



For Immediate Release:
December 3, 2009

Contact: Dave Vermillion, Edelman, 212-704-4576
Nina Devlin, Edelman, 212-704-8145

New York City Off-Track Betting Corp. to Begin Restructuring Process Through Chapter 9 Filing

Business Operations to Continue Without Interruption

Innovative New Business Plan Signals Transformation of the OTB Model; Future of NYC OTB Dependent on Long-Needed Revisions to State Racing Laws

NEW YORK, NY – December 3, 2009 – New York City Off-Track Betting Corporation (“NYC OTB”) announced today that its Board of Directors has authorized it to file a petition for adjustment of its debts under chapter 9 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. NYC OTB is developing a transformational business plan which, if implemented, would make necessary changes with respect to NYC OTB’s business model and position NYC OTB for future growth. The success of the plan depends on the New York State Legislature making statutory revisions to the State racing law governing distribution of funds.

NYC OTB will continue day-to-day operations without interruption as it develops its new business plan. NYC OTB will continue to provide its customers with the same horse racing wagering services as it had before its chapter 9 filing, and customers will continue to be able to bet on races in person, by phone, and online. Funds held on account by wagering customers will remain safe, secure and available for wagering.

“NYC OTB took the serious step of filing a chapter 9 case, after careful deliberation, with three principal objectives in mind—creating a sound basis for future operations, using the business model to access capital in the financial markets without any taxpayer support and paying all its obligations,” said Meyer “Sandy” Frucher, chairman of NYC OTB.

The NYC OTB business plan is being designed to significantly reduce NYC OTB’s costs and provide for improved operational efficiencies while addressing the detrimental features of the law governing distribution of funds and other legislative matters. The business plan will lay out a compelling strategy to expand the business by attracting new consumer segments, improving the NYC OTB experience for existing customers and accessing new sources of revenue. The business plan contemplates the receipt by NYC OTB of approximately \$250 million in financing in order to pay its existing obligations and to fund current operations and the plans for growth. It is envisioned that this financing will be arranged in the financial markets in conjunction with NYC OTB’s emergence from chapter 9. Taxpayer assistance is not requested.



NYC OTB is currently running a significant monthly structural deficit which is no longer sustainable. Declining wagering revenues, an outdated business model and the New York State Legislature's unfavorable statutory funding formula are contributing factors to NYC OTB's insolvency. NYC OTB is pursuing protection under chapter 9 as the best alternative to ceasing operations. If successful, the business plan will reinvent NYC OTB and revive an economic engine. However, without necessary statutory amendments, NYC OTB will close, which will have an adverse impact on the New York horse racing industry and the State economy.

"NYC OTB generates hundreds of millions of dollars annually for the region, but it has been hobbled by statutes that make it impossible for the corporation to cover its own operating expenses," Frucher said. "We have never taken a single dollar from taxpayers in our history and our plan does not request a single tax dollar to transform NYC OTB into a powerful, sustainable economic engine. We just require the common-sense legislative changes that will allow this important state asset to grow."

The business plan will call for a dramatic overhaul of the NYC OTB business model. New technologies are expected to enhance customer service while increasing efficiency and cutting costs. A new bricks and mortar strategy is intended to reinvent old storefront locations while creating new, modern flagship attractions in select city locations.

Most importantly, the business plan will ask for changes to the racing laws, including a modification of the current legislative distribution scheme, which at present require NYC OTB to calculate and pay the State, the City and the horse racing industry a percentage of gross wagers placed with NYC OTB. The business plan will propose instead that NYC OTB make calculations and payments to the horse racing industry based on Wagering Commission revenue it actually receives after allowance for costs of NYC OTB's functions have been met. NYC OTB will not be asking for any changes to the legislation as it relates to payments to the City and State. Without this change, NYC OTB may be forced to cease operations, which would cause the City, the State and horse racing industry to lose all revenues that could be provided by NYC OTB.

NYC OTB is working actively with stakeholders in the development and implementation of the business plan and its chapter 9 debt adjustment plan and anticipates that it can proceed expeditiously to exit chapter 9. However, NYC OTB cannot confirm precisely when it will emerge from chapter 9, because it will need the New York State Legislature to enact an overhaul of racing legislation, and it will need bankruptcy court approval. The Federal Bankruptcy Court can approve a plan to adjust NYC OTB's obligations and stay collection of pre-bankruptcy obligations for a period of time, but it does not have the power to make changes in state law. NYC OTB is committed to working with all stakeholders to create a better and more sustainable business for the benefit of the City, the State and the horse racing industry.

For more information about the NYC OTB chapter 9 filing, visit www.nycotbfacts.com.



About NYC OTB

The New York City Off-Track Betting Corporation has played a central role in the New York State horse racing industry for the past 38 years and has been a financial resource to New York City and New York State during that time. Since its inception in 1971, NYC OTB has provided New York City with over \$1.4 billion in cumulative revenues, New York State with nearly \$600 million and the New York horse racing industry with nearly \$2.2 billion. Additionally, the NYC OTB currently employs approximately 1,365 workers in the City's five boroughs.

###

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS:

This press release includes forward-looking statements. These statements relate to analyses and other information based on management's beliefs, certain assumptions made by management, forecasts of future results and current expectations, estimates and projections about our operations and the markets and economy in which we operate. The statements contained in this report that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties.

We have used the words "intend," "expect" and variations of such words and similar words and expressions in this press release to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise. In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of our forward-looking statements.