



REPORT OF CEO AND PRESIDENT



Presented to the Board of Directors

March 10, 2016

NYRA REORGANIZATION

RECORD OF

PROGRESS

AND

SUCCESS

- Financial Performance
- Enhanced Facilities
- Greater Focus on Safety
- Enhanced Racing
- New Management Team

NYRA REORGANIZATION

THREE

PRIORITIES

1. Restore NYRA to profitability;
2. Improve quality of racing;
3. Enhance the sporting and wagering experience for all our fans.

FINANCE COMMITTEE LEADERSHIP

- 2014: NYRA registered 1st operating budget surplus; NYRA became debt-free.
- 2015: NYRA registered 2nd consecutive operating surplus;

BETTER FINANCIAL PERFORMANCE

GOVERNANCE COMMITTEE LEADERSHIP

- We instituted several financial, legal and legislative reviews to insure that the kind of errors made with respect to the take out of exotic bets does not happen again.
- NYRA changed from local auditor to KPMG, one of 'Big Four' auditing firms.

IMPROVEMENTS IN GOVERNANCE

RACING AND EQUINE SAFETY COMMITTEES LEADERSHIP

- Helped NYRA create safer, more enjoyable racing.
- NYRA hired first Safety Steward to lead equine safety program.
- NYRA became nation's only organizations of its kind that provides 24/7 horse and fire security coverage.
- NYRA made investments to make racing safer.
- NYRA supported Gaming Commissions efforts to adopt model rules establishing thresholds limit for 24 specific medications, and continued efforts to adopt model rules regarding penalties for multiple offenders.

COMMITMENT TO SAFETY

EQUINE SAFETY

Equine Injury Database

| | 2012 | 2013 | 2014 | 2015 |
|-------------------------|-------------|-------------|-------------|-------------------|
| NATIONAL AVERAGE | 1.92 | 1.90 | 1.89 | <i>TBD</i> |
| NYRA | 2.20 | 1.29 | 1.83 | 1.09 |

NYRA 2015: 1.09

COMMITMENT TO SAFETY

NYRA NY BRED PURSES

| YEAR | PURSES PAID |
|------|--------------|
| 2011 | \$23,477,000 |
| 2012 | \$34,480,000 |
| 2013 | \$39,212,000 |
| 2014 | \$40,396,500 |
| 2015 | \$40,877,000 |

2011 to 2015: **\$17.4 million** more in purses; an increase of **74%**.

COMMITMENT TO NEW YORK BRED

IMPROVING THE EXPERIENCE: AQUEDUCT

- Launched new Claiming Championship Series including 10 starter races worth \$700,000+.
- **Must-See:** Wood Memorial Day.

A photograph of a jockey in blue silks riding a grey horse, Frosty, during the Wood Memorial race. The jockey is wearing a blue helmet and sunglasses. The horse is wearing a white blinker with a blue logo. The background is a blurred racetrack.

WOOD MEMORIAL 2015: FROSTED

IMPROVING THE EXPERIENCE : BELMONT

- 2015: Three-day mega event - Belmont Stakes Racing Festival generated **more than \$165 million in total wagering** and **attracted 100,749 fans** throughout the three-day period.
- 2016 Ticket Sales: To date, more than 55% of reserved seating and hospitality sold.



BELMONT STAKES DAY: AMERICAN PHAROAH

IMPROVING THE EXPERIENCE: SARATOGA

- More than \$654 million wagered;
- Largest on-track wagering history: \$157.6 million;
- Off-track wagering rose 17% to \$497 million.



SARATOGA RACE MEET 2015

VICE PRESIDENT OF SECURITY

- Bobby Sica, NYRA new Vice President of Security;
- 31-year veteran of U.S. Secret Service, having served as special agent of New York field office; Served as the chief law enforcement officer for 2 of the largest National Special Security Events in the history of the U.S. Secret Service.

EXECUTIVE COMMITTEE LEADERSHIP

- Played an important role in the development of our long-range strategic plan;
- Built a forward-looking and sustainable budget to support long-term plan;
- 2016 budget forecast projects our achievement of 3rd year operating profit.

SHORT TERM AND LONG TERM PROGRESS

NYRA REORGANIZATION PLAN

Will consist of:

- A summary of our reorganization efforts to date.
- Our proposed future legal and governance structures.
- A series or proposed legislative and/or regulatory changes to facilitate business objectives and bring longer term stability to the thoroughbred horse racing industry in New York State.
- A business plan encompassing our 2014, and 2015 results, our 2016 budget, and our 2017 financial plan.

MOVING FORWARD



FINANCIAL REPORT

Presented to the Board of Directors

March 10, 2016

FINANCIAL REPORT

SUMMARY OF FINANCIAL CONDITION AND
UNAUDITED RESULTS OF OPERATIONS FOR FISCAL YEAR ENDED
DECEMBER 31, 2015

P&L Highlights

(in millions)

| | Full Year | | | | | | |
|--------------------------------------|------------|------------|----------|----------|------------|---------|----------|
| | 2015 | Budget | Change | % Change | 2014 | Change | % Change |
| Race Days | 237 | 243 | (6) | -2.5% | 245 | (8) | -3.3% |
| Total Handle | \$ 2,542.7 | \$ 2,365.2 | \$ 177.5 | 7.5% | \$ 2,478.0 | \$ 64.7 | 2.6% |
| Gross Pari Mutuel Revenue | \$ 255.0 | \$ 243.8 | \$ 11.2 | 4.6% | \$ 249.4 | \$ 5.6 | 2.2% |
| Gross revenue from Racing Operations | \$ 290.9 | \$ 279.8 | \$ 11.1 | 4.0% | \$ 282.2 | \$ 8.7 | 3.1% |
| Operating Expenses | \$ 160.3 | \$ 152.1 | \$ 8.2 | 5.4% | \$ 153.0 | \$ 7.3 | 4.8% |
| Operating Income from Racing | \$ 3.5 | \$ 2.2 | \$ 1.3 | 59.1% | \$ 1.7 | \$ 1.8 | 105.9% |