      New Maryland OTB Facilities, LLC (Maryland)
  Pimlico Racing Association, Inc. (Maryland)
    The Maryland Jockey Club of Baltimore City, Inc. (Maryland) (Pimlico)
      Southern Maryland Racing, Inc. (Maryland)
        Southern Maryland Agricultural Association (Maryland)
      Maryland OTB Facilities, LLC (Maryland)

New Maryland OTB Facilities, LLC (Maryland)
Michigan Racing, Inc. (Delaware)
XpressBet, Inc. (Delaware)
MEC Media Distribution Corp. (Delaware)
MEC Media Television Holdings, Inc. (Delaware)
Sunshine Meadows Racing, Inc.
Aurora Hospitality Services, Inc. (Delaware)
MEC Developments, Inc. (Delaware)
MEC Services Corp. (Delaware)
Fex Straw Manufacturing Inc. (Delaware)
Santa Anita Commercial Enterprise, Inc. (Delaware)
Santa Anita Associates LLC (Delaware)
MEC Content Holdco LLC (Delaware)
TrackNet Media Group LLC (Delaware)
MEC HRTV Holdco LLC (Delaware)
HRTV, LLC (Delaware)

Canada

MEC Holdings (Canada) Corp. (Nova Scotia)
Adena Meadows II Limited (Ontario)
690346 Ontario Inc. (Ontario)
805062 Ontario Limited (Ontario)
1180482 Ontario Inc (Ontario)

Europe

MEC Projektentwicklungs AG (Austria)
FEX ÖKO-Faserverarbeitungs GmbH (Austria)
MEC Grundstücksentwicklungs GmbH (Austria)
MEC Sport and Entertainment Holding GmbH (Austria)
MEC Sport and Entertainment GmbH (Austria)
MEC Racino Holding GmbH (Austria)
MEC Magna Racino Veranstaltungs GmbH (Austria)
Fontana Beteiligungs AG (Austria)
Fontana Restaurant GmbH (Austria)

EX-23 5 a2183268zex-23.htm EXHIBIT 23

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(a) the Registration Statement (Form S-8 No. 333-32414) pertaining to the Long-Term Incentive Plan of Magna Entertainment Corp.;

(b) the Registration Statement (Form S-3 No. 333-102889) and related prospectus of Magna Entertainment Corp. for the registration of 7¼% Convertible Subordinated Notes due December 15, 2009 and Shares of Class A Subordinate Voting Stock issuable upon the Conversion of such Notes;

(c) the Registration Statement (Form S-3 No. 333-107368) and related prospectus of Magna Entertainment Corp. for the registration of 8.55% Convertible Subordinated Notes due June 15, 2010 and Shares of Class A Subordinate Voting Stock issuable upon the Conversion of such Notes;

(d) the Registration Statement (Form S-3 No. 333-109922) and related prospectus of Magna Entertainment Corp. for the sale of up to $300,000,000 of Magna Entertainment Corp.'s Warrants to Purchase Debt Securities, Warrants to Purchase Class A Subordinate Voting Stock, Debt Securities, including the Debt Securities issuable upon exchange of other Debt Securities or the exercise of such Warrants, and Class A Subordinate Voting Stock, including the Shares of Class A Subordinate Voting Stock issuable upon the exercise of such Warrants or the conversion or exchange of such Debt Securities;

(e) the Registration Statement (Form S-3 No. 333-140802) for the sale of up to $500,000,000 of Magna Entertainment Corp.'s shares of Class A Subordinate Voting Stock, Shares of Class B Stock, Shares of Preferred Stock, Securities warrants, purchase contracts, rights or purchase units issuable upon conversion, exercise of or exchange for securities that provide for conversion, exercise or exchange, upon exercise of rights or warrants or pursuant to the anti-dilution provisions of any such securities; and

(f) the Registration Statement (Form S-8 No. 333-147051) pertaining to the Long-Term Incentive Plan, as Amended, of Magna Entertainment Corp.

of our report dated March 12, 2008, with respect to the consolidated financial statements and schedule of Magna Entertainment Corp., and the effectiveness of internal control over financial reporting of Magna Entertainment Corp., included in this Annual Report (Form 10-K) for the year ended December 31, 2007.

March 14, 2008
Toronto, Canada

/s/Ernst & Young
Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Exhibit 5

Welcome to Golden Gate Fields!

Wagering Information

At Golden Gate Fields, patrons are offered the opportunity to wager on the "live" or actual races being run at the track and on races being simulcasted (televised) from other tracks.

All wagering conducted at Golden Gate Fields is what is known as "pari-mutuel," which means people betting against each other, with the racing association acting as the facilitator. Golden Gate Fields has no interest as to which horse wins – it collects a certain percentage dictated by state law of each dollar wagered. The takeout is split between Golden Gate Fields, the horsemen, state and local governments.

Types of Wagers

Golden Gate Fields offers many different types of wagers. No matter what type of wager you make, PLEASE HOLD ALL TICKETS UNTIL THE RESULTS ARE DECLARED OFFICIAL. A steward's inquiry or claim of foul may change the unofficial order of results.

Standard Wagers

Win – When you bet a horse to win, you win if your horse finishes first.

Place –When you bet a horse to place, you win if your horse finishes first or second.

Show–When you bet a horse to show, you win if your horse finishes first, second, or third.

APPROXIMATE PAY TO WIN ($2.00 BET) IF ODDS ARE:

ODDS	PAY	ODDS	PAY	ODDS	PAY	ODDS	PAY
4-5	$3.60	7-5	$4.80	9-5	$5.60	3	$8.00
1	4.00	3-2	5.00	2	6.00	7-2	9.00
6-5	4.40	8-5	5.20	5-2	7.00	4	10.00

Exotic Wagers

Exacta – To win, you must select the first TWO finishers of the designated race in the EXACT order.

Quinella – To win, you must select in EITHER ORDER, the first two finishers of the designated race.

Trifecta – To win, you must select the first THREE finishers in the designated race in the EXACT order.

Superfecta – To win, you must select the first FOUR finishers of the designated race in the EXACT order.

Daily Double – To win, you must select the winners of two designated races. Wagers must be placed before the running of the first of the two designated races.

Pick Three – To win, you must select the winners of three consecutive races. Wagers must be placed before the running of the first of three designated races.

Pick Four – To win, you must select the winners of four consecutive races. Wagers must be placed before the running of the first of four designated races.

Pick Six – To win, you must select the winners of the six consecutive races designated. Wagers must be placed before the running of the first of the six designated races.

Place-Pick-All – To win, you must select the first or second place finisher in each of the designated races.

Parlay – This is at least a TWO RACE bet. You choose a horse to win, place, or show, and your winnings carry over to the horse you choose in the next race on your card. Races in the parlay must be in chronological order and on the same California track, but need not be consecutive races nor combine the same type of pool (win, place, or show).

How to Make a Wager

Tellered Windows – After you have decided on the type of wager you would like to make, the next step is to place your wager. At tellered windows, announce your bets in the following order:

Step1 – State which **TRACK.**
Step2 – State the **RACE NUMBER.**
Step3 – State the **AMOUNT** of your wager.
Step3 – State the **TYPE OF WAGER** you wi: 1 to make.
Step5 – State the **NUMBER OF THE HO RSE** and/or horses involved in your wager.

EXAMPLE: "Golden Gate Fields, first race. I would like $10 to show on number 2."

Check your tickets

Before leaving a window or SAM, you should check your tickets to be sure they are correct.

General Information for Califor nia Races

Scratches – In the event of a scratch (a horse listed in the official program which does not start), your wager is affected as follows:

- **Win, Place, Show, Exacta, Quinella, Trifecta, and Superfecta** – Your money is refunded. On exotic wages, only wagering combinations involving the scratched horse are refunded.
- **Pick Four, Pick 6/Place-Pick-All** – The betting favorite at the start of the race is substituted for the scratched horse; if an alternate runner has not already been selected.
- **Pick Three and Daily Double** – Scratch rules available at information window.

Entries/Mutuel Fields – Horses grouped as entries or mutuel field are considered one horse for wagering purposes. The most common reason for an entry is that the horses have overlapping ownership. A mutuel field occurs when the number of horses in a race exceeds the number that can be handled individually by the pari-mutuel system.

A scratch or withdrawal of one horse from a wagering interest which consists of more than one horse shall have no effect on any wagers made on such wagering interest.

Cashing tickets – Winning tickets purchased during the current Golden Gate Fields race meeting may be cashed at any time throughout the season. State law dictates that winning tickets must be cashed before May 15, 2010. State law prohibits acceptance of claims for lost or destroyed tickets.

Starters – A horse in the starting gate when the stall door opens for the race is an official starter in the race. Tickets will be refunded if a horse's stall door fails to open.

Photo Finish Camera – The photo finish camera is used to determine the order of finish. All Stewards decisions are final.

Purchase of Tickets – Patrons are advised to make wagers early and check for accuracy. Golden Gate Fields assumes no responsibility for incomplete transactions when the tote machines lock.

Program Errors – While Golden Gate Fields makes every effort to avoid mistakes in the Official Program, it assumes no liability to anyone for errors if they occur.

Out-of-State Races – Races run outside of California are regulated by State laws in effect for each jurisdiction.

> The California Horse Racing Board has directed that race video tapes being reviewed by the stewards during an inquiry shall be shown simultaneously over the closed-circuit monitors on-track and at all simulcast facilities. However, in accordance with CHRB policy, inquiries involving spills and/or injuries will not be included in this program.

GOLDEN GATE FIELDS

Official Program

12th Day – Friday, January 9, 2009

$2.25

Today's Racing Menu

Out of state race pages appear in this order:
Aqueduct (Special 1), Gulfstream Park (Special 2), Fair Grounds (Special 3), Laurel/ Valparaiso (Special 4), Turf Paradise (Special 5), Turfway Park (Special 6).

Upcoming Events

Saturday, January 17
California Derby Day
FREE* Fleece Pullover Giveaway.
***One per paid admission, while supplies last.**

Saturday, January 24
Sunshine Millions Day
Head out to watch the 7th annual Sunshine Millio live via simulcast from Santa Anita and Gulfstrea Special early post time of 12:00 noon.

Sunday, February 1
Super Bowl Sunday
Dollar Day and TV Giveaway
Be 1 of 8 lucky fans to win a 42" flat screen TV! Plus, enjoy Dollar Day discounts.

Grandstand & Club House Gates Open at 10:00 A
Turf Club Gates Open at 11:00 AM
For information call (510) 559-7300

Exhibit 6

Grandstand, near the center, adjacent to the Terrace Food Court; in the Infield, just north of the east tunnel; and in the Club House. A Patron Service Aide is present at all times to provide you with a complete answer to any question you may have. You also may obtain a report form to give us your comments on any aspect of our service. We welcome your opinion! If you have a complaint, please make a note of the time of day, the area, and the exact circumstances. All pari-mutuel windows are numbered, with a plaque affixed at the counter, for your convenience.

PARI-MUTUEL WAGERING

All wagering at Santa Anita Park is pari-mutuel people wagering against each other, with Santa Anita acting as facilitator and retaining a commission. The "takeout," is divided primarily among the racetrack, the horsemen (for purses) and the State of California.

DISTRIBUTION OF AVERAGE DOLLAR WAGERED: 2007-08 SANTA ANITA

Returned to winning fans	80.56¢
State of CA & local governments	2.53¢
Track Operations	7.34¢
Satellite Wagering Fees	1.89¢
Horsemen (Purses)	7.07¢
Breeders' & Owners' Awards	0.61¢
	$1.00

SCRATCHES

In the event of a scratch in the Pick 4, Pick 6 or Pick All, the patron may select an alternate

PROGRAM ERRORS

Every effort is made to avoid mistakes on the official program, but Los Angeles Turf Club assumes no liability to anyone for errors.

CASHING TICKETS

REMEMBER TO KEEP ALL YOUR TICKETS UNTIL THE RESULTS ARE OFFICIAL. A successful claim of foul and/or an inquiry can change the results! Winning tickets may be cashed at any pari-mutuel window. Winning tickets from previous days may be cashed at any window throughout the wagering period. By State law, tickets may be cashed until **May 15, 2010**. State law forbids acceptance of claims for lost or destroyed tickets. VOUCHERS are good until one year after the conclusion of the current race meet.

STARTERS

A horse in the starting gate whose stall door opens when the field is dispatched is an official starter in the race. Tickets will be refunded only if a horse's stall door fails to open. (A refund is not given if one horse in an entry or a mutuel field is declared a non-starter while other members of the entry or field remain starters).

CHRB RULES ON ENTRIES

The California Horse Racing Board Rules state, "A declaration or withdrawal of one horse from a wagering interest which consists of more than one horse shall have no effect on any wagers made on such wagering interest."

Exhibit 7

STATUTORY DISBURSEMENTS

		STATUTORY 2% Location	STATUTORY ADW Location	OTHER STATUTORY	TOTAL STATUTORY
N-Cal:					
27TH DISTRICT AG. ASSOC. - SHASTA	(Satellite)	4,171.17	3,100.38		7,271.55
15TH DISTRICT AGRICULTURAL ASSOC. - KERN COUNTY FAIR	(Satellite)	13,137.05	11,704.58		24,841.63
BAY MEADOWS RACING ASSOCIATION		-	102,569.97		102,569.97
CAL EXPO HARNESS		-	843.71		843.71
9TH DISTRICT AGRICULTURAL ASSOC. - EUREKA	(Satellite)	3,623.72	2,536.58		6,160.30
21ST DISTRICT AGRICULTURAL ASSOC. - FRESNO FAIR	(Satellite)	6,184.21	12,618.47		18,802.68
21ST DISTRICT AGRICULTURAL ASSOC. - FRESNO CLUB ONE	(Satellite)	2,834.28	4,856.51		7,690.79
7TH DISTRICT AGRICULTURAL ASSOC. - MONTEREY	(Satellite)	9,868.57	15,364.79		25,233.36
ALAMEDA COUNTY FAIR ASSN - PLEASANTON	(Satellite)	30,883.49	61,120.93		92,004.42
CA EXPOSITION & STATE FAIR ASSOC.- SACRAMENTO	(Satellite)	31,019.73	43,998.85		75,018.58
SANTA CLARA COUNTY FAIRGROUNDS MGMT. CORP	(Satellite)	28,981.52	58,229.30		87,210.82
SAN MATEO COUNTY FAIR	(Satellite)	64,362.78	25,225.26		89,588.04
SONOMA COUNTY FAIR - SANTA ROSA	(Satellite)	14,962.83	19,311.02		34,273.85
2ND DISTRICT AG. ASSOC. - SAN JOAQUIN COUNTY FAIR	(Satellite)	15,520.96	31,435.90		46,956.86
24TH DISTRICT AG. ASSOC. - TULARE	(Satellite)	2,877.86	4,963.76		7,841.62
38TH DISTRICT AG ASSOC. - STANISLAUS	(Satellite)	7,007.94	12,013.67		19,021.61
SOLANO COUNTY FAIR ASSOC. - VALLEJO	(Satellite)	12,942.46	25,503.53		38,445.99
CALIFORNIA EXPOSITION AND FAIR	(Satellite)	11,327.01			11,327.01
Cal. Marketing Committee				57,086.90	57,086.90
Cal. Thoroughbred Business League				58,103.00	58,103.00
California Authority of Racing FairsCalifornia Authority of Racing Fairs					-
TOTAL N-CAL		259,705.58	435,397.21	115,189.90	810,292.69
S-Cal:					
BARONA	(Satellite)	14,594.08	20,567.86		35,161.94
EAST VALLEY TOURIST DEVELOPMENT AUTHORITY - FANTASY SPRINGS	(Satellite)	16,540.04	13,860.94		30,400.98
HOLLYWOOD PARK RACING ASSOC., LLC.	(Satellite)	142,723.94	162,038.91		304,762.85
46TH DISTRICT AG. ASSOC. - HEMET	(Satellite)	12,938.97	20,210.15		33,149.12
50TH DISTRICT AG. ASSOC. - LANCASTER	(Satellite)	12,263.27	17,885.09		30,148.36
LOS ALAMITOS RACE COURSE	(Satellite)	186,417.03	265,235.86		451,652.89
OAK TREE RACING ASSOCIATION		-	3,129.89		3,129.89
LOS ANGELES COUNTY FAIR ASSOC. - POMONA	(Satellite)	35,123.77	55,354.35		90,478.12
NATIONAL ORANGE SHOW CITRUS FRUIT FESTIVAL	(Satellite)	24,470.70	37,648.11		62,118.81
19TH DISTRICT AG. ASSOC. -SANTA BARBARA	(Satellite)	5,111.18	7,243.46		12,354.64
37TH DISTRICT AG. ASSOC. - SANTA MARIA	(Satellite)	6,426.58	6,528.06		12,954.64
RIVERSIDE COUNTY FAIR & NATIONAL DATE FESTIVAL - SHALIMAR	(Satellite)	10,434.90	7,601.17		18,036.07
DEL MAR THOROUGHBRED CLUB		-	4,471.27		4,471.27
22ND DISTRICT AG. ASSOC. (Surfside Race Place)	(Satellite)	81,625.25	68,947.01		150,572.26
31ST DISTRICT AG. ASSOC. - VENTURA	(Satellite)	23,114.12	32,640.28		55,754.40
28TH DISTRICT AG. ASSOC. - VICTORVILLE	(Satellite)	10,014.75	10,283.93		20,298.68
VIEJAS ENTERPRISES	(Satellite)	9,124.60	14,844.62		23,969.22
LOS ALAMITOS QUARTERS					-
California Thoroughbred Business League				183,751.75	183,751.75
California Marketing Committee				66,213.26	66,213.26
SO CALIF OFF TRACK WAGERING INC				206,917.50	206,917.50
TOTAL S-CAL		590,923.18	748,490.96	456,882.51	1,796,296.65
TOTAL STATEWIDE		850,628.76	1,183,888.17	572,072.41	2,606,589.34

B 104 **ADVERSARY PROCEEDING COVER SHEET** ADVERSARY PROCEEDING NUMBER

(Rev. 5/00) (Instructions on Reverse) (Court Use Only)

PLAINTIFFS
ALAMEDA COUNTY AGRICULTURAL FAIR ASSOCIATION, BAY MEADOWS RACING ASSOCIATION, EAST VALLEY TOURIST DEVELOPMENT AUTHORITY, ET AL.
(SEE ATTACHED)

DEFENDANTS
MAGNA ENTERTAINMENT CORP., PACIFIC RACING ASSOCIATION, INC., MEC LAND HOLDINGS (CALIFORNIA), INC., LOS ANGELES TURF CLUB, INC., THE SANTA ANITA COMPANIES, INC., ET AL.
(SEE ATTACHED)

ATTORNEYS (Firm Name, Address, and Telephone No.)
Michelle K. McMahon
BRYAN CAVE LLP
1290 Avenue of the Americas
New York, New York 10104
(212) 541-2000

ATTORNEYS (If Known)

PARTY (Check one box only) __ 1 U.S. PLAINTIFF __ 2 U.S. DEFENDANT X 3 U.S. NOT A PARTY

CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)
Complaint for declaratory and other relief, pursuant to 28 U.S.C. §§ 2201 and 2202, among other statutes.

NATURE OF SUIT
(Check the one most appropriate)

X 454 To Recover Money or Property
X 435 To Determine Validity, Priority, or Extent of a Lien or Other Interest in Property
__458 To obtain approval for the sale of both the interest of the estate and of a co-owner in property
__424 To object or to revoke a discharge 11 U.S.C. § 727

__455 To revoke an order of confirmation of a Chap. 11, Chap. 12, or Chap. 13 Plan
__426 To determine the dischargeability of a debt 11 U.S.C. §523
X 434 To obtain an injunction or other equitable relief
__457 To subordinate any allowed claim or interest except where such subordination is provided in a plan

X 456 To obtain a declaratory judgment relating to any of foregoing causes of action
__459 To determine a claim or cause of action removed to a bankruptcy court
X 498 Other (specify) - relief from the Automatic stay/ setoff

ORIGIN OF PROCEEDINGS (Check One Box Only)
X 1 Original Proceeding __2 Removed Proceeding __4 Reinstated or Reopened __5 Transferred from Another Bankruptcy Court __CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND NEAREST THOUSAND OTHER RELIEF SOUGHT JURY DEMAND

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES

NAME OF DEBTOR	BANKRUPTCY CASE NO.	
MAGNA ENTERTAINMENT CORP., ET AL.	09-10720-MFW	
DISTRICT IN WHICH CASE IS PENDING	**DIVISIONAL OFFICE**	**NAME OF JUDGE**
DISTRICT OF DELAWARE	DELAWARE	MARY F. WALRATH

RELATED ADVERSARY PROCEEDING (IF ANY)

PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT	**DIVISIONAL OFFICE**	**NAME OF JUDGE**

FILING FEE (Check one box only.) __ FEE ATTACHED __FEE NOT REQUIRED __FEE IS DEFERRED

DATE	PRINT NAME	SIGNATURE OF ATTORNEY (OR PLAINTIFF)
02/08/10	**Michelle K. McMahon**	/S/ Michelle K. McMahon

Local Form 109

<u>ATTACHMENT TO ADVERSARY PROCEEDING COVER SHEET</u>

<u>Plaintiffs</u>:

ALAMEDA COUNTY AGRICULTURAL FAIR ASSOCIATION, BAY MEADOWS RACING ASSOCIATION, EAST VALLEY TOURIST DEVELOPMENT AUTHORITY, CALIFORNIA AUTHORITY OF RACING FAIRS, CALIFORNIA EXPOSITION AND STATE FAIR ASSOCIATION, CALIFORNIA MARKETING COMMITTEE, CALIFORNIA THOROUGHBRED BUSINESS LEAGUE, CALIFORNIA THOROUGHBRED TRAINERS BACKSTRETCH EMPLOYEES CASH BALANCE PENSION PLAN, CALIFORNIA RACE TRACK PENSION PLAN, DEL MAR THOROUGHBRED CLUB, 9th DISTRICT AGRICULTURAL ASSOCIATION, 21st DISTRICT AGRICULTURAL ASSOCIATION, HOLLYWOOD PARK RACING ASSOCIATION, 15th DISTRICT AGRICULTURAL ASSOCIATION, 50th DISTRICT AGRICULTURAL ASSOCIATION, LOS ALAMITOS RACE COURSE, LOS ANGELES COUNTY FAIR ASSOCIATION, 7th DISTRICT AGRICULTURAL ASSOCIATION, RIVERSIDE COUNTY FAIR AND NATIONAL DATE FESTIVAL, NATIONAL ORANGE SHOW CITRUS FRUIT FESTIVAL, NORTHERN CALIFORNIA OFF TRACK WAGERING, INC., OAK TREE RACING ASSOCIATION, 46th DISTRICT AGRICULTURAL ASSOCIATION, 2nd DISTRICT AGRICULTURAL ASSOCIATION, SAN MATEO COUNTY FAIR, 19th DISTRICT AGRICULTURAL ASSOCIATION, 37th DISTRICT AGRICULTURAL ASSOCIATION, SONOMA COUNTY FAIR, 27th DISTRICT AGRICULTURAL ASSOCIATION, 24th DISTRICT AGRICULTURAL ASSOCIATION, SOLANO COUNTY FAIR ASSOCIATION, SOUTHERN CALIFORNIA OFF TRACK WAGERING, INC., 38th DISTRICT AGRICULTURAL ASSOCIATION, 31st DISTRICT AGRICULTURAL ASSOCIATION, 28th DISTRICT AGRICULTURAL ASSOCIATION, 22nd DISTRICT AGRICULTURAL ASSOCIATION, and VIEJAS ENTERPRISES

<u>Defendants</u>:

MAGNA ENTERTAINMENT CORP., PACIFIC RACING ASSOCIATION, INC., MEC LAND HOLDINGS (CALIFORNIA), INC., LOS ANGELES TURF CLUB, INC., THE SANTA ANITA COMPANIES, INC.