

TOC BOARD ELECTION GETS UNDER WAY

The nomination process for candidates for the TOC board begins this month.



There are two ways that members may qualify for the ballot – nomination by the nominating committee or nomination by petition. To qualify for board service, an individual must hold a current California Horse Racing Board (CHRB) owner's license, own at least 25% of a Thoroughbred racehorse, have started a horse or horses a minimum of six times in California during the prior calendar year, and be a member in good standing.

TOC Board member duties include attendance at monthly board and committee meetings and periodic attendance at CHRB and/or other industry events. Board

members receive no compensation for their service, though reimbursements for necessary travel and lodging expenses are made.

There are a total of 15 directors on TOC's board, with members serving three-year staggered terms, such that five seats are up for election each year. According to TOC bylaws, at least two but no more than six directors must be from the owner/trainer class of members; of the owner/trainer directors, at least one must be from the Northern Zone and at least one must be from the Southern Zone; and at least three of the total number of directors must be from the Northern Zone at any given time. All qualified members, regardless of membership class as defined in TOC Bylaws, shall have the right to vote for nominees from both the owner and owner/trainer classes of members.

To Qualify by Nomination: Owners interested in serving on the board should submit a letter to the nominating committee by February 1, including the reasons for wishing to serve on the board, confirmation of eligibility for the board, and a biographical statement. If sent by mail, these materials should be addressed to the TOC Nominating Committee, 285 W. Huntington Dr., Arcadia, CA 91007, and postmarked by February 1. Those expressing interest will be informed of the committee's decision by March 1, with announcement of the nominees made soon thereafter.

To Qualify by Petition: Those seeking to run for the board through the Petition Process must qualify by obtaining 50 signatures from current TOC members supporting the candidacy on a petition issued by TOC. To obtain the petition form, contact TOC's Santa Anita office at (626) 574-6620. The deadline for filing a completed petition is March 1.

Ballots and candidate statements are mailed out to all TOC members on May 15. The postmark deadline for returned ballots is June 15, and the newly elected board members will take office on July 1.

PURSE COMPARISON

| Condition | Santa Anita 2015 | Aqueduct 2015 | Gulfstream 2015 |
|----------------|------------------|---------------|-----------------|
| MSW | \$56,000 | \$60,000 | \$40,000 |
| NW1X | \$58,000 | \$67,000 | \$42,000 |
| NW2X | \$60,000 | \$69,000 | \$44,000 |
| \$25K Claiming | \$32,000 | \$47,000 | \$24,000 |

| Condition | Golden Gate 2015 | Turf Paradise 2015 |
|----------------|------------------|--------------------|
| MSW | \$26,000 | \$12,000 |
| NW1X | \$27,000 | \$13,800 |
| NW2X | \$29,000 | \$17,500 |
| \$10K Claiming | \$13,000 | \$10,000 |

Purse levels adjusted for built in State Bred incentives where applicable.
Santa Anita and Golden Gate Purses from Approved Schedule. Data from Equibase.

Track Reports (Purse Generation)

Del Mar Fall* Total Purse Rev Generated - Total Rev Producing Handle

| November 7, 2014 - November 30, 2014 | 2014 | 2013 | Diff \$\$ | Diff % |
|--------------------------------------|---------------|---------------|--------------|--------|
| Total Purses Generated | \$6,986,294 | \$6,069,157 | \$917,137 | 15.11% |
| Total Revenue Producing Handle | \$145,478,036 | \$129,745,491 | \$15,732,544 | 12.13% |
| Race Days | 15 | 16 | -1 | -6.25% |

Los Alamitos Winter* - Total Purse Rev Generated - Total Rev Producing Handle

| December 4, 2014 - December 21, 2014 | 2014 | 2013 | Diff \$\$ | Diff % |
|--------------------------------------|--------------|--------------|---------------|---------|
| Total Purses Generated | \$3,024,268 | \$4,593,192 | -\$1,568,923 | -34.16% |
| Total Revenue Producing Handle | \$64,628,302 | \$98,765,243 | -\$34,136,941 | -34.56% |
| Race Days | 12 | 11 | 1 | 9.09% |

*Hollywood Park in 2013

Golden Gate Fields Fall - Total Purse Rev Generated - Total Rev Producing Handle

| October 16, 2014 - December 14, 2014 | 2014 | 2013 | Diff \$\$ | Diff % |
|--------------------------------------|---------------|---------------|--------------|--------|
| Total Purses Generated | \$4,663,688 | \$4,935,279 | -\$271,591 | -5.50% |
| Total Revenue Producing Handle | \$101,031,492 | \$103,092,678 | -\$2,061,187 | -2.00% |
| Race Days | 34 | 36 | -2 | -5.56% |

Santa Anita Autumn - Total Purse Rev Generated - Total Rev Producing Handle

| September 26, 2014 - November 2, 2014 | 2014 | 2013 | Diff \$\$ | Diff % |
|---------------------------------------|---------------|---------------|-------------|--------|
| Total Purses Generated | \$9,562,966 | \$9,634,007 | -\$71,041 | -0.74% |
| Total Revenue Producing Handle | \$212,908,067 | \$205,944,306 | \$6,963,761 | 3.38% |
| Race Days | 23 | 22 | 1 | 4.55% |

Santa Anita Autumn does NOT Include Breeders' Cup Days

LEADING OWNERS FROM THE SANTA ANITA MEET September 26 — November 2, 2014

| MOST WINS | | MOST STARTS | | MOST EARNINGS | |
|-----------|--|-------------|---|---------------|---|
| 1 | Reddam Racing LLC 7 | 1 | Reddam Racing LLC 38 | 1 | Kaleem Shah, Inc. \$2,822,358 |
| 2 | Alesia, Sharon, Bran Jam Stable and Ciaglia Racing LLC 4 | 2 | Hronis Racing LLC 27 | 2 | Flaxman Holdings, Ltd. \$2,750,000 |
| 3 | Kaleem Shah, Inc. 3 | 3 | DP Racing, LLC 24 | 3 | Winchell Thoroughbreds LLC \$1,280,000 |
| 3 | Juddmonte Farms, Inc. 3 | 4 | KM Racing Enterprise, Inc. 23 | 4 | Ramsey, Kenneth L. and Sarah K. \$1,262,250 |
| 3 | DP Racing, LLC 3 | 5 | Kretz Racing LLC 13 | 5 | Brehm, Erich, Detmar, Wayne, Michaels, Lee, Desormeaux, J. Keith et al. \$1,136,000 |
| 3 | DP Racing, LLC 3 | 5 | B G Stable and Palma, Hector 13 | | Statistics generated from Equibase.com |
| 3 | KM Racing Enterprise, Inc. 3 | 5 | Rockingham Ranch 13 | | |
| 3 | Tommy Town Thoroughbreds LLC 3 | | | | |

LEADING OWNERS FROM THE DEL MAR MEET November 7 – November 30, 2014

| MOST WINS | | MOST STARTS | | MOST EARNINGS | |
|-----------|--|-------------|--|---------------|--|
| 1 | Rockingham Ranch 5 | 1 | Chandler, Bruce, Purple Shamrock Racing and Zucker, Lorraine 2 | 1 | Coburn, Steven and Martin, Perry \$180,000 |
| 2 | Reddam Racing LLC 2 | 2 | Wilson, Holly and David 2 | 1 | Salvador Hernandez \$180,000 |
| 2 | Poston, Bill and Vicki 2 | 2 | Little Red Feather Racing 2 | 2 | Donegal Racing and Rockingham Ranch \$150,000 |
| 2 | Mansor, Tom and Tachycardia Stables 2 | 2 | Santa Ines Stable 2 | 2 | Quintessential Racing Florida LLC, Horse'n Around Racing Stable and Barber, G. \$150,000 |
| 2 | Williams, Mr. and Mrs. Larry D. 2 | | | 3 | Reddam Racing LLC \$134,838 |
| 2 | Lucky Charm Stable 2 | 1 | KM Racing Enterprise, Inc. 18 | | Statistics generated from Equibase.com |
| 2 | C R K Stable 2 | 2 | Reddam Racing LLC 17 | | |
| 2 | Eclipse Thoroughbred Partners 2 | 3 | Rockingham Ranch 15 | | |
| 2 | Alesia, Sharon, Bran Jam Stable and Ciaglia Racing LLC 2 | 3 | Hronis Racing LLC 15 | | |
| | | 4 | DP Racing, LLC 12 | | |

LEADING OWNERS FROM THE GOLDEN GATE MEET October 16 – December 14, 2014

| MOST WINS | | MOST STARTS | | MOST EARNINGS | |
|-----------|--|-------------|---|---------------|--|
| 1 | Leon Scott 7 | 1 | Williams, Mr. and Mrs. Larry D. 26 | 1 | Williams, Mr. and Mrs. Larry D. \$105,988 |
| 2 | Hedrick, Judy and William L. 5 | 2 | Alexander A. Paszkeicz Living Trust 24 | 2 | Hollendorfer, Jerry and Todaro, George \$102,230 |
| 2 | Harris Farms, Inc. 5 | 3 | Bennett, Russell J. and Lois 22 | 3 | Hedrick, Judy and William L. \$86,275 |
| 3 | Hollendorfer, Jerry and Todaro, George 4 | 4 | Joseph P. Morey, Jr. Revocable Trust 21 | 4 | Joseph P. Morey, Jr. Revocable Trust \$77,283 |
| 3 | Bennett, Russell J. and Lois 4 | 5 | Lanning, Curt and Lila 20 | 5 | Tommy Town Thoroughbreds LLC \$73,360 |
| 3 | KMN Racing LLC 4 | | | | Statistics generated from Equibase.com |
| 3 | Red Baron's Barn LLC 4 | | | | |
| 3 | Douzos, M. A. and Matos, Sandra 4 | | | | |

LEADING OWNERS FROM THE LOS ALAMITOS MEET December 4 – 21, 2014

| MOST WINS | | MOST STARTS | | MOST EARNINGS | |
|-----------|---|-------------|----------------------------------|---------------|--|
| 1 | Kaleem Shah, Inc. 5 | 1 | Mike Harrington 17 | 1 | Kaleem Shah, Inc. \$414,480 |
| 2 | Mike Harrington 3 | 2 | Bobby Wayne Grayson 10 | 2 | Willis D. Horton \$210,000 |
| 3 | Nicholas B. Alexander 2 | 3 | Kings River Ranch 9 | 3 | Watson, Karl, Pegram, Michael E. and Weitman, Paul \$121,270 |
| 3 | Tommy Town Thoroughbreds LLC 2 | 4 | Reddam Racing LLC 8 | 4 | Beckerle, Tom, Lovingier, Terry C. and Navarro, Amanda \$114,000 |
| 3 | Harris Farms, Inc. 2 | 5 | Benjamin C. Warren 7 | 4 | Johnston, E. W. and Judy and Riggio, Robert . . . \$114,000 |
| 3 | Agnew, Dan, Branch, William and Xitco, John . 2 | | | | Statistics generated from Equibase.com |
| 3 | Brown, Richard, Halasz, Tom, Johnson, Ryan, Newhart, Paul L. et al. 2 | | | | |
| 3 | Charles Garvey 2 | | | | |
| 3 | Kevin R. Owens 2 | | | | |

LEGISLATIVE UPDATE

The 2014-15 Legislative session has begun, and Internet Poker was one of the first ten bills introduced in the Assembly. AB 9, Assemblyman Mike Gatto (D-Silver Lake), would allow for card rooms and tribal casinos to operate I-Poker sites. TOC is working with the assemblyman to include racing as he moves forward, and we will of course oppose the bill unless racing is allowed equal opportunities in this new form of gaming.

Assemblyman Reggie Jones-Sawyer (D-Los Angeles) will soon introduce a bill that will include horse racing as an eligible licensee equal to tribes and card rooms. TOC has worked tirelessly with the assemblyman and other stakeholders to include racing in this new revenue opportunity, and we will continue until we are successful. We are told the new bill will include a new license fee of \$10 million dollars and a tax rate of 8.5%. The legislation should be introduced in January, and there will be a great deal of work to do in regards to the details of the bill including suitability, regulation, background checks, ability to structure financial partnerships and the total number of licenses allowable under the new law. We will continue to work with our racing partners including the tracks, breeders, trainers, jockeys and our unions to make sure we pass a bill that's good for all of racing or defeat any legislation that does not benefit racing.

Lastly, we will continue to be vigilant with regard to any medication or animal welfare legislation that may impact the thoroughbred industry.

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Winter 2015

U.S. Thoroughbred Racing Economic Indicators

| Indicator | Dec-14 | Dec-13 | % Change |
|-------------------------|---------------|---------------|----------|
| Wagering on U.S. Races* | \$642,243,496 | \$706,303,954 | -9.07% |
| U.S. Purses | \$58,260,685 | \$66,530,394 | -12.43% |
| U.S. Race Days | 287 | 323 | -11.15% |

| Indicator | Year End 2013 | Year End 2012 | % Change |
|-------------------------|------------------|------------------|----------|
| Wagering on U.S. Races* | \$10,552,214,930 | \$10,860,918,711 | -2.84% |
| U.S. Purses | \$1,111,767,029 | \$1,127,221,156 | -1.37% |
| U.S. Race Days | 4,973 | 5,114 | -2.76% |

*Includes worldwide commingled wagering on U.S. races. Data from Equibase.

California Thoroughbred Racing Economic Indicators

| Indicator | Dec-14 | Dec-13 % | Change |
|----------------------|---------------|---------------|---------|
| Wagering on CA Races | \$101,059,750 | \$143,131,407 | -29.39% |
| CA Purses Generated* | \$7,098,776 | \$9,140,596 | -22.34% |
| CA Race Days | 27 | 29 | -6.90% |

| Indicator | Year End 2013 | Year End 2012 | % Change |
|----------------------|-----------------|-----------------|----------|
| Wagering on CA Races | \$1,973,117,624 | \$2,017,217,799 | -2.19% |
| CA Purses Generated* | \$131,654,142 | \$134,858,602 | -2.38% |
| CA Race Days | 419 | 431 | -2.78% |

*Total purses generated. Data from CHRIMS.



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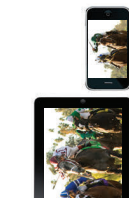


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PRESIDENT'S REPORT



Our first full year of racing without Hollywood Park is in the books. 2014 was a good year for racing in California. Across the state, we raced 14 fewer days than in 2013. Total purses generated were \$122.7 million, down \$3.6 million from 2013; but average daily purses generated were up \$1,000 per day. With our year-round schedule, high purses, sunshine, and industry paid stabling, we remain a very attractive place for our owners and trainers to race.

Horse recruitment and field size are TOC priorities. In 2015 we are starting a year-round Ship and Win program through the California Marketing Committee (CMC). Any owner shipping in a horse to Southern California that has not been in the state for a year and who has started before receives a \$1,000 bonus for racing and an additional 30 percent of purses won. This program has been very successful at Del Mar for the last three years, and we believe it will work on a year-round basis. To date over 60 percent of the starters in the program have been with California-based trainers.

In 2015, as in 2014, all major race meets will be covered by both HRTV and TVG. This additional television distribution has been very beneficial to California.

We continue to work on Internet poker legislation; and as always being fiscally responsible and protecting your purses remain two of our highest priorities.

If you ever have a question or comment, please feel free to call our office at (626) 574-6620 or my cell phone at (859) 621-8286.

Joe Morris
Joe Morris

IMPORTANT DATES

Mar. 1, 2015: Deadline to file completed petitions, for those seeking to qualify for the 2015 board election by the petition process. Petition form are now available at the TOC offices.

Mar. 14, 2015: TOC Open Forum, Baldwin Conference Room at Santa Anita. Registration now open at www.toconline.com.

For information on these and other TOC events visit www.toconline.com or call (626) 574-6620.