

THURSDAY, DECEMBER 8, 2005

THE CANADIAN RACINO

Sponsors:

Complimentary Breakfast: Equibase

Refreshment Break: Churchill Downs, Inc.

Speakers:

Jerry Bouma, Senior Partner; Toma & Bouma Management Consultants

Karl Gagesch, Vice President, Development; Ontario Lottery and Gaming Corporation

Chuck Keeling, Vice President, Racing Operations; Great Canadian Gaming Corporation

MR. SID BERGER: Good morning, and welcome to final day of the 2005 Symposium on Racing and Gaming. I'm Sid Berger of The Innovation Group, and we had the opportunity to work with the University of Arizona to put together the gaming side panels. And this morning our panel will cover the Canadian perspective from Alberta to Ontario to Prince Edward Island.

I'd like to bring up the moderator for the Canadian Perspective, Karl Gagesch, who's vice president of development with Ontario Lottery and Gaming Corporation. As such Karl is responsible for industry research, managing major capital projects for the company, and for overseeing commercial casinos throughout the province of Ontario.

Karl has his undergraduate degree in business administration and an MBA from New York University.

And please welcome Karl Gagesch.

(Applause)

MR. KARL GAGESCH: Thanks, and thank you for joining us for an 8:00 o'clock session. I guess this is the last early morning session for the program.

We've got an interesting panel for you today, and hopefully you'll enjoy the session. We're here to talk to you about Canada and racing and gaming in Canada, and it's my pleasure to introduce to you the panel today.

And I'm going to start from the west coast going to the east coast, so I'll start with Chuck Keeling. Chuck lives and works in British Columbia. Chuck is vice president of horse operations at Great Canadian Gaming Corporation; he's had this position since March of 2005.

Prior to this Chuck was general manager at the Orangeville Raceway in Surrey, B.C. Chuck is also on the board of directors of Standardbred Canada, the national governing body of the sport since 2001. He was director of the Horse Racing Alliance of B.C. from its inception in 1996.

Chuck has also been a Director of the TBC teletheaters since 1996. He's a member of four Chambers of Commerce in various municipalities in B.C., and Chuck was named Horseperson of the Year in 2004 by the B.C. Standardbred Association and the B.C. Standardbred Breeders Society, which is a rare honor for any racetrack operator. So we've got a very seasoned and experienced fellow in Chuck.

Next we've got Jerry Bouma. Jerry is a Senior Partner with Toma and Bouma Management Consultants. Jerry's consulting practice is located in Edmonton, Alberta. Jerry is an expert in the racing and gaming industry with particular knowledge of how the industry operates in Alberta.

And last but not least is Kent Oakes. Kent is a policy development officer for the Prince Edward Island Department of Agriculture and Forestry.

Kent has been with this particular branch of the provincial government for 17 years, and he specialized in the area of harness racing.

He serves as a member of several industry associations such as the Maritime Harness Racing Development Council, the PEI Harness Racing Industry Association, the Council of Maritime Premier Task Force on Harness Racing.

Most recently Kent served as Provincial Government Liaison during the design and construction of the Charlottetown Driving Park Entertainment Center, the harness racing and gaming facility which opened in August of 2005.

So that's our panel today. It's an experienced group. I'm going to turn things over to them right away, so we'll start with Chuck.

MR. CHUCK KEELING: Thanks, Karl. Really impressed by how many Canadians are down for the conference this year. I know not many of them are in the audience today though. We brought about 11 people from Great Canadian Gaming Corporation down to this conference and how I had rationalized that was that we wanted to use it for a bit of a strategy session and a networking opportunity, educational opportunity.

Little did they know that we actually brought them down just to fill the room for me this morning. I do appreciate you coming out this morning. I've got a lot of slides and a lot to tackle and not a lot of time, so I'm going to be brief on some of these slides so I can get to some of my final comments. So I'm sure you won't mind.

This is a brief overview of what I'm going to talk about. A lot of people in Canada are wondering, "Who the heck is this Great Canadian Gaming Corporation? What are they doing in the racing business?"

I want to talk a little bit about the competitive landscape in Canada, that encroaches into the U.S. as well, and then again talk about the operating models in Canada between the two provinces that we do business in, Ontario and British Columbia, as well as some comparatives to the U.S. model.

Great Canadian Gaming Corporation was not in the horse racing business two years ago. They have their roots in small roving casinos going back to the early '70s, and as a means of diversifying as they were growing bigger and bigger and as the operating model for casino gaming in British Columbia was changing they recognized an opportunity in the horse racing business.

And here we are just under two years later, and we are responsible to the company for a racing division that now encompasses five racetracks, and when they're all fully built out, asset value about \$300 million. So they've hit the market big, and quickly in Canada. They trade on the TSC with a market capital of about \$1.3 billion currently.

This is an overview, geographical overview of the properties, both racing and gaming for Great Canadian. Of course, our roots are in Vancouver on the left-hand side, that is British Columbia, six casinos, three racetracks, a community meeting center which is a bingo hall, electronic bingo with slot machines and potentially a teletheater.

We have four small casinos in Washington that are tables only, of course two racetracks in Ontario and now two racetracks in Nova Scotia. The five racetracks within the racing division of Great Canadian Corp., Georgian Downs, Flamboro Downs in Ontario, Fraser Downs, Sandown Park and Hastings Racecourse in B.C.. Hastings Racecourse in Vancouver is one of those few racetracks now that is actually located near the downtown core.

It is only a five-eighths mile thoroughbred racing surface, we all know that that does present some restraints competitively and in terms of market potential, but we recognize that that's what we have to work with. It's a fabulous location, just a few minutes from downtown.

We do have final approval for the installation of 600 slot machines. We're working out the last minute details with the City of Vancouver before we start demolition. And we hope to have those 600 slots up and operational within — call it six to nine

months. I have no idea if I'm actually accurate when I say that, but that's what we're hoping for. Forty million-dollar acquisition cost, \$40 million overhaul when we're all done.

This is a track that I came from, this is in suburban Vancouver, about 45 minutes outside of the city. In the City of Surrey. And that in itself is a fairly big city of about 400,000 people. These are two renderings of what the place actually looks like. We've been in construction there for two years as we've overhauled the facility.

It was a \$25 million acquisition cost by Great Canadian from the company I'd previously worked for, and it's now a \$35 million renovation cost. And what I constantly use Fraser Downs to point out to people is that Great Canadian actually spent \$10 million on the horse racing side of the business, outside of the gaming floor; that's the grandstand, the lounges, the bars, the simulcast areas.

So what I've said to people is that Great American is not only in this business for the gaming opportunity but also for the racing opportunity, and they back that up with the investments that they make into their properties.

Sandown Park is a small standardbred track in Victoria, which is the capital of British Columbia. We are in the application process right now for 125 slot machines with the district. That's going to take some time to clarify and get the final approvals. We're looking at a \$5 million overhaul of this summer facility.

Georgian Downs was acquired earlier this year by Great American. It was, I believe, \$45 million; I get confused, all these numbers. It's about an hour north of Toronto. Four hundred slot machines, extremely high net win. And does a good pari-mutuel business for its location. Great quality of product, too.

And Flamboro Downs is located about an hour west of Toronto in the City of Hamilton. It is a live racing factory. Two hundred sixty days a year of racing, five days a week, year around. No closing date, no start date. Seven hundred fifty machines, again at a high win rate. It's a very integral property, not only to Ontario harness racing but I would argue in Canadian harness racing.

Our competitive landscape.

This is an overview of all the teletheaters and the racinos in Canada. And my apologies to our friends in the Maritimes, specifically you, Kent. Somehow we left off Charlottetown Driving Park on this map.

But working left to right, you see that again Hastings and Sandown to be racinos in British Columbia. And the significance of this is that some might think, well, how is a racino in Manitoba, for instance, the Assiniboia Downs compete with tracks in B.C.? Well, we think of it as a competition for the simulcast dollar, a competition for the human and equine talent as it would relate to the thoroughbred track in Vancouver.

Fundamentally, though, we recognize that we're all a stronger industry because of the partnerships that we forge, recognizing that there is a friendly competition as well. What's also interesting about this in terms of the racino phenomenon in Canada, every single province there's active discussion at some level of government for the overhaul or creation of new racinos. Every single province. Think about that in relation to the U.S.

This is the southwestern Ontario, and again, forgive the geography. Rideau Carlton, that looks like it's in Kingston rather than Ottawa, but it works. Eight thousand slot machines in this area of Ontario, natural to assume considering that in terms of population, this is very much the heart of Canada.

Twenty-five hundred of those slot machines roughly in use at Woodbine and Mohawk; and speaking of Woodbine, and I know some of our friends from Woodbine are in attendance this morning, again, competition for the simulcast dollar? Certainly. Competition for human and equine talent? Certainly. But fundamentally Woodbine is a strong and healthy partner for everybody in Canadian racing, particularly for us now that we're in their backyard an hour north of Woodbine and an hour west with Flamboro and Georgian.

They are the leaders in the Canadian racing industry. They're a leader in the North American racing industry, we recognize that. We have a strong partnership with them, and we look forward to continuing that.

In terms of the numbers, what I like about this, it outlines the potency of the marketplace in Ontario. You look at those net win numbers. Seventeen hundred machines at Woodbine and a net win per day of about \$900, just a phenomenal number. And of course, Mohawk, Flamboro and Georgian, when you look across that line very, very healthy numbers as it relates to the North American racino marketplace.

Operating models.

Just want to point out some interesting points about this. The B.C. operating model for racinos as it relates to the gaming floor and the slot machines is somewhat unique. The retained commission for the operator in our instance, 25 percent. Of that 25 percent, five percent is actually restricted to capital development, another two percent restricted to marketing expenditures.

Why is the exclamation mark behind operating cash flow of 18 percent? Because in American terms that's an extremely thin rate. We all, at these conferences and the industry trade mags, we hear about New York, for instance, lamenting their operating model and what they're receiving.

Right now in Florida I'm sure the House and the Senate there is arguing over a 55 or 45 percent tax rate for the racinos over in Broward County, whether it's going to be a thousand slot machines or more.

Well, I can tell you that that would not be a bad position for us to be in. But this is our operating structure; we make it work. What's also interesting is the casinos in Vancouver, in Fraser Downs' case just 15 minutes away, in Hastings' case about 10 minutes away, there actually have a 28 percent commission rate. So they're getting three percent more than our racinos.

In Ontario it's a bit simpler to understand. Retained commission to the tracks of 10 percent, and the horsemen's share is 10 percent. I neglected to mention in B.C. the horsemen also receive 10 percent of that. The difference, of course, in Ontario is that the OLGC operates the gaming floor and absorbs all of the operational costs.

In British Columbia, the racinos there are responsible for all of the operational costs and thus the higher retained commission. In terms of synergies — and this is an exercise that we're going through because the company has grown so quickly, not only in the racing side but also the casino side. As it relates to the B.C. operational model, obviously we can achieve some synergies and economies of scale, whether it's marketing, surveillance, security, other HR costs. That's not an economy of scale or synergy we realize in Ontario. We recognize that that's the operating model in Ontario.

The OLGC does a very good job operating those floors and we receive, in essence call it rent, but in the B.C. model where we can draw upon our expertise in operating these gaming floors we are able to recognize some of those efficiencies.

And of course, we're also going through the exercise of realizing some synergies as it relates to the two tracks in Ontario working together, the five tracks within the racing division and all of the properties within the Great Canadian family working together.

There are some very interesting differences between those models and the American model. I refer to the commission rates. Huge commission rate differences as it relates to some of the American jurisdictions that have racinos. And it's just terminology, but I get a kick out of the terminology used.

In the U.S. you constantly hear about the tax rates. In Canada we often use the term "Retained commissions." Tax rates would imply in my mind that as the operator you get all the money, then you pay the tax to the government. As a retained commission, in my mind that implies it's government money that you've raised, you retain a commission and then give the money to the government. Again, just semantics, but to me that explains some of the mindset behind how the American racino model works and the Canadian racino model.

Obviously there are advances; there's player tracking and loyalty clubs. We've had a player tracking system in B.C. at the racetracks on the pari-mutuel side since '96. The B.C. Lottery Corporation is just rolling one out right now.

Of course, smoking legislation, that is an issue. Particularly in B.C. where we compete against some native casinos in northern Washington State. And I would argue it might even be an issue for, say, Georgian Downs that's looking at a smoking restriction as of June '06. And we're not entirely certain at this point if the casino just up the road will actually adhere to that.

We don't have happy hours in Canada, at least in Ontario and B.C., and a number of machines per site. Again, the country of Canada is only about 30 million people versus the U.S., but I'm often struck by the number of machines that you talk about at some of the American racinos. Yonkers and Aqueduct, as an example, three, four, 5,000 machines. Other than Woodbine at 1,700, those numbers just don't exist in Canada.

And again, the FDIF fund was that capital reserve they referred to in B.C., and the restricted money that flows from it.

What does this all mean to us? To us it means fundamentally a very strong relationship with our regulators, whether it's the BCLC in British Columbia, the OLG in Ontario or in Nova Scotia the regulator there. They control the marketplace, they manage the marketplace. We don't. And to make our operating model work under that regulation, with the kind of revenue that we're talking about, that is absolutely critical.

We don't control pricing, the take from the slots, we don't control the product. You can play a Betty Boop slot machine at Fraser Downs just like you can at the casino 10 minutes down the road. But we do control things like service, quality of facilities, amenities, and we can at least ensure that we have a strong relationship with our regulator.

That's my final point, because in my mind that's the most important point.

Thank you.

(Applause)

MR. JERRY BOUMA: Good morning, everyone. I'm Jerry Bouma, and I'd first like to thank the organizers of this conference for the opportunity to be part of this panel. And also to my fellow panel members, I'm very privileged to be part of this august group. And Chuck, very likely he's actually 60, that's how healthy it is in B.C.

And it's interesting; Chuck and I actually come from the same part of Ontario originally. Our families go back to the early '50s. My parents were Dutch immigrants and the family that sponsored them was the Keeling family; and Chuck didn't know that so I give him a little family history there when we met for the first time a couple days ago.

I'm here as a representative of two organizations, Northlands Park, which is the major racing venue in Alberta, I'm on the board of directors there and serve as second vice president and the director in charge of racing and gaming. That is a not-for-profit agricultural society. I am a volunteer. And so I say this is part of my philanthropic contribution to the racing and gaming community.

I represent Northlands Horse Racing Alberta, which is the governing body that's in charge of developing the racing business in Alberta. And I'd just like to say welcome to a couple key people from those two organizations; Les Butler, who manages our racing business at Northland, and a fellow board member Gary Belecki of Horse Racing Alberta, who's sitting at the back and making sure I don't go too far astray on my comments.

So I'd like to give you a brief overview of horse racing in Alberta and Horse Racing Alberta in context as an organization, talk about the racino — and Chuck really had some good background on the community, on the situation — talk about some of the challenges and then a few comments about the future.

First and foremost a couple comments about Alberta, but let me step back one step and talk about Canada.

Canada, as Chuck has alluded to, is 30 million people, most of them live within a hundred miles of the U.S. border, and I had the privilege of actually spending four years in the U.S. going to school on the East Coast.

And when I looked at maps of North America when I was in the U.S., Canada was always white. I said, "No wonder Americans think it's cold up there." And soon as any cold wind blew in the first words that any American would say, "Those damned Canadians."

And I suppose there's a lot of Americans this morning that are saying, "Those damned Canadians," because some of the record, all-time record lows are taking place in places like Denver and Dallas.

The other thing to keep in mind, Americans like to think that Canada's way up there. Well, the southern border of Ontario's further south than Northern California. People don't realize how far south actually Ontario goes. And if you put Paris in Canada it would be up in northern Ontario close to James Bay. So most of Europe, Western Europe is north of the population of Canada.

So to give you some perspective, we're Alberta, Western Canada; straight north of here actually. Three point three million people, probably one of the most robust, fastest growing economies in North America. We happen to be host of the largest oil field in the world. That may come as a surprise. Obviously, dug a lot of holes and have had oil gushing out, and of course the economics are such now that that is the most lucrative source of oil in North America and perhaps the world; the digging that's taking place in Alberta's unbelievable right now.

While we're a fairly small Province, 3.3 million people, which is about 12 percent the national population, interestingly, Alberta has the fourth and fifth largest cities, Calgary and Edmonton. And they're both about a million, and a tremendous rivalry between those two cities. But it's a real healthy rivalry and it creates for a really interesting climate.

Horses have a very rich and colorful history. We really are the West. We have the largest horse population in the country, well over 300,000 animals. We have a strong cowboy culture, strong rural culture, and a strong horse racing culture. At Northlands Park, for example, racing has basically taken place right from the git-go. The organization was formed in 1879 and racing has taken place virtually since that time.

Alberta's also the home of a lot of cowboy movies. The most recent one that you'll be seeing shortly is Jesse James, and it's interesting. Everybody runs around trying to connect with Brad Pitt. Well, my son just literally walked down the street and actually got a part on the movie set. And then he could walk home afterwards, which was kind of a curious phenomenon. But a lot of things happening in Alberta.

Obviously, we're celebrating our hundredth anniversary this year, and the promises thrive and for years and years the horse racing industry thrived, until the early '80s. Not a dissimilar situation to what many of you have experienced. And so what was once literally the only game in town, and a very popular venue, very popular pastime, has really become one of many entertainment options; and with that of course the challenges and the pressures on the industry that many of you are all just too familiar with.

Obviously, the big change that has taken place is that horse racing, as I've already mentioned, was once the only game in town, and a local event. Well, it's completely changed. It's one of many games in town, and it's become anything but a local event. And I I'm going to come back to that.

One of the key things that I want to talk about is our gaming environment and just the changes that have taken place. And most significantly are the changes in legislation and what has happened.

Obviously, lotteries were introduced in the 1970s, actually or first lottery was associated with the Toronto Olympics in 1976, and subsequent to that VLTs were introduced in Alberta in the early '90s, and with that casinos. And meanwhile, horse racing basically failed to adapt, to recognize the changes that were taking place and began to run into serious trouble.

We were one of the first to actually lobby for some additional activity, obviously slot machines. They were introduced first and foremost at Northlands in 1996, which is almost 10 years ago. You can see here, and this is a reflection of the growth, the incredible growth of gaming. 1991 the total gaming market comprised about \$1.3 billion, at which time horse racing comprised almost 20 percent of that, \$231 million in terms of total handle.

Well, since that in a period of 12 years the market has grown to 1\$8 billion. Eighteen billion dollars, in a province of 3.2 million. And within that, the handle has dropped. So you can see the incredible change that has taken place and the relatively small slice of the action the horse racing industry has within that overall picture.

Well of course, it doesn't take a lot to understand that when things are under pressure the first thing that happens is that you start pointing fingers at each other. And it's interesting, I've seen our industries in our consulting business, which is largely in the ag and food industry, if there was ever a definition of track shoes behavior would be the horse racing industry.

And there's lots of targets. There's the tracks, there's the horsemen, there's the standardbreds versus the thoroughbreds, there's the horsemen versus the government, there's the government versus everybody. And so there's a tremendous amount of fractionalization.

And the industry was really on the edge of imploding and everybody was lobbying the government, separate groups. And finally the government basically said, "It's your problem, solve it. We'll give you some resources, go to it."

So in 2001 a task force to address the really serious situation in horse racing addressed the issues, and it was a very arduous process. It took about a year. There was 40-some meetings, facilitated by consultants from Pricewaterhouse, and it resulted in a renewal strategy which the most significant development thereof was the formation of Horse Racing Alberta. And I'm going to talk about it in a moment.

But it really has given a new sense of purpose and a common direction through what's known as the Racing Industry Renewal Initiative. And I think perhaps from a government's perspective, the Alberta model is an interesting one and perhaps has relevance to a lot of the jurisdictions that are listening to this presentation. In fact, it brings together all the stakeholders at one table. And that's a significant dynamic.

So we have a board of 14; the A tracks, which are the two large tracks, Northlands and Stampede each have a representative, of which I'm the Northlands representative; the B tracks, the circuit which includes the Lethbridge and Grand Prairie has a member, Thoroughbred is represented by two members, standardbreds also by two members, other breeds, quarter horses, Paints, etcetera, have a representative. And then a public at large, four members, including the chair. Plus we have two ex officios, one from Alberta agriculture, food and rural development, which has a vested interest in the health and industry, and of course Alberta Liquor and Gaming.

So that board basically is the most significant structural development that has taken place in the industry. And I know it's being viewed with some interest. And it's probably the first time you'll have all the stakeholders together around a table,

and it creates a very effective forum in which to deal with issues and to develop strategies.

Our revenue distribution — and Chuck has alluded to this; we have currently across the board 910 slot machines, four locations; Edmonton, Calgary, Lethbridge, Grand Prairie.

Edmonton's the largest, we have 500 slots there, and that's going to be going up to 625. Calgary's one of 500 in its market, and both Lethbridge and Grand Prairie will have a hundred; and Lethbridge, I think it will move into about 130.

But in terms of the split here — and again, it's very difficult to compare apples to apples — but the split; as it works out the racino operator — each organization runs its own casino — that's 15 percent just to run the slot part of the business, unlike the Ontario model where in fact the tracks provide space to OLGC.

The government of Alberta gets a third, and the rest flows to Horse Racing Alberta, which then uses those funds to run the business of racing, including 18 and a third; not 18 and a third of 51.7 but 18 and a third percent of the total net win going back to the tracks to operate.

Then there are obviously purses, marketing, breeder development programs, human resource programs, etcetera. But the key thing here is the money comes into one fund, if you will, under the governance and direction of Horse Racing Alberta.

This is an example of kind of growth that has taken place at Northlands. Since the introduction in '96 as you can see, the growth in the actual net win is approaching the \$40 million mark in total, an of which Horse Racing Alberta gets a little over half. So you can see the kind of significant growth that's taken place and how much this contributes in fact to the revenue base for the industry, which creates its own interesting dynamic.

If you look to the HRA budget for 2005, we're looking at a budget around \$50 million; and if you break it out in terms of where that money's coming from, well there's \$8.5 million coming from fees and levies from horse racing activities, there's another \$600,000 from fines and licenses, the rest comes from slot revenue. Thirty-five point two million as a percentage that I just referred to. And then another \$6 million grant. This is a part of a three-year agreement subsequent to the renewal agreement.

So of the \$50 million, in fact over 80 percent of the revenues come from the gaming side of the equation. And that's a significant number, which I want to talk a little bit about in a moment.

And I really want to talk about the challenges, and I can only think of a quote, and I don't know who came up with this, but I think it's appropriate. "We have met enemy and it is us."

I think our biggest challenge in effect is really understanding what business we're really in.

And I'm reminded of a line, I think it was Woody Allen who visited Germany and he was asked the question, "How do you like Germany?"

And he says, "Great, but too many Germans."

That's good Woody Allen. And I think about the horse racing industry; it's a great industry but too many horse racing people.

And why do I say this? I don't say it out of disrespect or to criticize, but really to make a simple human observation that it's very difficult for anyone to really analyze yourself and to be objective in terms of your criticism and your analysis.

And I think one of the biggest issues we face across the board is really understanding the business. I think it's developed, but obviously we're in the business of racing. Are we? We're in the gaming business. Okay, we're in the racing and gaming business? Really? Or are we something else?

And I think really we're in the entertainment business with a unique gaming offering. And I think those were alluded to yesterday specifically by a couple individuals. If you were at the session Don Dissinger who spoke yesterday morning, and a few fellow architects from the gaming side of the business, have really understood the fact that we're in the entertainment business, offering integrated entertainment with a unique gaming offering.

That's where we need to go. To be limited to even racinos is too limiting, because I don't think that's sustainable, understanding our customers. We have a debate; you know, can we attract gaming customers to racing? Or racing customers to gaming? And I think it's an important — maybe an interest in this discussion is really missing the point. What we're really saying, we don't understand our customers, it's psychographics.

I heard a presentation the other day on demographics. Well, forget demographics, you have to focus on how people think, how they behave, what their values are. You have to understand the psychographics, and I don't think we've really gotten very far on that. And that really comes down to understanding our customers.

You're not going to motivate someone who just wants to put in time and take their chances versus someone who wants to be engaged in an activity. Two different types of people, totally different strategies.

Understanding our competitors, who are they and why? Are they other racinos? Are they other tracks? And we're just having this big discussion in Alberta because there's a major proposal, as you know, as many of you heard, of a new facility coming, a reminder in Edmonton.

Listen, Calgary's not our competitor, our competitor is the big market, the North American market. It's out there when 82 cents of every dollar we earn comes from out there.

Back to my earlier comments. The industry has changed so much and went from a hundred percent live event local to literally 85, 90 percent out of Province, out of area, totally connected in a different way.

And another challenge, and it comes down to understanding our competitors, both in terms of the overall market and business that we're in, and the competitive environment which we operate in. And again, to limit ourselves to think just as racinos is self-limiting, and is not sustainable.

And finally, developing racing as a more consumer-friendly environment and gaming experience. I can't stress this enough. Largely because I've got a racing background. Unlike Chuck's family, I don't spend much time in casinos. And so people like myself, we walk into a track, it's very intimidating. Very intimidating. And I don't think we've really come to grips with that.

And so what we really need to do is develop, not only physically in a location, better transition areas, but also transition products, which start to bridge the gap between total inexperience, or also people who want to get engaged more cerebrally within a progressive way. And I think we have a long ways to go.

Because if you look at the language of the industry and the names of the products, it's like a foreign language. And the last thing you want to do when you're going out for entertainment, and I can't stress this point enough, is that most of us work for other people or work in environments where you constantly are being made to feel inadequate or stupid. The last thing you want to do is, on an entertainment outing, to be made to feel the same way.

So if there's even the slightest hint of being made to feel inadequate or stupid, you're not going to come back. And we do a masterful job of that in our industry.

And again, too many horsemen. Because if you grow up in it and you went with your father to the racetrack, obviously that's where you learned. But that's a very intensive learning process, if you think about it.

So what are our challenges? Well, Chuck has referred to this. Our biggest and most important customer is the government. We operate at the benevolence of the government, pure and simple. And one of our big challenges is to position racing and gaming — racing in particular because it's so visible, and everybody knows about horse racing as, well, something that's on the decline, that seems to be common knowledge — is positioning racing as a net contributor, not as a cost.

That's a big challenge, it's a big challenge we face in dealing with our politicians, because they see racing as being subsidized by gaming.

And another important ingredient of the mix for us, and in order to attract sustained or considerable investment are long-term licensing agreements. You know, three-to five-year licenses don't cut it. If you're going to invest millions you need 10- and 20-year licenses. And that's something the government's not comfortable with either, but it's a fundamental ingredient in the kind of mix we're talking about.

The other thing that we're facing in Alberta is a changing landscape in the terms of the players. Racing has been traditionally provided by not-for-profit agricultural societies; you know, politically a very benign organization.

Well, now with the new player coming on the market it's a for-profit partner. Well that changes the perception, it changes the politics, it changes the benefit equation.

And which leads us then to the issue of public support. And I guess the challenge here, do we engage in entertainment or engage them in entertainment in the way that I talked about earlier in developing these really integrated destination entertainment options, or do with keep them in the dark?

Because quite frankly right now I would argue it's probably in the dark. If people really knew that 82 percent of revenues that support the horse racing industry in our province, and I don't think we're any different because I heard a number the other day; purses, \$2 million from handle and \$20 million from slots. You start digging into that, that's a tough position to support politically when it's such a relatively few number people that are seemingly benefitting.

And the big is challenge I see is surviving what I'm calling the impending valley of difficulty. We're in a transition phase; we're in a transition of really moving into the business we really need to be in, the integrated entertainment business, and to transition the traditional racing products to more consumer-friendly racing products, that's a challenge to cross.

And I chose the word "valley of difficulty" because I'm confident we can get through it. But it's going to be tough, and we've got to get through this challenge of public perception of racing just being the Sport of Kings, which doesn't do us any good positioning that way because that's the elitism; that ain't going to cut it in a political environment when our most important stakeholder is in fact politicians and public support.

One comment; we're lucky in Alberta that we have a Premier that just loves racing; Premier, call it your state governor. He loves racing so much we actually put on a feature race where he actually drives and races in a match race, which we just held last week. But once he goes, and he's going to go, that's not a matter of if or when, it's going to be within the next couple years — what's the next Premier going to do and how are they going to look on racing?

And it's no different in Ontario, it's no different in B.C., it's no different in PEI, and this is a really considerable challenge.

So let me conclude by citing one of my favorite individuals, significant obviously in world history, and quite frankly the reason why my family is in North America, because Churchill had the courage to stand up to an incredible challenge in 1940, when he said a lot of interesting things. And he said — this is one of the ones that I'd like to conclude on. "If we quarrel with the past we may miss the future."

And I say this because the challenge really is not trying to fix things in a traditional way, the challenge is asking ourselves a question, "What business are we really in?"

And how we fit racing within that complex, that entertainment complex, which is absolutely going to be vital to our future and vital to engage and vital to create the customer base and vital to continue to maintain, build the political support is absolutely essential to our business.

Thank you.

(Applause)

MR. KENT OAKES: Good morning everyone. First of all I'd like to thanks to Sid Berger from The Innovation Group for the invitation to appear today, and also thank Doug Reed and his staff for their hospitality during the time that I've been at the Symposium.

Today we want to discuss the Prince Edward Island experience with our new facility; also wanted to recognize our fellow panel members; it's interesting that we come all the way from Prince Edward Island to Arizona and Jerry's on the panel; he's done a lot of work for the Prince Edward Island government in the hog and beef industries over the years.

Chuck, of course, is one of the leading lights in Canadian and actually North American racing, and Karl's from OLG, they've been the leaders within Canada in expanding the racino model.

In terms of population angiography, Prince Edward Island is the smallest Canadian location to construct a racino, but we feel it represents an investment in an industry which plays a major role in our economy, and has huge potential for our province.

As far as where PEI is, we're on the East Coast of Canada. With Newfoundland, Nova Scotia, New Brunswick we form the Atlantic Provinces on the far right of Canada. And there you see the island as a home. We've got two, in our terms, major population centers in Charlottetown and Summerside on the far left, which is recognizable for two things. For the Canadians in the crowd over 40 it's close to the home of Stompin' Tom Connors, and it's also close to the home of Jimmy Whelan who's president of the Ontario Harness Horse Association.

And on the far right Surrey is the Blue Fin fishing capital of the world. They bring in some massive Blue Fin tuna off of Surrey port there.

We think Prince Edward Island offers a great thing in a small package. It's Canada's smallest province, we have a total land mass of only about 2,200 square miles, 139 miles long and four to 40 miles wide, and there's no place in PEI where you're more than 10 miles from the water.

We've got a population of 135,000 and we are facing a lot of population challenges because of the expanding economy, particularly in Alberta. We have about a million visitors that come to PEI annually, that's primarily centered between June and September; when you take in our full year visitations with conferences and for the 12-month period, there's approximately 1.4 to 1.5 million people that come to visit PEI. So we're definitely a tourism-driven economy.

And PEI also has the Confederation Bridge, which is the world's largest bridge over ice-covered water, opened in 1996 at a cost of \$1 billion. We're also home to the most valuable player from the Stanley Cup Champion Tampa Bay Lightning, Brad Richards and the LPGA player Lori Kane.

Our economy certainly is built on tradition. We have the one-third of Canadian production of potatoes comes from PEI; we have two fairly large French fry plants which are McCains and Cavendish Farms; they export all over North America. We have PEI lobster, which certainly has a national reputation, oysters, and they certainly have a reputation for superior quality and they are literally exported around the world.

Golf is also a huge business for us on Prince Edward Island. Prince Edward Island is Canada's number one golfing destination. Got 30 golf courses. You can see we have a lot of white sand beaches and dunes, and golf has developed into a huge market for us.

We also have Anne of Green Gables, which some of you may know from the Lucy Montgomery books. It's in its 40th year on stage as Canada's longest running musical.

We've also been diversifying our economy. While we build our economy on the traditional sectors that I mentioned, we are now into manufacturing on Prince Edward Island, processing green energy.

Within two years we are going to be producing 15 percent of our energy on PEI from wind. We've got a tremendous wind corridor and it gives us a unique advantage in the production of energy.

Aerospace technology is not something you'd probably think of at Prince Edward Island; we've got a thousand people in the province now working in parts manufacturing and equipment repair.

IT and bioscience. We have an active sector for bioscience in animal health and food. Harness racing's a very traditional business where I come from. We have Summerside Raceway, which was established in 1896, Charlottetown Driving Park was established in 1889; so we've been in this business a long time.

At one time there was more than 30 active racetracks in the province; during the 1950s with some economic pressures they closed down and we ended up with two pari-mutuel facilities in Summerside and then Charlottetown. There's a price list from the first Charlottetown Driving Park exhibition, which was held in 1890, and offered \$4,000 in purses over those four days of racing.

We have a lot of success stories from PEI for a small place. Joe O'Brien is a native of Alberton, PEI which is in the western part of the province. The O'Brien Awards, which are the national harness racing awards in Canada, are named after Joe O'Brien. Of course, he competed at a world level with regard to harness racing.

And Mark MacDonald of PEI is a rising star on the North American Circuit. He, with some luck and good health for the rest of the month, will probably break the Canadian record for most wins in one season in Canada.

Raising and racing of horses is an integral part of the agricultural and tourism business. Waive got 650 owners, trainers, drivers and breeders and PEI, 7,000 horses in a small province, which is the highest per capita in Canada and maybe in North America. And we have the Gold Cup and Saucer Race.

Dean Hoffman from Hoof Beats Magazine, when he was there in '93 or '94, proclaimed the Gold Cup and Saucer Race as the greatest show in harness racing. There's lots more money; I'm not going to say it's the greatest race in harness racing but it is described as the greatest show. The pomp and ceremony surrounding that track, and that week we have 150,000 to 200,000 people who are going to be coming through our provincial exhibition, which is a 10-day festival, which offers all different kinds of examples of PEI life and culture.

We have approximately 75,000 people that come out to see the parade, which is the day before the race, and we jam pack 25,000 to 30,000 people that come out to watch a race that goes off at one minute to midnight on the third Saturday in August.

With regard to racing in the Maritimes, there's eight tracks. I mentioned Summerside and Charlottetown and our sister province of Nova Scotia there's three, Tartan and Inverness and Truro. And in New Brunswick we have Fredricton, St. John and Woodstock. Approximately 300 dates between those tracks in the Maritimes.

Like the rest of North America, we were faced with some very serious challenges, and the future of the industry was very much in doubt recently. We were facing a shift of demographics, a weakened connection between a rural-based industry, which harness racing had become, and a growing urban population, and we

certainly have increased competition from other gaming sectors. And we have certainly decaying infrastructure.

With regard to the gaming market, we had video lotteries established in PEI in 1991, there was a live area distribution, they were in all licensed bars, restaurants, plus grocery stores. In 1998 they were removed from the grocery stores and restricted only to licensed establishments. And we had a Hurricane Juan that hit our facility in 2003. And Charlottetown Driving Park I'm going to argue was the anchor of the PEI and actually the Atlantic harness racing industry. And we were faced with a decision of whether or not to support going forward and replacing that facility.

Working together with the industry and the province we come up with some alternatives to revenue sources, and we also worked out a five-year blueprint for where we wanted the industry to grow to called, "Surviving to Thriving."

We've implemented a number of initiatives. We want to improve the broodmare band and strengthen sales and create more racing opportunities. We also export a lot of our horses. Approximately one third of the horses of PEI from the standardbred sector end up racing in Ontario and as far west as British Columbia. We've reinvested in the Grass Roots Matinee Program.

We have a very active and vibrant non-pari-mutuel circuit, which is a development ground for young horses and young drivers, in Prince Edward Island. We're doing a lot of initiatives to build on that community's support, make them into more community economic development areas, and we've had good success with that.

And we certainly decided to create a modern infrastructure with all of the entertainment amenities. Mitch Murphy is our minister responsible, he was the an award winner two years ago for the outstanding service community in harness racing, and this is one of Mitch's favorite sites.

He who rejects change is the architect of decay. And this is something that we were faced with to change not only the entertainment experience that we're going to offer our customers when they come to our facility, but also change very much the mindset within the PEI population about gaming.

When we looked at the decision whether or not to go forward, we looked at the gaming landscape, and as you can see, we have casinos and gaming at racetracks in all areas of Canada, with one glaring exception, which was in the Atlantic provinces we had two casinos which Chuck's company runs at Sidney and in Halifax; we did not have any gaming at racetracks within the Atlantic Provinces.

Reviewing this, we certainly looked at what type of responsible gaming initiatives would be offered in a facility if we move forward; that's certainly a huge decision for us. The Atlantic Lottery Corporation is the government arm in the Atlantic Provinces in gaming. Great to see Jane and Cathy here today from the Atlantic Lottery.

They put together a business plan, ALC did, for the construction of a new facility. And also we worked with them on the Responsible Gaming Model. We think we've been very aggressive in responsible gaming. We have a Responsible Gaming rep on site whenever the gaming floor is open. We've a self-exclusion policy, we've got responsible gaming training for all staff members, stringent age of majority policy for all games of chance, and R and G, responsible gaming signage and information available all throughout the facility.

We agreed with the business plan that ALC presented, ALC was the lead in the construction of this facility. We've started demolition in October of 2004, started construction about 30 days after that. And we opened this Charlottetown Driving Park Entertainment Center on August 11th of 2005. It was a \$25 million facility, which for us is a fairly major investment, and we are different, I think, than a lot of facilities in that this facility is about harness racing.

To be accepted within our community we certainly wanted to recognize the strong cultural heritage that harness racing has within Prince Edward Island. Down on your lower left you see recognition to harness racing families that have had 50 years of consecutive successful involvement in Maritime harness racing.

We completely redesigned the track, making it wider. The track redesign was all about equine and human safety, but as a byproduct of that we've gotten much faster racecourse.

The horse that won the Gold Cup and Saucer this year, Driven To Win, set a new track record of 1:51.2, which was the tie for the fastest mile in Canada by an aged horse, and also was tied for a North American record for aged horses on a half-mile track.

We feel we're setting the pace for the future of harness racing within Atlantic Canada. The experience that we offer our fans and customers now are far different than what have been available to any racing fan and customer within the Atlantic Provinces before.

On the far top right we have a 220-seat dining room; we're running near capacity on live race nights. We have a new grandstand, 225 video lottery terminals, and a facility which we think is going to set the standard for the rest of the Atlantic Canada.

As I mentioned, the Charlottetown Driving Park Entertainment Center was Atlantic Canada's first casino, \$25 million; slightly over 50,000 square feet state of the art facility. It's created 150 jobs within our economy. And we did something probably different than most other areas, we looked at our — because of the purses that our horsemen, horsewomen have been racing, we decided we had to double the overnight purse twofold.

As I mentioned, our facility didn't open until the 1st of August, but when racing started in PEI in '05, in May, we front-ended all the money to double the purse pool

before the facility opened, and we decided to put in an island-wide model in that purses at both of our two racetracks doubled in the overnight basis. We thought it was the fairest way to do it in a province the size of ours.

So what have we gotten back for what we've done? We've experienced positive growth trends within on harness racing, horses on average are racing in higher classes, we've had an increase on Atlantic Canadian record in our yearling sale, which just concluded in October of 2005, we've increased the total number of starters, mares bred and county memberships, we've increased by 8.6 percent the amount of horses that have made at least one start on Prince Edward Island in 2005, we've increased by 29 the amount of mares that are being bred by PEI owners.

2005 stats will be out next month, and we expect it will be up in the 450 to 475 range. And we're one of the few areas and jurisdictions that has experienced a significant growth in horse membership and ownership, we're up five percent in 2005; and most importantly, out of a small base of only 650 people we got 49 new members that have come into harness racing in 2005 alone.

We feel PEI has a lot of advantages and we feel we can position it as the regional center for horse breeding, training and rehabilitation. We've got experience, innovation and leadership. The rolling landscape of PEI is ideal for both horse and forage production.

To equate it to the landscape of PEI, we're very similar to Kentucky as far as the rolling hills is concerned. We've got ideal grass and forage production, we've got a tremendous amount of experience at Atlantic Veterinary College, which is one of four veterinary colleges I believe in Canada, four or five, and they've been the regional center of excellence for equine care and research.

PEI has a uniquely qualified labor force. We're fortunate that there still is a strong rural connection to a lot of our labor force, and there's not that disconnect between the experience of people in their employment experience and the horse industry, and we've got strong leadership from Harness Racing Industry Association for its members and the industry at large.

We feel PEI's in a prime position to provide training and services, a wide range of industry sectors. Training or rehabilitation and breeding, in race technologies and feed production, veterinary, blacksmith and farriers and equipment manufacture and repair.

And so for these reasons was why we moved forward as a province with a policy of establishing the racinos on PEI. Building on the success of our past and the vision for our future, PEI does offer a unique experience in harness racing entertainment.

We feel with merging grass roots style with today's technology in an innovative base that breathes new life into a troubling industry; to date the racino experience in the PEI from a harness racing perspective has been extremely positive.

We've helped the industry forward, we think we've well-positioned it for the future, and we've got the infrastructure in place now which is going to allow us to offer the new entertainment experience that our customers demand.

And we really sincerely feel that PEI has built a model that will lead the renaissance of harness racing within Atlantic Canada.

Thank you.

(Applause)

MR. GAGESCH: Okay, I'd like to open up the floor for questions now? When you ask your question will you please identify your name and the organization that you're with.

You're all shy Canadians.

Oh, I came prepared for that. I've got a general question that I'll ask each of the panel members, maybe that will get things started.

Starting with Chuck — and we'll go around again west to east — what's the general public reaction that you've had in your particular jurisdiction for the gaming product, for racing in general? Is there an anti-gaming lobby or problem gambling lobby group that's either in place or getting any air time?

And government policy; how do you see that adjusting or adapting to the growth in the industry?

MR. KEELING: That's a meaty question. What struck me in my limited experience with the acceptance of gaming at racetracks is that, as I'm sure everybody can expect, there is some type of gaming lobby that is opposed to what we're proposing, and assuming that the sky will fall when slots go into an established gaming facility.

What has struck me about it is that it, that lobby has immediately disappeared. Again, in my limited experience as it relates to Fraser Downs, Hastings Racecourse, that's just getting started; and Sandown Park, we're still dealing with issue on the island. And as far as I know it's not an issue for the communities where Georgian Downs and Flamboro Downs are located.

So it seems to be, again from our experience, a pretty simple issue to deal with because it simply goes away. It is something that is accepted. It is something that will eventually come in the communities that we've done business.

MR. BOUMA: That was a good question, and a potentially complex one. I'm not aware of any organized anti-gaming lobbies in Alberta; although one must be aware

of I think the social undercurrent. I don't think it's a case of if, it's a case of when these groups consolidate.

Because there's clearly a concern, as you you can see the explosion in gaming in Alberta, Canada, across North America, it's only a matter of time before you're going to get a counter-response, it's inevitable.

Our big issue in Alberta, and I don't suspect we're alone, is a sense that horse racing got a special deal, and they have privileges that other societal groups don't have.

So far that hasn't translated into any definitive action. Although there's a lot of — most people are ambivalent; there are very few that are informed in support of and then there's a few that are against horse racing.

We see that in our municipal politicians, we see that in actually a lot of real politicians who don't really have any sense of where racing fits and why racing should get a special deal.

I think one of the things that we've done, and I should make the point of that because of the restructuring and because of our ability to be a little more changeable, we've been able to engage in a very effective marketing campaign in Alberta.

We're probably the one or one of the very few jurisdictions in North America where the handle's actually gone up. It was up four percent last year, it's going to be up probably two or three percent this year; and we've really positioned horse racing as a fun-exciting entertainment option and that has been created.

We've done a lot of tracking, we've got a lot of awareness and a positive response to this that's giving us a new franchise, if you will. But that being said, I was at a function last week and some — with a bunch of politicians — and again, the comment, "Oh, you; you're the guys that get all this money."

Well, they're right. But you know that's the challenge; how do you translate that perception into a view that actually, okay, yeah, horse racing gets money, but it actually generates a lot of money and positioning the overall enterprise as a net contributor to the public purse view, as opposed to a cost.

And that's going to take some work, but I think like Chuck I would agree there isn't a significant lobby, I think it's more significant in the Maritimes judging from some of the police and some of the activities that are taking place in the East Coast.

But I think it's only a matter of time before you get more groups that are against gaming.

MR. OAKES: Yes, you're right. There was an active lobby against the construction of the facilities on Prince Edward Island. I mean, for the province's point of view

certainly one of the critical questions that had to be answered is, you know, all around responsible gaming. Atlantic totally is certainly seen as a leader within the North American gaming market for the responsible game provisions, and we had to perceive our value as much on the responsible gaming side as on the economic side.

We've a small province, this for us was a big step forward. And it certainly had a vocal opposition, but people were asking some very legitimate questions. And I think the package that we put together with the Atlantic Lottery has addressed a good deal. And it was down to, where is a problem games best served, in a wide area of distribution model as I mentioned that came in in '91; and certainly their minister was very vocal that this type of facility where you can offer some of the assistance measures I mentioned provides the best public policy response to this question.

But you are right, there was a vocal opposition to the construction of the facility. What happened was we had a series of public meetings. The harness racing industry as a whole turned out in mass to talk about, you know, "This is how we feed our families."

So there was a balance that had to be achieved there.

We feel we've achieved that balance with the addition as we've brought into the new facility. But you're right I think, Chuck; and certainly we recognize that in Nova Scotia, where his facilities are, there's an active anti-gaming lobby going on there as well.

MR. GAGESCH: Yes?

A VOICE: A question regarding illegal gaming activities in your province. Part of the question, does your regulator react to that? Do those go on line or whatever illegal activity going on in your province; and how is it affecting your operation?

MR. GAGESCH: Again, that's a good question. Kent, why don't we start from your side?

MR. OAKES: It is a major issue for us. We have a small base of customers in our simulcast side. There is reportedly some of those folks have maybe been allegedly using the online products that are there.

As I said, because of the small number of people that we have in the province and the small customer base we have, it is a huge problem.

Our local harness racing regulator, which is Maritime Province Harness Racing Commission, to my knowledge has not taken an active role in that yet. I guess we're looking more on a national response to that. But it is something that concerns us greatly.

We're very, very, very — for a small province there's something like 89 percent of the adults are extremely active usage on the Internet, so we're in a prime position to be using those products.

MR. KEELING: I'll speak from the B.C. experience; the interesting parallel that I've drawn from the evolution of illegal gaming and B.C. is it's very similar to our business of going from bricks and mortar facilities to online. Bricks and mortar illegal gaming facilities were slot machines, VLTs, bookmaking, and B.C. allegedly was and arguably still is very big in certain areas of the city.

Now, of course, as we all realize, online sites, whether it's gaming or pari-mutuel or bookmaking for racing, as we all know it's a very big issue. And I know that Woodbine as the pari-mutuel industry leader has made it one of their big issues.

So again, that's an interesting evolution for online gaming from the bricks and mortar facilities just like our business. We have grown up with it, what the regulations are going to be provincially; very good question.

MR. BOUMA: There's three issues on that. One is awareness. Obviously, there's no one more aware of the problem, and it's a big problem within the horse racing industry. Once you move the concentric circles out of the horse racing industry you've got that issue certainly at the political level.

The second one of course is impact; how big is it and what sort of scale are we talking about? That's a really difficult number to determine. But a right view of the activity, since it's illegal; and thirdly is injurious effect; how much does it actually injure the industry?

And that leads me to my key point; if politicians see racing as the elite Sport of Kings, they're not terribly motivated to do a lot about that. That's the issue.

And so I think there are some developments taking place. When you look at the spectrum of political areas and social issues from protecting the interests of the chosen few is not high in the priority list, and that's the reality of the situation.

MR. GAGESCH: Sir, question right here?

TOM DEACON: Tom Deacon from the Ontario Horse Racing Industry Association. My question is directed to Jerry Bouma.

When you gave the numbers from the Alberta situation, upwards of 50 percent, but you're telling us it's going to Horse Racing Alberta, am I correct that the regulatory function is necessarily having qualified for the effective operating force is funded from those revenues? And who gets to tell how you divide that up?

MR. BOUMA: That —

MR. TOM DEACON: I should say this question arises out of a conversation at breakfast with the director of the Ontario Racing Commission.

MR. BOUMA: First, we are governed by a specific piece of legislation which was developed 2002, which lays out the specific powers and authority and the mandate of Horse Racing Alberta, the regulatory side is absolutely one of them.

That becomes a decision by the board, budgetary prepared by the executive. We have a detailed business plan which needs to then be forwarded to the Board of Liquor and Gaming who review it, review the performance measures, review the activities relative to the original business plan, and the legislation to ensure that that's appropriate, and agreement from them in terms of how we honor the resources.

But absolutely that is a fundamental part of the mandate and resources are allocated accordingly.

MR. GAGESCH: And just very quickly I'll give you an Ontario perspective on that. Five percent of our slot win at the racetrack through the racetrack program — we opened in 16 facilities and 16 municipalities across the Province of Ontario. Five percent of the win goes back to the municipality.

And what we try to do with that, with that give-back, is communicate the event. We distribute checks on a quarterly base, and what we try to do as much as we can with the local province politician is make them media events, so we're actually viewed as giving money back to the local community.

And our goal with that is not so much to take credit for passing money through, but to make the public aware that there's a tremendous amount of benefit come out of these facilities, and that the local economy is being funded, and that hopefully through this process put pressure on the local politicians, the councils to spend that money in a very visible way, because it's intended to go back into the communities.

And the other major things that we look at is job creation, both direct job creation in our program and the horse racing industry and in the entire effect. So it's something that we take very seriously through the OLG.

We're out of time. Thank you very much for your attention and we hope you enjoyed the session.

(Applause)