



Amended and Restated Funding Agreement for Live Horse Racing – Summary of Primary Changes

The following is a summary of the primary changes to the Funding Agreement for Live Horse Racing dated as of May 7, 2018 (the “Original Funding Agreement”) among Ontario Lottery and Gaming Corporation (“OLG”), Horse Racing Ontario (“Ontario Racing”), Ontario Racing Management Inc. and Woodbine Entertainment Group, resulting from the amendment and restatement of the Original Funding Agreement, as reflected in the Amended and Restated Funding Agreement for Live Horse Racing that will be effective as of April 1, 2019 (the “Amended and Restated Funding Agreement”). Capitalized terms that are used but not defined in this summary have the meanings specified in the Amended and Restated Funding Agreement.

1. The Annual Payment has increased from \$104,800,000 to \$116,850,000, to include the addition of an Operational Enhancement Payment (\$2,050,000) and a Horse Improvement Payment (\$10,000,000).
2. OLG will pay the Operational Enhancement Payment to Ontario Racing for the benefit of Fort Erie Live Racing Consortium and Dresden Agricultural Society during the periods and in the amounts specified in Schedule 3.4(a) that is attached to the Amended and Restated Funding Agreement. No Operational Enhancement Payments will be payable following the end of the seventh Funding Year of the Term. The Operational Enhancement Payments may be used to pay costs and expenses associated with sustaining horse racing and funding race dates at the recipient’s racetrack.
3. OLG will pay the Horse Improvement Payment to Ontario Racing, which will ensure that the funds are used to improve the quality of racehorses in Ontario and to promote breeding and ownership of Quarterhorse, Standardbred and Thoroughbred racehorses in Ontario through purse supplements and breeder awards for Ontario-bred horses. Ontario Racing will include a detailed use of funds relating to the Horse Improvement Payment in each Proposed Annual Business Plan for OLG’s approval. The Horse Improvement Payment is payable during the Initial Term (7 years, commencing April 1, 2019), but Ontario Racing may provide a proposal to OLG that provides rationale for the continuation of the payment during the First Extended Term (6 years, if applicable) and again during the Second Extended Term (6 years, if applicable). The proposals are due by no later than August 31st of each of the sixth and twelfth Funding Years.
4. The list of Transition Payment Recipients in Schedule 5.6(a)(ii) that is attached to the Amended and Restated Funding Agreement has been expanded to include references to the operators of Kawartha Downs and Hiawatha Horse Park & Entertainment Centre, both of which were Non-Member Racetracks under the Original Funding Agreement. No payments will be made to Non-Member Racetracks unless and until they become OR Racetrack Members.
5. Changes were made to certain budgeting and reporting requirements to reflect the above changes and to better the reporting capabilities of Ontario Racing.