

**Statement by Frank Stronach:
Regarding Tuesday's Press Conference Opposing Tribal Compacts**

MEC

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There has been some misunderstanding regarding the presence of Dennis Mills at yesterday's news conference opposing tribal compacts, which took place on the California State Capitol grounds.

I feel it's important to clarify that Dennis Mills was speaking on behalf of himself, not, *I repeat not*, for Magna. Dennis Mills is very involved in the Dixon Downs Project, and speaks for Magna only with regards to that project.

Two weeks ago, I met with Governor Schwarzenegger, and Senators Florez and Perata, at which time I made Magna's position abundantly clear--that we are not opposing the compacts, in fact, that Magna is neutral on all issues and opposes no one.

The main point I want to convey was that the Horse Racing Industry, which employs approximately 50,000 people could perhaps dwindle to 20,000 people unless constructive measures are under taken.

✓ There are many indications that we are already well underway towards a great decline.

Many Horse Owners are moving towards the East not only to raise their horses there but also establishing breeding farms.

Magna which is a major Horse Track owner in California would like to not only point out the issues with the decline of the Race Track Industry but also offer solutions to these issues to allow California to become a leader not only in the State but globally in the Race Track Industry.

It would be a huge tragedy for 30-40,000 people to lose their livelihood.

The Race Horse Industry is a vital part of the social economics of California.

Currently, the Race Horse Industry is shackled under heavy chains via government regulations.

We at Magna feel that government has a role to play in the Race Horse Industry to ensure the integrity of the sport and protect the people within that industry, which would include farm workers, race track works and those whom gamble on the horse races.

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It is our view that if persons or companies meet all the rules and regulations they should be permitted to open a Race Track subject to local zoning.

In this regard, we propose:

1. Race Tracks be permitted to open for business when they determine they will get the most customers;
2. Race Tracks be permitted to buy or sell Horse related products as determined by the consumer;
3. Permitt people to place bets from the privacy of their own home via telephone or internet; and
4. Race Tracks be permitted to operate pari-mutuel betting machines provided they relate to the Horse Racing.

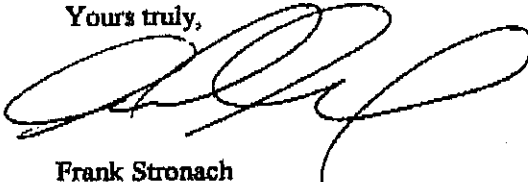
In return for these permissions, Race Tracks must commit to provide sufficient live racing days for the horse owners and breeders, whom are the backbone of the Horse Racing Industry.

We believe that this is a relatively simple request which basically re-affirms the principle of Free Enterprise which America is noted for.

We at Magna are not looking for any subsidies. We only wish to remove the shackles from the industry in order to compete with other gambling institutions.

Magna looks forward to working with all parties—the racing industry, the Governor, the California Legislature, the tribes, and labor—to find a global solution that benefits all concerned.

Yours truly,



Frank Stronach
Chairman of the Board
Magna Entertainment Corp.