

2011 Race Meet and Purse Agreement - Status Update for NEHBPA Members
January 27, 2011

*New England HBPA Board of Directors Unanimously Votes To Reject Suffolk Downs Proposal
And To Block Aqueduct Simulcast Signal*

Last night, the New England HBPA Board of Directors unanimously voted to reject Suffolk Downs' proposal to conduct the 2011 race meet for a number of race days that is substantially below the statutory minimum requirement of 100 race days. Suffolk proposed to fund purses at the minimum amount that Suffolk Downs believes is required under Massachusetts law. The NEHBPA disagrees with Suffolk's position as to statutory requirements and believes that state law requires Suffolk Downs to negotiate with the NEHBPA in good faith.

Last year, Suffolk Downs refused to enter into any meaningful negotiations relative to a purse contract for 2010. Despite the lack of a contract, the meet proceeded in reliance upon the representations of Suffolk Downs that a purse structure consistent with the 2009 meet would be maintained and that it would negotiate with the NEHBPA in the event it determined it was necessary to reduce purses. Notwithstanding that representation, in August 2010, Suffolk Downs, without prior notice to the NEHBPA, unilaterally made a significant cut to purses. As a result of that reduction, purse funding for 2010 was reduced to the minimum amount that Suffolk Downs believed was required under Massachusetts law.

Prior to the conclusion of the 2010 race meeting, the NEHBPA made clear to Suffolk Downs that especially in light of the events of 2010, the NEHBPA required a purse contract for 2011 to be resolved prior to the end of 2010. Notwithstanding that notice, Suffolk Downs declined to respond to the NEHBPA 2011 purse proposal and refused to conduct any meaningful negotiations until late December when the NEHBPA noticed its intent to take action due to the refusal of Suffolk Downs to negotiate the matter.

In the negotiations that followed, both Suffolk Downs and the NEHBPA agreed that purse funding of approximately \$100,000 per day is necessary to attract sufficient horses to conduct a reasonable meet. But Suffolk Downs has refused to move from its initial position that purse funding for 2011 be limited to the minimum amount that Suffolk Downs believed was required under Massachusetts law.

The NEHBPA continues to seek a fair share of the revenue generated from wagering. The NEHBPA believes that Suffolk Downs is required by Massachusetts law to negotiate with the NEHBPA a fair and equitable division of the revenue from simulcasting within the statutory range of 4% to 7.5% of the handle. Suffolk Downs has proposed to pay only statutory minimum 4% of the simulcasting handle to purses and to reduce the number of racing days below the mandated state minimum of 100 days. Based on the financial information available to the NEHBPA, it appears that the Suffolk Downs proposal results in it retaining more than 75% of the simulcasting commissions. Suffolk Downs has refused to date to provide the NEHBPA with detail as to the distribution of simulcasting commissions over the past few years. The NEHBPA believes that a fair and equitable division of these simulcasting commissions is the payment of 7.5% of the simulcasting handle to purses as permitted by Massachusetts law. This would result in sufficient funding for a 100 day meet as required under State law and would effectively result in simulcasting revenue to be divided equally between purses and Suffolk Downs.

The NEHBPA does not believe that the position of Suffolk Downs represents good faith negotiations. Its only proposal to date is to refuse to negotiate above the minimum division of simulcasting revenue required under State law and to seek fewer racing dates than mandated by Massachusetts law. The NEHBPA believes, especially in light of the events of 2010, that it has exhausted all other alternatives. Accordingly, the Board of Directors of the NEHBPA unanimously voted last evening to withdraw its consent as required under Massachusetts General laws for the transmission of NYRA signal to all Massachusetts licensees including Suffolk Downs.

The New England HBPA has consistently sought application to purses of a fair share of the gross revenue generated from racing. The New England HBPA remains open to a reasonable proposal from Suffolk Downs that results in an equitable division of revenue.