



Memorandum

Date August 14, 1986

To Barbara Perry

From Richard Alford

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This will outline the key benefits and the cost details for sponsorship of the 1987 running of the 113th Kentucky Derby.

The Kentucky Derby offers the following:

1. Associates your corporation and/or selected brands with a century-old tradition of excellence and prestige.
2. Provides versatile focal point for on-going promotional and advertising campaign.
3. Provides cost-effective vehicle for brand exposure that will reach millions of individuals in the United States and abroad.
4. Provides thoroughly unique and delightful entertainment opportunities, i.e., excellent basis for establishing new business relationships and strengthening old ones.

Since Churchill Downs has only recently opened its doors to Corporate sponsors, the following features reflect their best estimate of sponsor expectation.

Therefore, a company is in the unique and enviable position of custom tailoring the factual elements of the event to meet their specific marketing objectives. That is, while the Kentucky Derby is an American Institution that is conducted in an unchanging traditional manner, the promotion of it represents virgin ground for a major corporate sponsor.

I. ADVERTISING/BRAND AWARENESS

- Right to identify the brand as an "official product of the Kentucky Derby and Churchill Downs" in advertisements, promotions and product displays.
- Brand to appear in printed Kentucky Derby publicity and promotional materials distributed to the media by Churchill Downs.

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- Brand to appear in print advertising for the Kentucky Derby and Churchill Downs race meetings.
- Right to have one featured Derby Day race named for brand. (ESPN provides national TV coverage of race).
- Brand identified with sponsored race in daily racing program and on-site TV monitors.
- Primary permanent sponsor identification on the Churchill Downs tote board located adjacent to the paddock on Derby Day and throughout Churchill Downs Racing Season. Identification will also be available on sponsor boards located in selected high-visibility areas.

II. AT EVENT

- Public address announcements relating to sponsored race to mention sponsor.
- Winner's Presentation to feature sponsor identification at sponsored race.
- Right to have corporate/brand banner spaces on marquee site.
- Company official to present trophy at awards presentation of sponsored race.
- Special pre-race appearance by key Derby personalities, such as well-known jockeys, trainers, TV personalities or senior officials of Churchill Downs at sponsor's marquee.

III. PROMOTIONAL OPPORTUNITIES

- Right to use the names "Kentucky Derby," "Churchill Downs", and the Churchill Downs "Twin Spires" logo in brand advertising and promotional material -- including couponing, point-of-purchase display and sweepstakes promotions.
- Right to use the names "Kentucky Derby" and "Churchill Downs" and the Churchill Downs "Twin Spires" logo on premium and/or self-liquidating merchandise.
- Use of professional photographer and right to use any and all on-site photographs for promotional purposes.

- Sampling rights in-field, and at corporate marquee activity.

IV. TRADE RELATIONS

- Private Corporate Marquee at Churchill Downs reserved for exclusive use by sponsor on Thursday, Friday and Saturday of Derby Week. Corporate Marquee provides elegant setting for entertaining up to 150 guests per day in a relaxed, but luxurious setting. Marquee is carpeted, fully furnished and elegantly appointed. Optional on-site catering services are available and pari-mutuel windows will be provided to serve sponsor's guests.
- VIP Tour of Churchill Downs on Friday via specially designed train.
- Executive shuttle bus service for sponsor's guests to and from Churchill Downs on Thursday, Friday and Saturday.
- Ticket availability for these events:
 - Kentucky Derby Museum Ball
 - Post-Derby Winner's Party
 - Derby Post Position Draw
 - Derby Press Party (Thursday evening)
 - Review stand tickets for the Pegasus Parade (Thursday)
 - "Delta Queen" or "Belle of Louisville" paddle wheelers for the Great Steamboat Race (Wednesday)
 - Derby Festival Lawn Thoroughbred Party (Sunday morning)

ADDITIONAL OPTIONS

To truly achieve dominant presence, the following options are available:

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1. CHURCHILL DOWNS TOTE BOARD ADVERTISING

Exclusive identification on Tote Board. The new Tote Board will be spectacular and will be located in an elevated position above the paddock area. There is a great deal of activity in this area with television cameras in clear evidence. \$150M (exclusivity)

2. TURF TRACK CLASSIC RACE

Churchill Downs recently built a turf track and wants to create a major turf classic. This could be named, for a corporate sponsor - i.e., The Rolex Turf Classic. The significant purse size of this event, \$150M qualifies it as one of the top 10 races in the United States

3. IN-FIELD PROMOTION

There are about 40,000 people in the in-field at the Derby. A company could run a promotion event in the in-field offering a branded T-shirt, visor, etc., free to consumers in return for required proof-of-purchase. \$25M

Thus, total costs for a dominant presence is as shown below:

- Basic sponsorship package	\$350M*
- Exclusive advertising on Churchill Downs tote board	150M
- Sponsorship of Turf Track Classic	200M
- In-field promotion rights	25M
Total	<u>\$725M</u>

* Note: Barbara this figure is obviously negotiable, but in the context of gaining a dominant presence, it is the right figure.