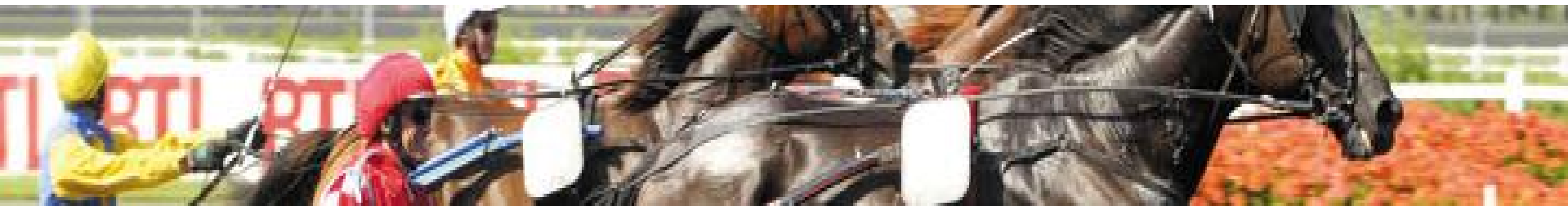




Betting on Horseracing in France



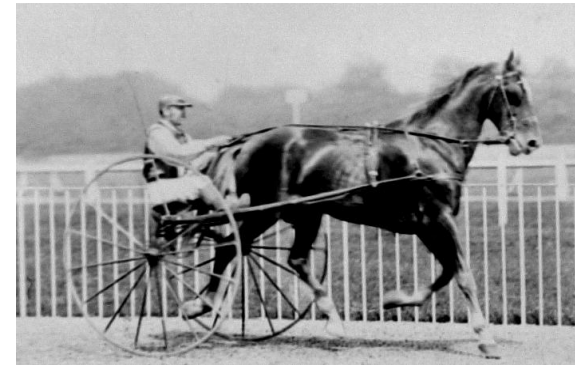
The Symposium on Racing – Tucson, 12/06/2006





History of Racing & Betting in France

- 1776 ★ First organized betting race
- 1836 ★ First trotting race in Cherbourg
- 1880 ★ Joseph Oller invents Pari Mutuel
- 1891 ★ Bookmaking ban
- 1934 ★ Authorization of off-track betting
- 1954 ★ Creation of the Tiercé bet
- 1989 ★ Launch of the Quinté+ bet





○ Racing & betting in France - Quick overview

- ★ Casinos, National Lottery and pari mutuel on racing
- ★ 2005 total gambling French market is worth **\$45 billion**
Horseracing betting share is **23%**
- ★ **6,497** national races - **745** meetings (Trotting, Flat, Jump)
- ★ **248** racetracks; **12** major metropolitan; **60** leading regional
- ★ **27,000** horses in training - **12,200** breeders - **7,400** owners
- ★ **6.5** million horseplayers out of a 61 million population



● Top Quality International Racing in France

■ Leading international races:

Prix de l'Arc de Triomphe (Turf) - Longchamp ★ Prix d'Amérique (Trotting) - Vincennes ★ Prix du Jockey-Club (Turf) - Chantilly ★ Grand Prix de France (Trotting) - Vincennes ★ Grand Steeple Chase de Paris (Jump) – Auteuil

■ French trained winners in North America:

Thoroughbred ★ SHIROCCO 2005 Breeders' Cup Turf ★ SIX PERFECTION 2003 Breeders' Cup Mile ★ BANKS HILL 2001 Breeders' Cup Filly & Mare Turf

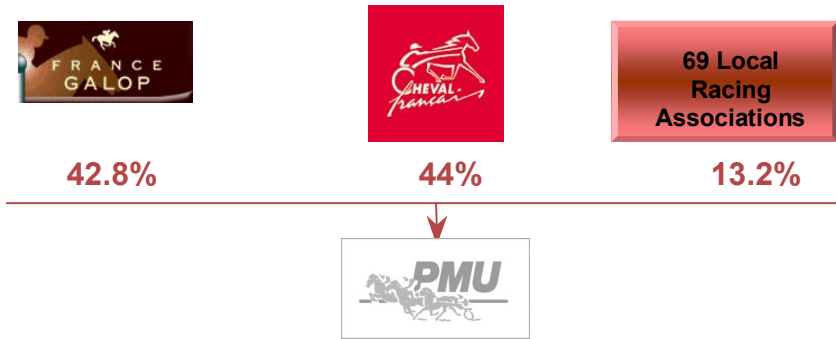
Trotting ★ FAN IDOLE – 2002 Le Trot Mondial, Montreal



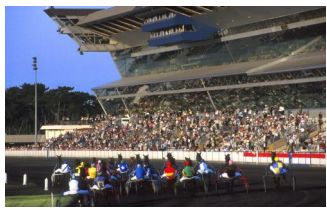


PMU (Pari Mutuel Urbain)

- Turnover **\$10.5 billion** ★ Leading European operator on racing ★ 2nd worldwide
- Revenue of **\$745 million** returned entirely to Horseracing Associations



- PMU funds **80%** of the French Equine industry:
 - ★ **61,000** direct jobs
 - ★ **130,000** indirect jobs





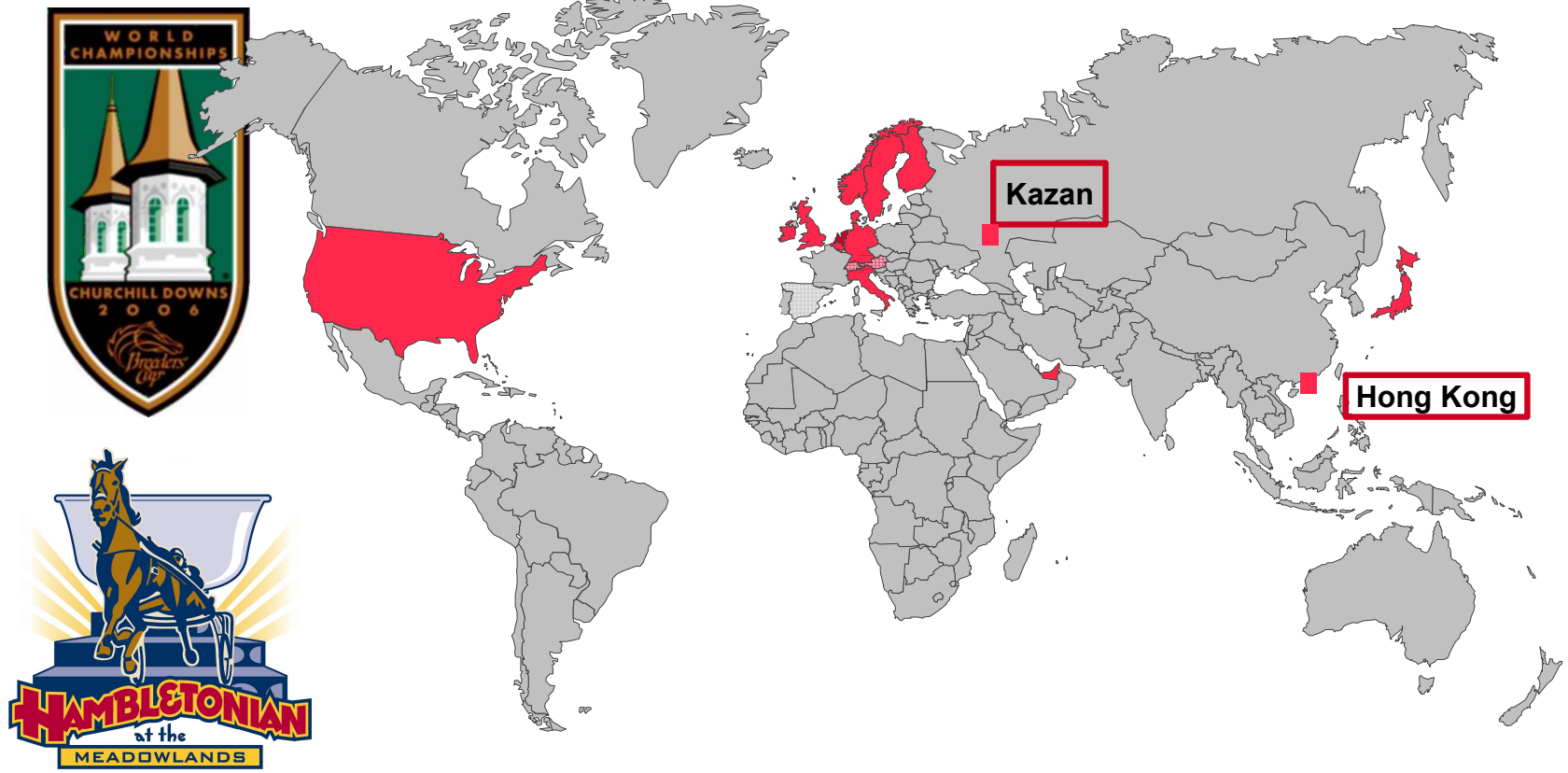
PMU in France

- WPS average pool / meeting = **\$2.6** million
- Daily **Quinté+**
 - 2006 record dividend for \$4 = **\$6.7** million
 - 2005 average carryover for \$2 = **\$1.7** million
 - spOt** intelligent quick pick
- Around **9,400** distribution points (**150 per million people** vs USA = 2)
- Remote Betting: **idTV** (2000) ★ **Internet** (2003) **Mobile** (2006)
- Media coverage: **Equidia** horse channel in **5.1** million households ★ Racing on 2 national networks





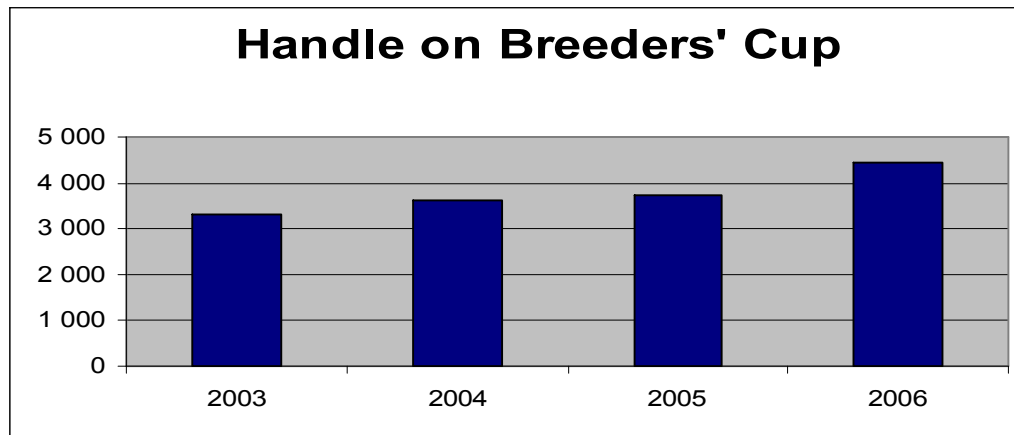
○ France betting on overseas racing





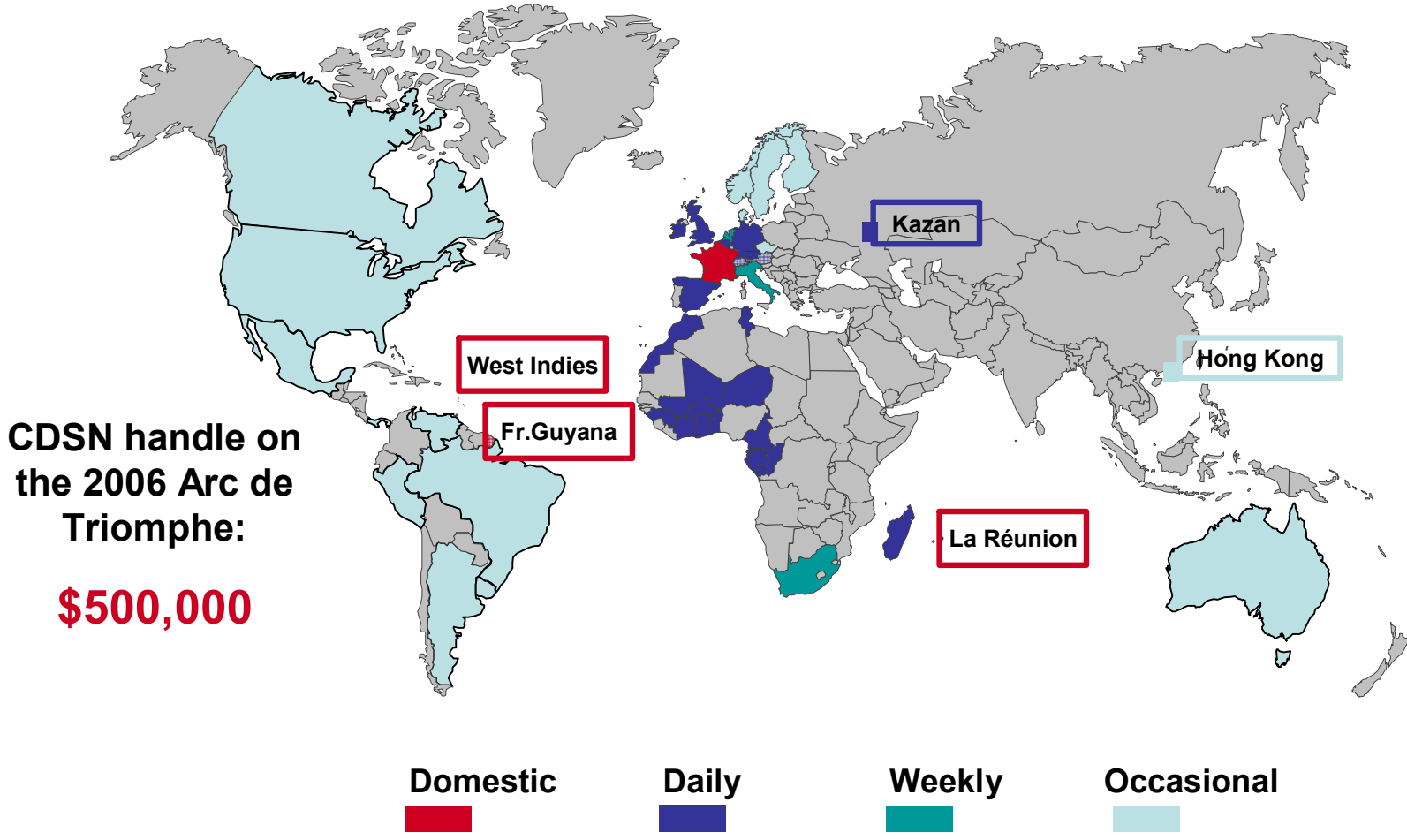
○ France betting on overseas racing

- In 2005, total of **95** races from **17** countries on **4** continents
- Common pool on Breeders' Cup since 1997
- Breeders' Cup 2006 French handle: **\$4,428,469**
- Hambletonian in 2001, 2003 and 2006
- Six simulcasts of Arlington Million since 2000
- Common pool on UK and Irish racing since Royal Ascot 2006





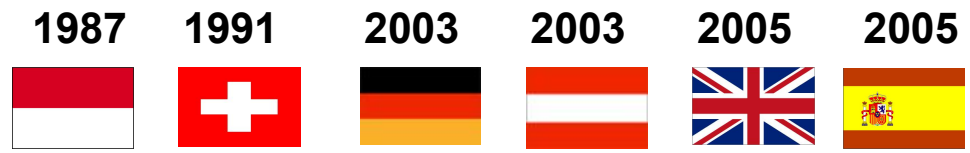
Overseas betting on French racing





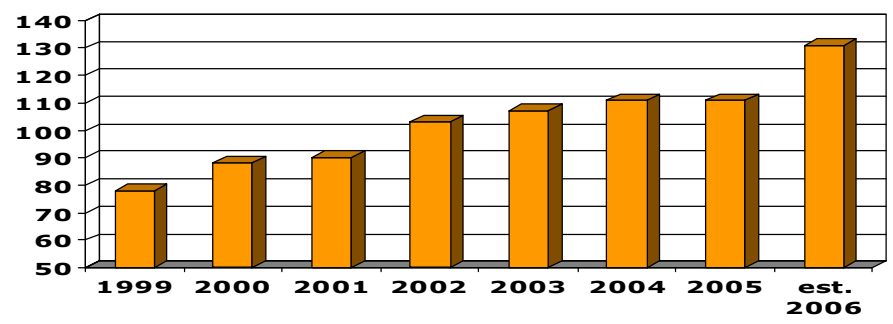
Overseas betting on French racing

- Common pool partnerships



(PMU commingling on British races with UK Tote)

- Growth in international handle on French racing (in \$ million)



- ITSP 5.18 ★ proprietary exotic betting gateway ★ html racing data feed ★ quality Equidia signal ★ PMU participation on WTP committee.



○ Tote commingling issues (1/2):

★ Marketing:

- **Bet type rules differ** from country to country, even when they appear very similar (exacta, trifecta...)
- International commingling also requires foreign partners to **adapt to the 'host operator' betting standards and practices**

★ Legal and economic:

- **Legal restrictions** to the organization of international common pools remains in some countries
- Necessity of finding a **take out distribution system** satisfactory for all parties (net pool pricing)



● Tote commingling Issues (2/2):

★ Technical:

- The increase in the number of remote partners may adversely effect the performance of the host system, notably the bet collecting and processing times
- ITSP can't be used for all bet types : Specific protocols are required if exotic bets are included in the commingling agreement
- **PMU supporting WTP process**

★ But International commingling of pools:

- As such, international commingling of pools represents **a real asset for the pari-mutuel model** which is the most profitable for the global horse racing industry
- May be a chance for racing to develop events with **worldwide audiences and attractive betting products**
- **PMU is working closely with the IFHA** and leading pari mutuel organizations on these global developments