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June 2, 2008

VIA FACSIMILE and ELECTRONIC MAIL

Attention: Ms. Valerie Baron

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The Honorable Bobby L. Rush
Chairman Subcommittee on Commerce,
Trade and Consumer Protection

and

The Honorable Ed Whitfield
Ranking Member Subcommittee on Commerce,
Trade and Consumer Protection

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

Dear Sirs:

We are writing in response to your letter of May 22, 2008. We take all matters that relate to the health and safety of all involved in horseracing very seriously. We are pleased to cooperate with the Subcommittee, reflecting our ongoing commitment to ensure the utmost safety for our jockeys and horses, and we have provided below responses to your specific inquiries to Magna Entertainment Corp. ("MEC").

1. In the past five years, how many horses have suffered injuries on MEC-owned tracks?

According to the data currently available to MEC, from 2003 to 2007, which spans more than 4,400 days of racing at our current thoroughbred tracks, there have been 595 racing fatalities. Based on an average number of 9.5 races per day and 8.1 starters per race, this works out to a catastrophic injury rate of approximately 1.75 horses per every 1,000 starts, or less than one-fifth of one percent. It is important to note that not all of these fatalities were the result of a musculoskeletal injury.

2. Does MEC support a comprehensive tracking system for track-related injuries in Thoroughbred racehorses? Would it support tracking such injuries (and deaths) according to type of injury, track trainer, breeder, owner, and other germane categories?

Yes, MEC unequivocally supports the development of a national database of racetrack injuries. Protecting the welfare and safety of the equine and human athletes who compete at its racetracks is a top priority for MEC. Accordingly, we have strongly supported the industry's effort to create such a database through the efforts of the Equine Health and Welfare Summit. We hope that the information from this database will help the industry better understand and address the causes of racetrack injuries and take appropriate steps to reduce their prevalence and severity.

3. Does MEC support a central body or league to govern horseracing, similar to what is in place in Great Britain and other countries? Why or why not?

MEC supports a more uniform approach to many important issues relating to the governance of horseracing. Nonetheless, the analogy to Great Britain is misplaced – the U.S. is a union of sovereign states, and the U.S. Constitution provides that these states retain sovereignty over most intrastate activities. Accordingly, there are several key differences in how horseracing is regulated in the United States, when compared with how it is regulated in Great Britain and other countries, that make establishing a central body or league unworkable at this time. As an example, the U.S. has 38 separate racing jurisdictions each with their own regulatory scheme. Horseracing in Great Britain, on the other hand, has only one racing jurisdiction throughout the entire country.

In our view the national bodies required to assist the industry to move forward already exist; specifically, the National Thoroughbred Association (“NTRA”), the Association of Racing Commissioners International (“ARCI”), and Thoroughbred Racing Associations (“TRA”). The problem, in our view, lies in the inconsistent and non-uniform way in which the various states regulate horseracing. MEC currently operates horseracing tracks in nine states. With respect to issues of racing medication, welfare and safety, there absolutely should be uniform regulations across the U.S. Accordingly, MEC is committed to continue working with existing industry-wide organizations, such as the NTRA, the Racing Medication and Testing Consortium, The Jockey Club, the ARCI and the Equine Health and Welfare Summit to establish strong model rules and multi-state compacts to allow for the regulation of horseracing on a national basis.

4. In general, what are the most pressing problems facing the Thoroughbred industry, and what reforms can be initiated to address them?

Unfortunately the thoroughbred industry faces serious problems at this time and is declining throughout the U.S. MEC is committed to working with all industry stakeholders, including governmental bodies, to address these problems. Properly constructed, the horseracing industry could employ many hundreds of thousands of people and, through international wagering and breeding, it could become one of the great export industries of the U.S.

However, current industry regulation makes it virtually impossible to operate a profitable business. As a result, the horseracing industry has had to look to alternative forms of gaming revenue to support the business. Free market forces must be allowed to operate in the industry. For example, racetracks need to be allowed to open when operators believe they can attract the most customers, operators need to be able to purchase and sell race signals they think their customers want to view and wager on, and advanced deposit wagering should be permitted in all states that allow pari-mutuel wagering. In addition, it is vital to the future growth of the horseracing industry that it be treated on a level playing field with other forms of gaming and entertainment so that track owners are able to build their businesses based on local, as well as national and international market opportunities.

Internationally it is imperative that the industry work with the Federal government to stop illegal betting on races occurring in the United States. Track owners in the U.S., and our partners in the industry, want to do business internationally, but it is virtually impossible to do so when the signals to U.S. races are being pirated throughout the world.

Focusing specifically on the areas of most concern to the Subcommittee, one of MEC's main focuses, since its inception in 1998, has been, and will continue to be, the safety and well being of all participants in the industry. It is both the "right thing to do" and a matter of survival for the industry.

Included in the area of safety is the proper installation and upkeep of racing surfaces. Led by our Chairman and Founder, Frank Stronach, North America's leading breeder and race horse owner, MEC has invested tremendous resources, both human and financial, to ensure that horses running at MEC-owned tracks are running on the best surfaces available. From completely rebuilding both the dirt track and turf course at Laurel in Maryland, to constructing new wider turf and dirt courses at Gulfstream Park near Miami, the development of our world class thoroughbred training center near Palm Beach, Florida and finally installing two synthetic tracks at our Santa Anita and Golden Gate Fields facilities in California, MEC continues to make every effort to provide the safest possible surfaces for race horses. In the years we have been in business no other racetrack operator in

America has undertaken such an extensive racetrack improvement program. MEC will continue to work with all industry partners to ensure that no matter what the surface, the health and safety of the horses and jockeys participating in races is paramount.

As noted above, we believe that strong uniform model rules are required with respect to medication and treatment of horses. It is counterproductive for MEC to work closely with its local regulators to create an appropriate regulatory framework if horses transported in from other jurisdictions are subject to an entirely different regime. We believe that the entire industry (racetracks, horsemen, veterinarians, regulators and jockeys) must focus its efforts on ensuring greater uniformity of medication and treatment rules across the country.

Finally, along with the horses, the jockeys are key “stars of the show”. MEC believes that all jockeys must be able to earn a proper living wage and be able to get affordable health insurance. Jockeys have made great strides in organizing themselves over the last five years. MEC will continue to support reforms that improve the position of the jockeys racing at its tracks and, in fact, believe that we have contributed significantly and worked with the jockeys towards achieving that goal.

Given the complexity of the issues involved here, we very much look forward to the opportunity to testify in front of the Subcommittee in June. If you have any further questions with respect to our responses, please do not hesitate to contact us.

Yours truly,



William G. Ford
Senior Legal Counsel and Secretary

cc Frank Stronach, MEC Chairman
and Chief Executive Officer

Ron Charles, MEC Chief Operating Officer