

MEMORANDUM OF AGREEMENT

This Agreement is between
WOODBINE ENTERTAINMENT GROUP (“WEG”)
WEG is an Association as defined by the Canadian Pari-Mutuel Agency and is the owner and operator of Woodbine and Mohawk Racetracks at which standardbred horses race.

and

THE ONTARIO HARNESS HORSE ASSOCIATION (“OHHA”).
OHHA is a trade association of owners and trainers of standardbred race horses and provide representation and services for its members and their employees engaged in standardbred horse racing.

The parties mutually agree to the following terms and conditions of this agreement:

Exclusive Representation

During the term of the agreement, WEG recognizes OHHA as the exclusive representative of those owners and trainers of standardbred horses in Ontario which race and stable at both Mohawk and Woodbine Racetracks. In the event the term of this agreement expires before a new agreement is executed, then it is mutually agreed that a ninety-day cure period will follow the expiry date of this agreement. During this cure period both parties agree to negotiate in good faith and WEG agrees and acknowledges that during the above referenced cure period OHHA shall be the exclusive representative and bargaining agent for horsepeople in respect to standardbred racing matters.

Term of Agreement

Unless terminated, this agreement is effective from January 1, 2003 until and including December 31, 2005. This agreement shall be automatically renewed for a further period of one (1) year. Unless either party notifies the other party in writing on or before October 1, 2005 that it wishes to terminate this agreement, in which case the agreement shall terminate on December 31, 2005.

Discussion and Consultation

During the term of the agreement, WEG and OHHA agree to meet on a quarterly basis to discuss matters of mutual interest. Matters discussed will relate specifically to issues that directly affect horsepeople (i.e. purse accounts, purses, race dates, racing surfaces, training and stabling facilities and race office).

WEG will be represented by three (3) members of Senior Management. OHHA will be represented by its Executive Director and no more than two (2) members of its board. These representatives will also meet to discuss those matters in this agreement that specifically require consultation including race date applications. At least 14 days prior to the submission of WEG's annual application to the Ontario Racing Commission ("ORC") for Standardbred and Thoroughbred race dates, the representatives will meet to discuss such application. WEG agrees to inform OHHA of any subsequent application for changes in the Standardbred and Thoroughbred racing schedule. OHHA, by virtue of such consultation, shall not be deemed to have waived its rights to thereafter oppose WEG's application at the ORC hearings.

Purse Distribution

The aggregate purse amounts to be distributed through the standardbred horsemen's purse accounts during the term of this Agreement shall be calculated as follows:

- (a) in respect of live standardbred races conducted by the Association, ***fifty per cent (50%)*** of the gross commission revenue;
- (b) ***fifty per cent (50%)*** of the net breakage from wagering on all standardbred races at WEG facilities;
- (c) in respect of wagering on simulcast races, the following amounts of the gross commission revenue:

on thoroughbred simulcasts originating from U.S. racetracks during the historical fourteen week standardbred winter meet (being approximately early-December to mid-March):

to the Association, ***fifty per cent (50%)***;

to the standardbred purse account, ***twenty-five per cent (25%)***;

to the thoroughbred purse account, ***twenty-five per cent (25%)***;

- (ii) on thoroughbred simulcasts originating from Hong Kong racetracks:

- (a) to the Association, *fifty per cent (50%)*;
 - (b) to the standardbred purse account, *twenty-five per cent (25%)*;
 - (c) to the thoroughbred purse account, *twenty-five per cent (25%)*;
- (iii) on all other standardbred simulcasts:
- to the WEG, *fifty per cent (50%)*;
 - to the standardbred purse account, *fifty per cent (50%)*;
 - to the thoroughbred purse account, no amount
- on all thoroughbred simulcasts:
- (a) to the WEG, *fifty per cent (50%)*;
 - (b) to the standardbred purse account, no amount;
 - (c) to the thoroughbred purse account, *fifty per cent (50%)*;
- (d) plus or minus, as the case may be, in respect of interest on underpayments or overpayments of purses calculated weekly on the amount of such underpayment or overpayment before interest, as at the close of business each Saturday, based upon the interest rates in effect on the first banking day after each Saturday as provided by the Scotia Bank, Toronto Main Branch. The amount of interest is determined as follows:
- (i) on the first \$1 million, interest will be calculated at a rate of prime minus 3%;
 - (ii) on any balance in excess thereof, interest will be calculated at a rate of prime minus 2%;
- (e) WEG shall add to the aggregate purse amounts a sum equal to fifty percent (50%) of the balance of uncashed pari-mutuel tickets and voucher revenue, as determined by WEG annually throughout the term of this agreement,

For these purposes, 'gross commission revenue' means gross commission revenue derived and retained by WEG from its share of money wagered at WEG facilities on the relevant races, including all inter-track, off-track, simulcast, teletheatre, telephone account betting, or other forms of remote wagering involving standardbred racing; and also for these purposes, "gross commission revenue" shall be calculated net of takeout

adjustments in respect of the HorsePlayer[®] Rewards Program and any simulcast fees paid to host tracks.

Horsepeople's Administration Fees

During the term of this Agreement, WEG will pay to OHHA an amount equal to ***one and one-half percent (1 ½ %)*** of total purses paid. OHHA undertakes to ensure that all other racetracks in Ontario who operate standardbred race dates will remit to OHHA the same (1 ½ %) portion of purses paid.

Simulcasts and Live Race Dates

- (a) WEG undertakes to apply for a minimum of 260 race dates per year during the term of this agreement.
- (b) WEG is committed to the provision of high quality live standardbred racing at its racetracks. WEG and OHHA agree that simulcasting will be used to supplement existing live racing and will not be used to displace live racing. The uninterrupted availability to the public of simulcast racing product is critical to the ongoing competitive position of WEG, its horsepeople and the many thousands of people employed in the industry. WEG agrees to advise OHHA of its plans for standardbred and thoroughbred simulcast programs in writing in advance of the ORC race date hearings each year.

WEG may simulcast individual races or full programs from both Mohawk and Woodbine racetracks to other racetracks, teletheatres and/or casinos for the purpose of conducting wagering on such races. WEG will use reasonable commercial efforts to negotiate the best possible financial arrangements regarding the simulcasting with the other racetracks, teletheatres and/or casinos and the financial arrangements negotiated will be deemed to be acceptable to OHHA.

- (c) WEG will use reasonable commercial efforts to card a minimum of ten races per live card. It is acknowledged by WEG and OHHA that large fields are necessary and desirable and further that the availability of horses will determine the number of races carded.

Purses and Stake Races

- (a) WEG will allocate to stakes races no more than 13.75% of the sum of total purses paid on standardbred races less monies provided by provincial grant or sponsors unless otherwise agreed to by OHHA. Further, any amount paid out for stakes races in excess of 13.75% of the purse distribution in the current year may be

carried forward and deducted from purse monies allocated to stakes races in the following year.

- (b) Any purse monies generated from the Provincial levy (i.e. 2% on all bet types except trifectas and 4% on trifectas) shall be in addition to the purse for each such event, provided that such monies shall not form part of said 13.75% described in paragraph (a).
- (c) Prior to finalization of the Stakes Schedule and before the value of any stakes race is increased or decreased or before the conditions thereof are altered, including the amount of nomination and sustaining payment fees for early closing stakes, and before any new stakes races are added or existing stakes races deleted, representatives of WEG will participate in a process of meaningful consultation with OHHA as contemplated in paragraph 3 of the agreement.
- (d) Insurance premiums on bonuses paid to multiple stakes winners will be paid out of the purse distribution.
- (e) Any purse monies generated from Provincial levy shall be in addition to the purse distribution and shall be paid in accordance with the requirements of the OHRIA Memorandum of Understanding which stipulates the distribution of takeouts. However, any portion of such purse monies not allocated to stakes races by such requirements shall be applied to overnight purses and purse grant monies shall be considered part of this purse distribution for purposes of this Agreement.
- (f) Summaries showing total wagering, net breakage, purses accruing to horsemen, total purses paid, stakes to date as a percentage of total purses paid, the amount of any underpayment or overpayment of purses for the year to date, and the amount of interest thereon, will be delivered to OHHA office monthly.

All purses shall be distributed as between first (50%), second (25%), third (12%), fourth (8%) and fifth (5%) place finishers. In the event there are less than (5) starters, then Rule 18:02 of the ORC Rules of Standardbred Racing shall apply.

- (g) Before implementing any increases or decreases in the overnight purse scales and in the absence of an agreed formula, WEG will engage in a process of meaningful consultation with OHHA as contemplated in paragraph 3 of this agreement.

Horsepeople's Benevolent Fund

WEG agrees to contribute two hundred dollars (\$200.00) per live standardbred racing program conducted at its standardbred racetracks in each calendar year during the term of this agreement into a special fund to be known as the "Woodbine Entertainment Harness Horsepeople's Benevolent Fund". The Fund shall be used to provide financial benefits to drivers, trainers, grooms and their families in the event any driver, trainer or groom may

be injured or die while working on the Woodbine or Mohawk racetracks. A committee composed of an equal number of WEG and OHHA representatives shall be established for the purpose of managing and disbursing monies from the fund.

The amount to be paid pursuant to this paragraph shall be deposited within fifteen (15) days of the end of each month in to the aforementioned accounts. OHHA agrees to prepare and distribute to WEG a financial accounting of the fund twice a year.

9. Members Participation in Races:

It has been and will continue to be the policy of WEG during the term of this Agreement to advise officials of the Ontario Racing Commission (“ORC”) before an ORC licensee is prohibited from participating in standardbred racing at Woodbine. In addition to complying with this policy, WEG undertakes that prior to such prohibition decision being made:

- (a) WEG will permit the ORC licensee to present to the Vice-President Standardbred Racing his or her reasons why he or she should continue to be permitted entry to WEG’s Mohawk and Woodbine premises for the purpose of participating in standardbred racing. It is understood and agreed that such person shall be entitled to bring with him a member of the executive of OHHA, who is available to meet on a timely basis, for the purpose of assisting such person in his or her discussions with the Vice-President Standardbred Racing. The purpose of any such discussion will be to provide each of WEG and OHHA and the individual in question with an understanding of the position of each of the others. Following such discussion and after due consideration of all respective positions, the Vice-President Standardbred Racing will, in his sole discretion, determine whether to continue to permit the individual in question continued entry to WEG’s Mohawk and Woodbine premises for purposes of participating in standardbred racing.
- (b) In the event of a decision by the Vice-President Standardbred Racing to prohibit an ORC licensee from participating in standardbred racing at both Mohawk and Woodbine racetracks, WEG shall advise OHHA when any consultation with officials of the ORC is contemplated in order that the position of OHHA on the matter may be communicated to the ORC.

10. Revenue Sharing - Racetrack Slot Machines

It is agreed by WEG and OHHA that the horsepeople’s share of slot machine revenues generated at Woodbine and Mohawk racetracks will be split 50% to the Standardbred purse account and 50% to the Thoroughbred purse account.

11. Teletheatres:

For purposes of the Agreement, the parties agree that Teletheatres operated by WEG constitute an extension of on-track wagering.

**WOODBINE ENTERTAINMENT GROUP
ASSOCIATION**

ONTARIO HARNESS HORSE

By: _____
name: David Willmot
Chairman, President
& Chief Executive Officer

By: _____ title:
name: Jim Whelan
title: President

By: _____
name: Hugh Mitchell
title: Sr. Vice President - Racing

By: _____
name: John Walzak
title: Chief Operating Officer

**We have authority to bind the Corporation
Association**

We have authority to bind the