



## **TUESDAY, DECEMBER 7, 2004 RACING AND GAMING SUMMIT**

### **KEYNOTE LUNCHEON**

#### **THOMAS MEEKER CEO, CHURCHILL DOWNS, INC.**

**Mr. CHARLES ANDERER:** Let me introduce myself for those of you who weren't here this morning. My name is Charles Anderer of the Ascend Media Gaming Group.

I'd like to thank all of you for attending this year's Racing and Gaming Summit. I think we had a remarkable morning of presentations and there's more in store this afternoon.

I must comment on the last session, being an aggrieved member of the Yankee Nation. I have to say Craig Sculos gave the most authentic Bronx cheer you'll ever hear from a Red Sox fan; and also I'd like to recognize the great sportsmanship he showed die-hard Yankee fan Sav Scheri by doing everything possible under the sun to build his consulting business. So thank you for that, Craig, and to all the speakers this morning.

Also like to recognize our sponsors; WMS Gaming, sponsor of this luncheon, Aristocrat, Barco, IGT, KGA, Scientific Games and Multimedia Games. Please join me in thanking them for their support.

**(Applause)**

I'd also like to recognize our partners in this event, the University of Arizona Race Track Industry Program and Doug Reed for all the behind-the-scenes work that goes on to make this possible. And also for giving us the opportunity to work with you and to hopefully add some value to the overall Symposium.

I'm going to introduce Patricia McQueen, who will introduce the keynote speaker. Patricia's been working with us for nine years; she's a unique talent in our business. She knows more in combination about the lottery and racing industries than any other communications professional that I know of.

She's also a graduate of the Race Track Industry Program here at the University of Arizona and a true lover of the racing industry, for those of you who know her, many of you do.

We call her the conference co-chair which is the sort of vague way of saying the person who does all the work in connection with this program. So Patricia, thank you for everything you've done in connection with the Summit; and please help me in recognizing Patricia McQueen.

**(Applause)**

**MS. PATRICIA McQUEEN:** Thank you, Charles, you're too kind. I just found out a few minutes ago actually that I was going to have the pleasure of introducing our keynote speaker for today. As they say in the racing industry, in any industry really, "Insight is really what makes a good businessperson and what makes good business."

And I can say we had a lot of insight a few months ago when we decided to ask Tom Meeker to be our keynote for our third annual Racing and Gaming Summit, which we think has been very successful. And like I say, we had insight, because not long after we asked him, Churchill Downs completed their purchase of the Fairgrounds, which actually gave them a racetrack that had video gaming, although on a very small level, and it will soon go to a large level in slot machine gaming.

And then of course in November last year as you know, Churchill began construction on the track in south Florida, Calder will get gaming shortly; or we hope, they hope. So anyway, certainly Tom Meeker has had insight from Churchill Downs since he's been at the helm of the company.

I've been to Churchill Downs several times myself; I've been to all the Breeders' Cups there. So actually I have not been there since 2000, and I'm sure that when I get there again, I'll be really surprised at what I see. Because I know that the whole facility is rebuilt, renovated in a way that's it's truly an amazing investment in racing these days.

It's rare to see an investment in racing like Churchill has made, and obviously that's their flagship racetrack, where they have several others throughout the country.

So rather than give a formal biographical introduction of Mr. Meeker I'll leave it at that and welcome Tom to our podium as the president and chief executive officer of Churchill Downs, Incorporated.

**(Applause)**

**MR. THOMAS MEEKER:** Well, first of all thank you for inviting me today. Rarely do I come to events like these because I'm actually getting too old, I truly am. They're not much fun for me anymore, but I am pleased to be with you today.

And some of my colleagues put together a — well, before we get into that, I was told today that the only thing in your handout that's of worth is this book right here.

**(Chuckles)**

You know, I was paging through it a while ago and I found some interesting things in here. The state bird is the cactus wren, which I find fairly interesting. But what I really found interesting is that the state fossil — does anyone know their state fossil?

**(Chuckles)**

I didn't — I'm not sure if we have one in Kentucky, I'm not sure if we have fossils. But anyway it is petrified wood.

The other thing I will tell you is that I've got plenty of substance; I've got the Magna candies ready to go.

**(Laughter)**

Everybody's in the room, come and visit us in booth 107 if you need any more candy.

**(Chuckles)**

And I also know that we're all anxious to get out of here to hear Jim McAlpine speak this afternoon about investing in racetracks. I'm dying to hear why he's chosen to invest in certain racetracks, as I'm sure you are.

**(Laughter)**

So last night I was reading over — Julie and some of our folks put together a prepared set of remarks for me. And they're actually pretty dynamite. Unfortunately, I forgot them today because last night while I was reading them I fell right asleep.

They were kind of boring and I wasn't going to put you through this adventure today. So what I thought I'd do today is talk about some things that are pretty important to me, and hopefully are pretty important to you. And they may not be on the same line or wave length that you thought you were going to hear some discussion points of today.

First of all, I will tell you that Julie and all of our team, they're waiting with bated breath knowing that I'm going to go off script, and from time to time I have suffered from going off script.

Are there any members of racing commissioners here?

**(Laughter)**

Raise your hand? Any regulators here? — oh there's one. Well —

**(Chuckles)**

Well, several years ago I made reference to them as being gnomes. And I won't repeat that today but — in many respects they are.

**(Laughter)**

But then there was another time, this is early on in my career, when I again went off script and talking about what was going on around Churchill Downs, and it's remarkable how different it is today. We got a boulevard, we're building, and it's just a wonderful place.

But back in the '80s, the whole neighborhood around Churchill Downs was just terrible. And so one morning thing-a-ma-jing, I was talking and I mentioned the fact that I thought the area that surrounded Churchill Downs was blighted; a nice word I thought.

Every little blue-haired lady in that community came running to us. "How can you say our community's blighted, da-da, da-da, da-da."

So I was counseled by our communication folks, and they suggested I use another term for blighted.

And I have. Since then I've described the area around Churchill Downs as being on the cutting edge of decay.

**(Laughter)**

So today I want to talk about three things. Racinos, but not in the context of what we've been talking about at this meeting, nor in the context of what you've been talking about back at your various tracks, but in the context of, racinos are not the long-term solution to the growth of the racing industry.

Second, I want to talk a little bit about passion. And passion is something that moves me and has to move you, and we'll talk a little bit about that.

And the third thing I want to talk about is change. Those three things I think have to be embraced by us today as we move forward in the racing industry, particularly with some of the new opportunities that are available to us.

First let's talk about racinos. And racinos for the last several years have changed form. That is, racino legislation has changed form. It used to be that racinos were thought about in terms of the three partners involved in racing.

First the horsemen are served as a means to increase purses, provide breeders' awards and a myriad of other things that were beneficial to the horse industry in general, and in particular to the agribusiness that is represented by the horse industry and the racetracks and all of us who are working in that industry.

The second thing is, it provided for the tracks an opportunity to secure a new revenue stream, to better utilize its asset. And asset utilization in our sport is horrible. I mean, many of us operate races or race days 55, 60 race days a year, and the rest of the time our assets lie fallow; they're not earning assets.

And racinos do provide us an opportunity to dampen that, to mitigate that and provide new revenue-producing assets on a year-around basis. And obviously there are additional revenues and there's additional profit made for the racetracks in the area of racinos.

And so first when we talk about horsemen we're talking about the internal workings of our business and the internal competitiveness that is enhanced by putting racinos in our business. Increased purses provide for a better product, fuller fields, etcetera, and it stimulates a better competitive product in both the simulcast market as well as the on-track market.

The external competitiveness that racinos provide us relates to the tracks. With new revenue sources we can better compete with a myriad of different entertainment options that are available to us in the communities that we serve, be they gaming or non-gaming.

And today as we look back over the last 20 years as I have done, gosh knows how much, over the last 20 years there's been a dramatic change in the competitive environment. And the additional monies that are available to us through racinos provides us an opportunity, if we choose to utilize the opportunity, and the monies, to make us more competitive on an external basis with the lotteries, with Native American casinos, a myriad of other different entertainment options.

And then the third thing is the thing that has changed in the last five years. And that is:

Early on when racetracks in Iowa, etcetera, West Virginia, proposed the addition of alternative gaming at racetracks to their various legislatures, they argued the case that it was an economic development issue.

It provided a means to stimulate racing, increase purses, increase more jobs, provide a better base for the agribusiness in their community, and it made economic sense.

But today the economic development part of the equation has fallen prey to these budget deficits that we see around the country. And early on it was racing who stepped up to the plate and said, "State legislators, racing commissions, people, follow us, let us use alternative gaming as a means to provide the state more revenue, and in turn it will mitigate your deficit problems."

Today the tail is wagging the dog. I mean, if you look at the events that have occurred in New York, if you look at some of the other tax schemes that are being developed, be that up-front license fees, a myriad of other concoctions that the state legislative bodies are coming up with today, you see that racing now, manifested through racino operations, racing now is seen as a panacea for budget deficits; not an issue of economic development, rather an issue of pistol expediency.

And I'm here to tell you, if we allow that to continue, if we fall prey to the notion that we are going to be a solution to budget deficits, and that is the primary benefit of racinos, then in the end racing will suffer, and indeed it will threaten our businesses in the various states in which we do business.

But if you can bring the balance into check and get them balanced, get the three partners in racing equally balanced in terms of what splits, amount of tax that will be levied, etcetera, then racing, one, has an opportunity to reach even greater heights than as we move down the road; and more important, the state will inure the benefit because it will be an economic development engine that will inure to the benefit of the State, and in the long haul create the jobs, secure a better agribusiness for the communities and the states in which we do business, and in the end provide the racetracks and those of us who are in the business with the necessary capital to do — what? And that is improve our business, our core business, our racing business; to invest more money in racing.

And it troubles me sometimes when we see new racino operations come into play and you look to the left where racing was supposed to be and is being conducted and you see these terrible facilities.

Racing needs capital. It is capital intense, and racinos provide us a new revenue source, a new means to attract capital, and we should be investing those monies to some extent in our racing properties. Because if we do, then I think racing in the long haul will see greater success as we move down the road.

Now that's my bit on racinos and I believe it, I'm passionate about it.

And now I want to talk about passion. When I started off I mentioned to you that I don't attend these meetings very often, and I don't, because it — what follows from the meetings is a significant drop-off. Racing today needs passion. And I'm not talking about passion that says, "I really like the sport."

How many people you know, they're — where's Nick Nicholson? He's around here someplace. The Keeneland Boys.

Okay, I mean, they go putzing around Keeneland, you know, with their tweed suits on and anything and love racing, "It's so marvelous."

Well, come on, boys and girls, that's not the passion I'm talking about.

I'm talking about that passion that says, "Total commitment;" that passion that is goal-oriented, that passion that worries about accomplishing the goal and forget about the journey you're going on. But that passion that I used to have — you know, that first kiss with my wife, 40 years ago? You know that passion, the goal that you were going — I mean, you — it's goal-oriented.

**(Laughter)**

You know the kind of passion. You guys are laughing. You know what I'm talking about? That deep abide — that commitment. And I'm not talking about just racing, I'm talking about solutions.

And I've been at those meetings where we get all charged up and you go, "Oh, Jesus, Mary and Joseph, it's such a great thing here; we got this, we got that, we got that."

But the passion that I'm talking about is the passion that you get when you walk out that door and you spend the next 365 days committed to solving problems. And we're not there. I mean, we truly are not there.

How many years have we been working on medication? How many years? And what happens? We all get all lathered up here, you know, in these kind of confabs and we walk out and nothing happens.

How many years have I complained about the totes, and some of my tote brethren here, praise be to God, testify! I mean, how many years have we talked about the tote? How many years have the customers said, "We don't want to have these last rolls in the — on the odds board." I mean, can't you — can't you give us the final odds sooner than four minutes after the race? I mean, the customers are telling us.

Now, we need people who are absolutely committed to solving problems. And we can't keep coming to these meetings, walking out — and you've heard this piece before. I mean, you have heard it before, and particularly those folks out there with the gray hair. I've heard it too many times, I just don't — I kind of tune it out.

But we have to tune it in. We have to get passionate about our sport. We have to believe that it has growth potential. We have to acknowledge that indeed there are problems. There's tote problems, there's medication problems, there's offshore wagering, there's — I'll say it — jockey problems, and jockeys are going to war.

I mean, girth up, get your helmets and flak jackets on, the jocks are going to war. I mean, all of these problems are here. But what we need is a sense of passion about

solving the problems, because if we do solve the problem — think about this — 85 percent of our business is done off track; right? Am I wrong? Hello? Yes.

Now, it used to be we talked about customer service, we talked about smiles on faces and doing all of this, that; and the other thing we got, customer service.

I'm telling you, you just come to our place there at Churchill Downs, and I believe we do. We have some of the best. We got a young lad here, Tom Schneider sitting right there, brought him in from a hotel. He runs the best in customer service, he knows; he's committed to it, he's passionate about it.

But guess what? He only sees 15 percent of our customers. How are we going to talk about, how are we going to talk to, how are we going to incent, how are we going to offer good things, good products, to those other 85 percent?

Now think about it. Well, you'd say, "Well, of course that's technology."

Well okay. You know, our idea of technology in our business, you know, two tin cans and a string. Hello, you know?

We've got to solve that problem. And we're about the business. I mean, we at Churchill, we're working on solving that problem, because as we look into the future we see more and more and more of our customers not being on the racetrack. And we've got to communicate with them. And that's a huge, huge problem.

We've got other — offshores, I've talked a little bit about offshores. The offshores are a manifestation not of people wanting to do illegal business, but it's a manifestation of the customer — wait, wait let me spell that; c-u-s-t-o-m-e-r; a word that I don't think we use enough.

The customer telling us what he or she wants, that's it. The customer is telling us what he or she wants. Now, if the customer is telling us what he or she wants, don't you think, wouldn't it be a good idea, that we go out and deliver the product instead of talking like Chicken Little talk.

I mean, "The sky is falling, the sky is falling. We got the offshores coming in, the rebaters and that."

Well, of course we got it, the customer wants that. Why aren't we out there doing it? Why don't we compete?

New word, concept. Get passionate about it. You can solve that problem; we can solve that problem if we put our minds to it. The same with the jockey thing is just — it's emotion, overwhelming emotion. I wouldn't call it passion, it's more anger.

We can solve that problem. And we've got to commit ourselves to doing that. Now the real question is, who is the problem solver? Now let me tell you, how many

people have been to this meeting for more than 10 years, raise your hand? Gosh Almighty. All you are newbies?

Well good. I saw a lot of gray hair out there, you haven't been — this is a lovely meeting. Who do we need to solve problems? People like me with the gray hair, been around forever, got preconceived notions, who think first about why you can't instead of why not?

We need to change. And in our company we've been through a process for the last year and a half called Business Change Management. I'm a great believer in it. It has been therapeutic, it lights my fire. Because what we talk about is this: Are we ready to change? What are the things that you need to change? Just think general, I mean, I'm talking about changing your clothes.

Well, you need a hand, you know? "What are the key things that you can do and put into your companies that will allow you to change and change responsively and in a meaningful manner?"

And we identified a number of these things. And we said, "We've got to get these things right. We have to know how to incent people, we have to know how to encourage certain behaviors, we have to know how to communicate."

All of these are basic things that we need in our business in order to affect change; and I'm not talking about anything specific, I'm just saying change.

Now, so what do we do? Well, knock on wood, here's 10 different consulting firms out there, and we chose one. And they came in and they spent six months with us, "Oh, we got to change, we got to change the paradigm and change the diagram." And everybody knows on your computer you got these arrows down at the bottom that has these different arrows, you have that. That's a consultant's — that's their deal.

**(Chuckles)**

And they sit in there and they design. They work with Gates. "Here's what we need, we need arrows on the thing because that's going to make us a lot of money."

And they charge by girth, you know. How much — how many transparencies or, you know. Well anyway, after a while we said, "We got it, thank you. Thank you." Exit stage left. We got it. And what did we do?

We said, "To solve the problems we need to change. And then we start thinking about — change is not a good word, it's a pejorative word in many respects. When I say "change," what does that mean to many? "I'll lose my job. Hey, here comes Tom. We're going to change today."

**(Chuckles)**

Okay, now; what's the first instinct? It's that security thing. I mean somewhere in your gut Meeker says we're going to change. "Oh, I better fortress up here because my job's at risk."

What we need to talk about when we talk about change is think young. Think about it. Just think young. What do you have? They're uninhibited.

I mean, 4-year-old's climbing up this tall on something that you go, "Oh, my God, he's going to fall, he's going to fall."

Well, you have to understand 4-year-olds are packaged to fall four feet and above, that's what pediatricians tell me. I mean, they are packaged that way; you drop them head first, sideways.

**(Laughter)**

I mean, they're designed that way. But climbing up whatever they're climbing up they are just uninhibited. They don't have life's experiences to mold their thinking. Their thinking about what? The passion they have to get to the top of this thing. And they're not worried about the journey, they just want to get there.

And that's what we need. We need to think young. And I'm not talking about your calendar age, because I think young. I just — I try to think — I force myself because I'm old, but I try to think young. And these young people today — again, I'm not talking about calendar age — think differently than we do. Remember now when we were growing — when I was growing up I had about two or three receptors I had to keep tuned, you know; one to my family, mother, father, one to school, okay, and another receptor to peers, and I might have had another receptor that read a little bit.

But I didn't have TV, you know, and that's how old I am. Now, today the kids have a set of receptors that is just mind boggling. They've got one for computers, tut-tut, tut-tut, tut-tut; T-ball, they get information in droves and bunches.

And they're able to digest it, they're able to see the world in a much broader view today than we saw when we were growing up. And that means their decision-making is much better.

So what we did, plain and simple, is we just abdicated. What we said is, "We're going to bring young people together, set them around a round table; we're going to give them a problem," which we did, "We're going to give them some money," which we did, and we said, "Solve it."

Well, how great; and the solutions were terrific. And over the next year and a half we'll implement most of the solutions that they came up with. Why? Because they're fundamentally sound, they're responsive to the needs of the customer; they do things for us that will allow us to change and change in a meaningful way and a total 100 percent commitment to racing. And that's it.

And when I say I testify, that's — that's what I want to talk about. And that's what we need to do. And I think we all have to say, "I am tired of walking away from these meetings and not being fully committed 364 days later to solving a problem."

You can't solve them all, but all of us have a role to play in solving problems. And when you look back over the last 10 years and look at what racing has done, our report card isn't very good. We haven't solved problems.

We just fell into the lap of interstate simulcasting, we just fell off the truck and found racinos. But we haven't solved our problems.

And as we move down the road with the new revenue sources and the capital that we'll be able to access through racinos and other gaming business, with technology just at the cusp of doing great things, with a new tote system, with new medication rules, with uniform rules, can you imagine — can you imagine what racing could be? Can you imagine the product that we could deliver into the international community? Can you imagine the product that we'll be able to deliver into the home?

There are just a few problems that we need to solve, and we need you and your colleagues back at your racetracks to assist in solving those problems. But it starts with a basic commitment to passion. And I'm talking about that first kiss. And in the end, you have to know where you're going. I knew where I wanted to be, after that first kiss —

**(Chuckles)**

— and somehow I got there. So with that, I'll leave you.

Again, I thank you very much for being with us today, and I thank you so much for inviting me to speak today.

And I guess I'm supposed to ask — answer questions? I'm supposed to answer questions. Thank you.

**(Applause)**

Okay, now I'm supposed to answer the questions. Did I do okay, Julie, and didn't say anything bad? Okay.

Julie's sitting there. God Almighty, she's gonna raise hell with me.

Okay, I'll answer a few questions if you've got any?

**A VOICE:** Can you share some of those ideas with us?

**MR. MEEKER:** What ideas?

**A VOICE:** The young — the new ideas?

**MR. MEEKER:** Well, that we came up with? Yes, communication. I mean — well, I can't get too specific for obvious reasons; because look at these, my chief competitors sitting over here, look at them. These guys are taking notes. They've been scribbling down here.

**(Laughter)**

But just basic things. Let me give you an example.

Let's say you have an employee, and this is a good graphic example. Let's say you have an employee who for years has done a job. And he's done it pretty dog-gon good. He takes a round peg and puts it in a round hole. "Hey, I could do that, okay?"

And every day he's putting the peg in the hole, peg in the hole.

But all of a sudden Meeker comes up and says, "The customer says he doesn't want just a round peg in a round hole, he wants a square peg and a round peg in a square hole and a round hole."

Mother of Peace in Heaven. Think about that. I'm going to this employee and I'm going to say, "Listen, tomorrow your job is going to be taking a round peg out of this basket and putting it in a round hole and a square peg and putting it in a square hole."

Now, that's what we normally do.

"Okay, here we go, George. You've been doing the round hole trick, I think you've got it down. Now we're going to introduce you to think the customer's telling us what to do why, you know?"

What happens? The first thing that happens is you'll see one of his colleagues as he's leaving work. "Can you imagine what Meeker's doing? I mean, can you — can you imagine this? A round hole, square peg? I mean, it's dumb."

And then he goes home to mama and he talks to mama.

"I can't tell you how dumb this company is. This company is the dumbest thing I've ever seen, and I can't do it. And I'm going to lose my job." And mama's now upset, she's bitching and moaning at him.

And the next thing you know he comes to work the next day and he's not doing half the work that he did before.

How do you do it? And we figured out ways to do it. What say I go to Joe and say, "Joe, come here, I want to talk to you. As part of the whole company we've got to change. And you've been such a terrific employee, we've got an investment in people."

"And we look at our employees as part of the balance sheet and not a cost thing on the P and L, and we're committed to you. And you've demonstrated you got all sorts of abilities, etcetera.

But the customer, who really will make sure that we still have a job, the customer is telling us we need the square peg in the square hole and the round peg in the round hole, and here's what we're going to do.

Number one, we're going to pay you a little bit more money. Number two, we're going to train you, and we're going to train you to put that square peg in the square hole and the round peg in the round hole.

And then after that we're going to go out and you're going to train other people. And you're going to be the instructor on the square-hole deal."

Do you get it? It's a whole different way. Now we've created behavior in this individual that is responsive: one, to the customer; and two, is a terrific, terrific employee. Just a little communication, telling him why he or she has to be doing it, that it's responsive to the customer.

And if we're not responsive to the customer we're all going to lose our jobs. We're going to salt it with a little training, salt it with a little money, and pretty soon you've got a happy, happy employee and you've got a company that is responsive to the needs of the customer.

That's general, and there are a lot of moving parts to it. But you can see, communication, training, all of it, incentive, all of these things wrapped up in the company.

Okay, anything else? Yeah?

**A VOICE:** I'd like to know how you reconcile the following challenge. You mentioned the younger community that's an Internet-based community in terms of how they grow up and learn, that seems to go right up against it, what's been happening in the legislative community where the legislators in states do not seem to be embracing the Internet.

How do you reconcile that challenge for the future?

**MR. MEEKER:** The question was, how do you reconcile the difference between the society today, which is really Internet-dependent, and state legislative bodies who are not wired into the Internet?

**A VOICE:** Or that are not embracing the Internet.

**MR. MEEKER:** Not embracing the Internet as it relates to gaming.

**VOICE:** No, say for advance deposit wagering.

**MR. MEEKER:** Well, he's talking about advance deposit wagering. The issue there is really more a proliferation issue rather than the Internet. The Internet just happens to be the primary means of distribution at that point.

I've always had — well I'll be careful.

**(Chuckles)**

You know, I've always had a problem with states. The states keep beefing about the proliferation of wagering.

Hello!

I mean, 20 years ago they started passing lotteries. No age control. You can walk into — every morning I'd stop by this 7-11 thing-a-ma-jig, and get a cup of coffee. And I just like to be with people. Cops are in there. And I just talk to them. It's a good experience, it's uplifting. And I learned how to, you know, put them out —

**(Chuckles)**

I mean, I walk in there and I'm amazed sometimes when I see people who are obviously working people, they're good people and everything, but obviously they're living from paycheck to paycheck, pull out just tons of money and bet it on the lottery.

And the state is — I mean how many more 7-11s do they have in the State of Kentucky? I mean, they must have 4,000 or 5,000 distribution points for this lottery thing. And remember, it use used be the lottery — when the lottery first came in vogue they said, once a month we'll have this lottery and it's — I see Gene back there — it's a slow velocity game. Okay? And it's sort of benign.

Well, come on. I mean, they have scratch-offs, they've got this, they've got instant games, they've got the Power Ball. So that's what it's all about. It's all about proliferation.

We have to allay that thing, and I'm not sure the argument I just advanced is a compelling argument to some of these legislators, because they usually say, "I wasn't in favor of the lottery."

Well, yeah, but it took 50-plus percent of your body to pass it, and — so I get a little disgruntled when I think of the State.

And the ultimate irony is this: The state is our competitor. "Gosh, how does that work?"

They regulate us and then they're our competitor. What a neat deal that is.

**(Laughter)**

I mean, I kind of like it; we're in business, and we can also regulate these guys. You can always tell them this: You can only run this many race days, you can do this, you can't do alternative gaming, you can't do that. But we've got our own business. What a country? I kind of like it, huh?

Okay, any other questions? I've maligned enough people I guess.

**VOICE:** Mr. Meeker, how do you think U.S. racing should or could best take advantage of the international gaming market?

**MR. MEEKER:** How should U.S. racing take advantage of the international gaming market? I think there are two points here. Number one, we have to recognize — and this is what I keep saying when we talk about passion — we have to recognize that in our hands — Allstate — in our hands we've got the best competitive product in all of the racing world. Bar none. U.S. racing is the best.

Number two: Technology provides us a terrific opportunity to get out into cyberspace with the U.S. racing product.

Now what we need to do is we need scale. And believe it or not, that was quite honestly why our company started acquiring other racetracks and other racing programs, if you will.

It's the same reason Jim has been out trying to acquire other racing properties and other programs; to build scale so that we can deliver that thing in one of two ways; either into cyberspace and put a platform out there. U.S. Racing; might be domiciled in the U.S. or might be domiciled offshore for that matter, but we will distribute product to the four corners of the world.

Alternatively, point to point simulcasting also. The opportunity isn't quite as great because of the same problems we've had domestically, and that is landing rights.

When you go into another country they're going to send up barriers or put up barriers to allow us to get in. But I think long term, as we saw this year we were successful in eliminating the withholding tax feature. The treaties also helped us, but in the long run I believe — for instance, in Australia, Pacific Rim and certainly on the continent, there are great markets that we can get into, create business deals that are meaningful and fair and beneficial to both the foreign jurisdictions' racing product as well as ours.

But it's going to take — it's going to take a while. I think the first step will be some sort of cyberspace platform for U.S. racing, and I think that's going to come pretty quick.

Okay? Well, thank you again so much. I enjoyed it very much.

**(Applause)**

**MR. ANDERER:** Tom, thanks for throwing away the script, giving an enlightened and entertaining speech.