



**MEC**  
ANNUAL REPORT  
2 0 0 1

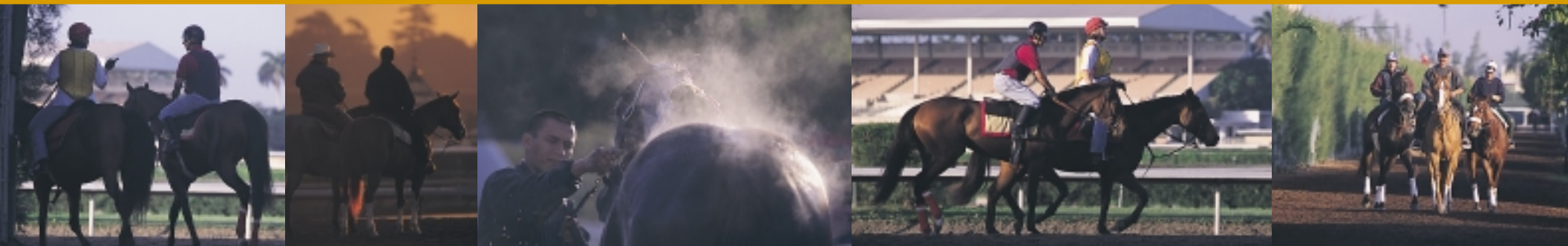


## **Our Mission**

*To be the leading horse racing and wagering entertainment company in the world*

## **Our Goal**

*To bring MEC racing into the homes of people around the world*



*Thoroughbred horse racing is a major contributor to the economy, and a source of employment and tax revenues for communities across North America. It is enjoyed and loved by millions the world over... and MEC is at the forefront of transforming this great industry into one of the world's most dynamic entertainment businesses.*



# Magna Entertainment Corp.

Magna Entertainment Corp. (MEC) is the largest operator of thoroughbred racetracks in North America and one of the world's leading simulcast providers of live thoroughbred racing.



MEC's network of thoroughbred racetracks includes Santa Anita Park, Gulfstream Park, Golden Gate Fields, Bay Meadows, Thistledown, Remington Park, Portland Meadows and Great Lakes Downs. In addition to its thoroughbred racetracks, MEC owns The Meadows, a standardbred track in Pennsylvania, and Multnomah, a greyhound track in Oregon.

MEC operates a growing off-track betting (OTB) network in several states and a national account wagering business, XpressBet™, which permits customers to wager on races by telephone and over the Internet, where permitted by law.

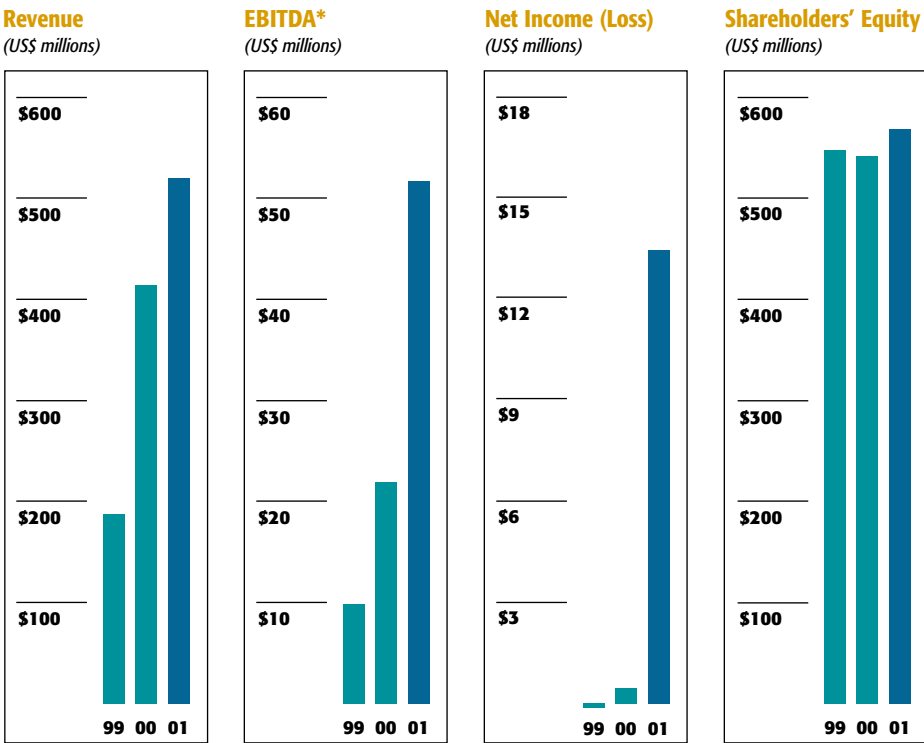
MEC's goal is to bring the thrill and excitement of MEC racing and wagering into the homes of people around the world via interactive cable, satellite, broadcast television and the Internet.

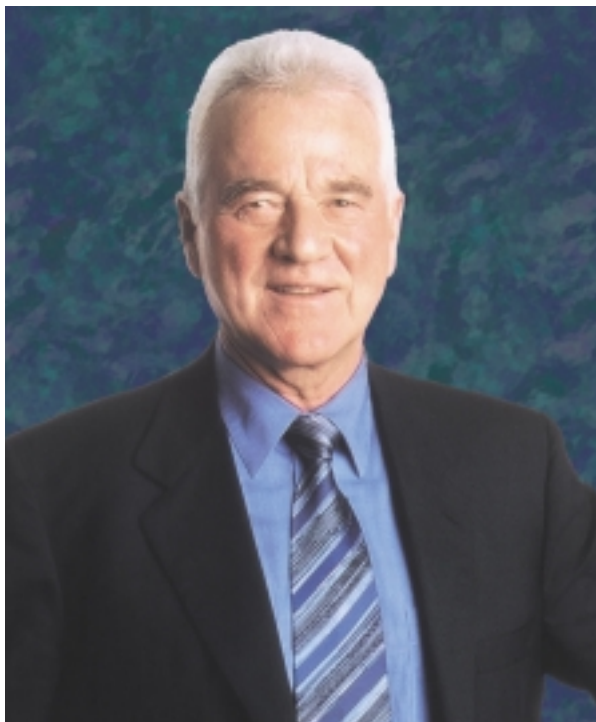
MEC is a publicly traded company with shares listed on the NASDAQ National Market (MIEC) and The Toronto Stock Exchange (MIE.A).

*\* EBITDA consists of earnings before interest, income taxes, depreciation and amortization.*

## The 2002 Annual Meeting of Stockholders

The 2002 Annual Meeting of Stockholders will be held at:  
 Frontrunner Restaurant,  
 Santa Anita Park, 285 West Huntington Drive,  
 Arcadia, California, USA  
 on Thursday, April 18, 2002 commencing at 11:00 a.m. Pacific Standard Time





## The Chairman's Message

Horse racing for me has always been a passion. I bought my first yearling forty years ago, and over the years my horses have won many prestigious races. I also own and operate one of North America's leading breeding operations and have bred a number of champions.

But Magna didn't invest in racetracks because I love horses. Magna invested in racetracks because we saw a unique business opportunity to improve the way racetracks are run and to bring the excitement of live racing and pari-mutuel wagering, via emerging technology, into the living rooms of our customers and into sports bars and other entertainment venues around the world. In addition, customers from all over the world now have the opportunity to wager on MEC racing via the Internet.

Our challenge is to use electronic technologies to leverage our investment in the bricks and mortar of our racetracks and bring new customers to the business of horse racing entertainment.

At the same time, we need to upgrade our racetracks so we become the venue of choice when customers decide where they want to spend their entertainment dollars. And we need to provide the best in racetrack facilities so that horse owners will choose MEC racetracks when they want to run their horses.

The horse industry is an important component of the American economy, employing hundreds of thousands of workers across the country. Today our competition is not only other racetracks; it is casinos, riverboats, unregulated Internet betting companies and offshore gaming establishments.

The horse racing industry provides an enormous spin-off effect in terms of jobs. Our industry has created jobs for farmers, veterinarians, pharmaceutical companies, implement makers, feed company employees, trainers, jockeys, grooms, and many others. A booming horse racing industry could be a major factor in generating renewed economic activity throughout North America. It is our opinion that this can only occur through the elimination of excess regulation that has protected mediocrity and strangled the entrepreneurial spirit of the industry.

America has been built on the strongest of democratic principles and free enterprise. American policy makers have consistently endeavored to ensure government activity and laws and regulations do not impede the free flow of commerce. Unfortunately, the horse racing industry has been an exception. The world has changed dramatically since the heyday of horse racing in the 1930s when Santa Anita, Gulfstream Park and many other major racetracks were established.

We believe government has an important role to play in protecting the public and the health and safety of workers and horses, and in preserving the integrity of the sport. Governments should establish reasonable rules regarding the licensing of racetrack operators, but once those rules have been established, any person who complies with them should be able to obtain a license and to operate their business in a way that makes business

sense. This would include being able to establish their business wherever they believe they would get the most customers. In the final analysis, we must cater to the customer in order to have a healthy business.

The application of free enterprise principles would, in our opinion, lead to the creation of a dynamic horse racing industry throughout the country – an industry where operators are free to invest knowing that the ones who put on the best show, who attract the most customers, and who operate the most efficiently and creatively, will be the ones who succeed over the long term. These are the governing principles in virtually every other business in America, and they are responsible for making America the greatest country in the world in which to do business.

### *How do we improve the North American horse racing industry?*

First, we need to be permitted to open our facilities when we think we can get the most customers. Second, each operator should have the right to sell the products or services it believes the customer wants. For example, food service is a very important part of a racetrack operation. How can you provide great food service when your racetrack operation is only permitted to open for a few months each year? How can you hire a great chef or develop great staff if they can only be employed for a short period each year?

Third, how can racetracks compete with other forms of gaming and entertainment such as casinos and offshore gambling facilities that customers can choose to visit 365 days a year? Naturally, it is not possible to operate a racetrack 365 days a year, but a racetrack operator should have the right to choose when to open and should be permitted to show simulcast races from any racetrack it chooses at any time its customers want.

This business model, if adopted, will produce a significant infusion of capital into our industry and increase much-needed revenues for state coffers. We do not seek full-fledged, wide-open gambling, but we do need a more level playing field in order to compete with casinos and other gaming establishments. We think a healthy horse racing industry will have a greater socio-economic impact than other forms of gaming.

We also believe North American racing can become a popular export product to be viewed and wagered on by customers in Europe and elsewhere in the world through the broadcast of American races on European television, as well as through wagering via the Internet and telephone. These wagering dollars will flow back to regulated U.S. wagering pools. This will add to the benefits accruing to the U.S. economy and provide another source of revenue for America's horse racing industry.

MEC does not seek any special privileges; nor do we seek to dominate any other industry participant; nor do we wish to be dominated by anyone else. In our view, the American Constitution was designed to prohibit the kind of restrictive trade that is now imposed on our industry as a result of it being controlled for too many years by a small group of operators whose personal interests were best served by an environment of excessive protective regulation, rather than by an environment supportive of the principles of free enterprise that have made the American economy the envy of the world.

We recognize that any business has a number of stakeholders. Magna International Inc., MEC's parent company, has grown from one employee to 65,000 employees over the past 45 years by recognizing the importance of all stakeholders and establishing a Corporate Constitution and an Employee Charter of Rights to define and protect the interests of its key stakeholders.

In that same spirit, we at MEC are committed to developing and establishing a Racing Charter of Rights to ensure that key industry stakeholders share in the economic wealth they help to create. The key stakeholders in our industry are racetrack operators, horse owners, racetrack employees and horse breeders. Our objective is to get all industry stakeholders working together to create a larger economic pie; not to periodically re-determine the way in which a shrinking economic pie is sliced, as happens now. In our opinion, this is the only way to ensure long-term economic prosperity in our industry and to grow this important segment of the American economy.

The following sets out the basic elements of such a Racing Charter of Rights.

### **MEC's PROPOSED RACING CHARTER OF RIGHTS**

*The success of any business requires input from all of its key stakeholders.*

*Business is most likely to prosper over the long term when the basis for sharing the economic rewards of the business is clearly defined and when no one group or person has the right to change the basis of such sharing without input and agreement from the other stakeholders.*

*In racing, the key stakeholders are racetrack operators, horse owners, racetrack employees and horse breeders.*

**MEC commits to share its net take-out with its key stakeholders according to the following formula:**

#### **Racetrack Operator – 45%**

to be used to operate the racetrack;

#### **Horse Owners – 45%**

to be used for the payment of purses;

#### **Backstretch Fund – 5%**

to be used for accommodation, recreation, education and support services for racetrack employees;

#### **Breeders' Fund – 5%**

to be used to supplement purses/breeders' and stallion awards for state-breds.

The funds outlined above would be used at the racetrack where they are generated, and sharing under the Charter would be based on net take-out, not handle. In addition, the participation percentages set out in this Charter, once established, could only be changed by agreement of all participating stakeholders.

The participation rates that are ultimately adopted may be slightly different than the rates suggested in our model. We are not saying that our suggested percentages should be adopted immediately or even that they are necessarily the right percentages. They are simply a starting point for further discussion, offered after careful consideration and consultation. We are prepared to work with the industry to fine-tune the concept and to develop a Racing Charter of Rights that will survive the

test of time. Our interest is in renewed prosperity for our industry over the long term and our experience has taught us that businesses run better when everyone clearly understands how they will participate in sharing the economic pie they help to create.

We hope to encourage dialogue among our major stakeholders in the months ahead to gain support for the adoption of a Racing Charter of Rights. Once we are able to unite our industry's major stakeholders, we will be able to focus our collective attention on competitors beyond our industry as we do battle to dramatically increase the horse racing industry's share of the more than \$800 billion that is spent each year by Americans on leisure and entertainment.

2001 was a very exciting year at MEC. Our management has done an outstanding job of advancing our acquisition and consolidation strategy. They have also been successful in launching our new Internet platform and in expanding our telephone account wagering operations. We at MEC look forward with enthusiasm to being a major positive force in the horse racing business for many years to come.



**Frank Stronach**  
Chairman of the Board





## Letter to Shareholders

I have known Frank Stronach for nearly twenty-six years. We worked together through the 80s growing the business of Magna International Inc. Frank and his various management teams have grown Magna International from the one-man operation he established in 1957 to a multinational company with sales in excess of \$11 billion.

When Frank approached me a year and a half ago to join MEC, he convinced me that the horse racing industry has enormous potential if we could get the fundamentals right.

My job today is to lead MEC to achieve its evolving strategic goals and to maximize shareholder value over the long term. To do this I must ensure our management team balances the needs of our racetrack stakeholders – namely, horse owners, breeders and workers – with other industry interests and the needs of our investors.

Together, our track managers and horse owners must put on a great show for customers. Over time, I believe we can build MEC into a great success, just like Magna International.

MEC is celebrating its second anniversary as a public company and we just recently marked the third anniversary of the acquisition of our first racetrack, Santa Anita.

Today we operate ten racetracks in the United States, including four of the leading thoroughbred tracks in the country. We will continue to pursue the acquisition of other strategic racetrack properties. We believe that, by combining the best practices from across our various racetracks and utilizing economies of scale, we can substantially improve the operations and thereby the profitability of our racetracks. We also believe that the ownership of a number of racetracks allows us to develop a racing “channel”. We can broadcast this channel to customers at traditional inter-track and off-track locations and, using new media such as the Internet and interactive TV, we will be able to take the thrill of horse racing and pari-mutuel wagering to our customers in their homes and on the road.

But make no mistake about it: our entire business model depends upon developing and maintaining a successful live racing business. While others talk about their commitment to live racing, MEC has committed significant resources to the ownership of racetracks across America. In fact, over the last three years MEC has invested over \$500 million in racetracks, facility improvements and infrastructure for account wagering and Internet and satellite distribution of racing signals.

While many of our competitors look to alternate forms of gaming to support their racing operations, we continue to look for ways to grow our live racing and racing-related businesses.

We will do this by focusing squarely on exceeding the expectations of our customers, both existing and new. We will continue to upgrade the amenities at our racetracks, make them more customer-friendly, offer better food services and offer other forms of entertainment to keep our customers entertained between live races and at times when there is no live racing at the local MEC track.

We have some very exciting plans for our major racetrack properties. As we execute these plans, we will have the most up-to-date facilities in our industry. Ultimately, our facilities will become destination entertainment centers in major markets so that we can compete on an international level for customers’ entertainment dollars.

At the same time, we will upgrade the racing facilities at our racetracks. We want MEC to become the destination of choice when owners and trainers decide at which racetracks they will race their horses.

We have made progress improving facilities at many of our locations in 2001. At Great Lakes Downs we completed construction of new dormitories for grooms and new jockeys’ quarters. We also upgraded the stable area and improved the track surface. At Thistledown we have started phase one of a three-phase plan to replace several hundred stalls. This is a multi-year project to upgrade the entire backside, including grooms’ quarters.

In October, we announced plans to establish a new training facility in Palm Beach, Florida. Construction is now underway with the first phase of 680 horse stalls and grooms’ quarters scheduled for completion before the opening of Gulfstream’s 2003 winter meet. When the Palm Meadows training center is completed over the next few years it will provide stabling for 1,900 horses, modern air-conditioned accommodation for grooms as well as three training tracks to match the track surfaces at Gulfstream where MEC’s major Florida race meet takes place.

At Gulfstream itself, we are considering a complete redevelopment of the racing operations, including the grandstand, simulcast facilities and general customer areas. Our master plan for the Gulfstream property also includes a major retail entertainment shopping mall. This last component would be developed together with strategic partners who have expertise in this type of development and who would provide the financial resources to complete a first-class project and the marketing skills to attract the right kind of tenants to ensure the project’s long-term success.

The redevelopment proposed for our Gulfstream property is an extremely complex undertaking considering its various elements and our desire to complete construction with a minimum of disruption to our core racing operations.

As a result, we plan to build the project in phases over a number of years. We are in the process of completing our plans for Gulfstream and expect to present a final proposal to our Board of Directors for approval over the next several months. Assuming our plans are approved, construction will commence after the close of our 2002 meet.

We are considering plans to improve our Santa Anita and Golden Gate properties, although the process of obtaining necessary approvals will likely take more than a year or two.

In Austria, we have commenced development of a racetrack thirty minutes south of Vienna. In addition to a racetrack, we are developing a business relationship with an operator of other sports betting and gaming businesses in Europe which would add considerable additional revenue to the basic racetrack operation. The Austrian racetrack could also serve as a hub for us to export MEC live North American racing into Europe, which should, in turn, translate into higher purses for horse owners in North America and higher revenue for MEC.

During the year we completed two acquisitions and formed three new operating businesses to support our live racing operations. One of the businesses acquired as part of our acquisition of The Meadows in Pennsylvania was Call-A-Bet, a telephone wagering system that also provides support for an Internet betting platform offered by a third party service. By January 2002, we had re-branded Call-A-Bet as XpressBet™ and launched our own Internet account wagering platform, [www.xpressbet.com](http://www.xpressbet.com), with operations in Pennsylvania and California.

XpressBet™ was licensed in the State of California, in January 2002, to conduct account wagering. In our first month of operation in California, XpressBet™ has opened more than 5,000 customer accounts and daily wagering is running well ahead of our initial expectations.

Also, early in 2002 we entered into a joint venture that will telecast horse races from racetracks owned by MEC and others to customers' homes via a Direct-to-Home satellite horse racing service, named the Racetrack Television Network (RTN). MEC's participation in RTN is the first step in the fulfillment of MEC's goal to achieve broader television distribution of live horse racing, which will in turn support the business of XpressBet™.

Our account wagering business represents a significant growth opportunity for MEC as we endeavor to introduce horse racing and wagering entertainment to new customers in their own homes. It will also allow us to offer our existing customers the opportunity to watch races via streaming video over the Internet and to wager from home or on the road via the Internet or the telephone when it is not convenient for them to visit the racetrack. We are establishing a brand identity and serving customers in those states where account wagering is not prohibited by law. We expect this portion of our business to grow in the years ahead.

One of the new operating businesses we established during the year is Equitech Racing Systems, Inc. This company's mandate is to upgrade the business systems capability at our various racetracks. One of Equitech's priorities is to develop a comprehensive "player" tracking and rewards system for all of our operations. This will allow us to track customers' use of our various services. This information will help us refine our services to better meet our customers' changing expectations. This information will also give us the ability to design incentive programs so that we can reward our customers based on the amount of business they do with MEC companies.

Because a day at the races is more than just watching races and wagering, we established Aurora Hospitality Services, Inc. in the second half of 2001. Aurora's focus is to ensure we offer quality dining and beverage services to our customers on-track and throughout our OTB network. Aurora's small but dedicated team is working with the management of our various racetracks and OTBs to establish hospitality services that will set a new standard for the industry.

The ownership of XpressBet™, Aurora Hospitality, Equitech and our investment in RTN place us in a unique position within the industry. Our competitors generally rely on third party suppliers for these services. We believe that adhering to our strategy will give us a competitive advantage, both in terms of developing know-how, as well as from a cost and speed-to-market standpoint. Ultimately, we believe this strategy will also allow us to develop successful business units that can sell their services to third parties.

We have made significant progress over the past year in implementing our strategy. This is the result of tremendous effort, hard work and innovative thinking by dedicated people throughout our various operations. It is a pleasure for me to work with these people and to be able to count on them for their ongoing support as we build MEC into a major wagering entertainment company.

In closing, I would like to thank all those who have helped MEC continue its forward momentum over the last year. I would also like to thank the many industry leaders who have assisted me personally to better understand the interests of our various stakeholder groups. I look forward to working with all of you through another very exciting year in 2002 and beyond.

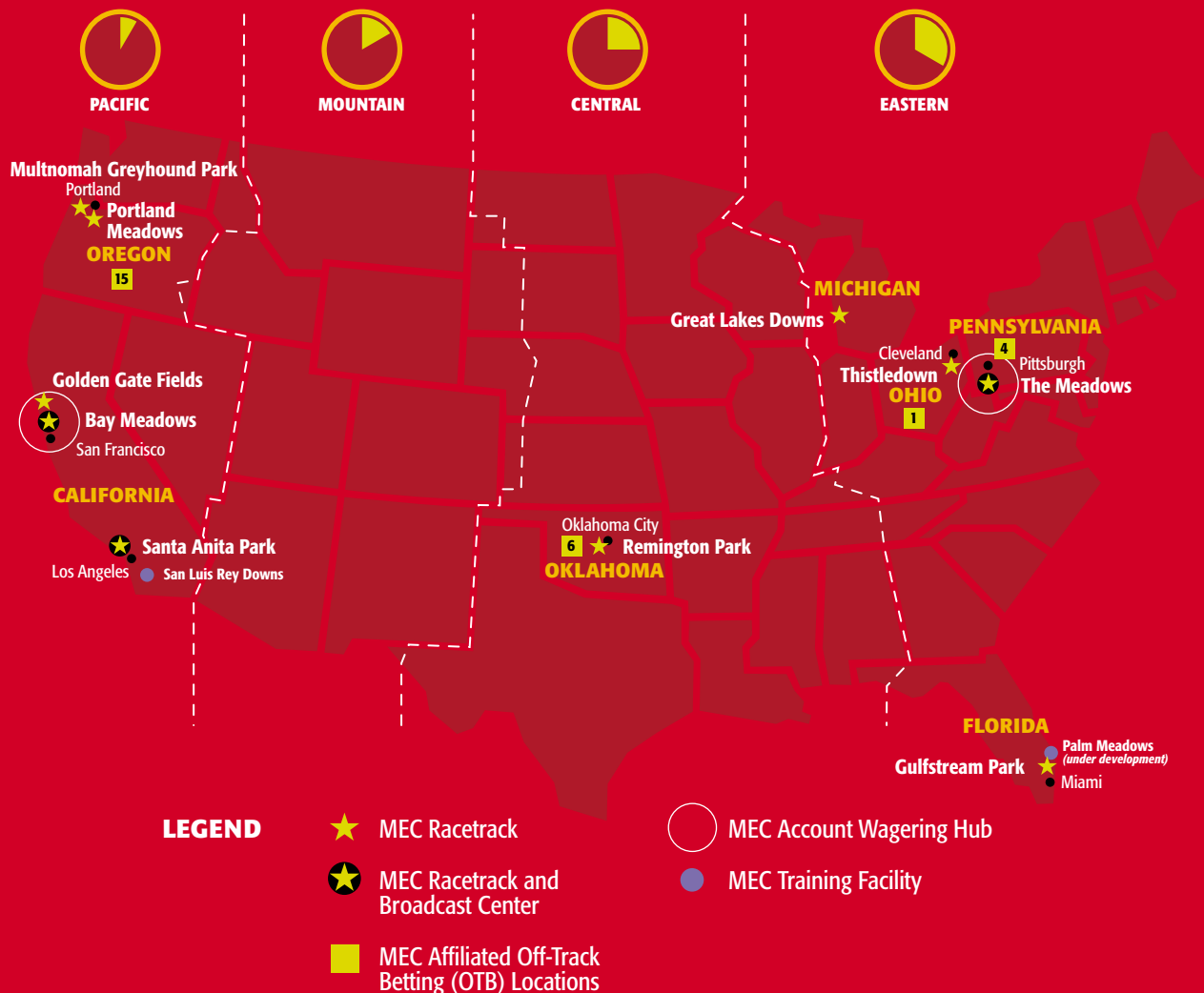


Jim McAlpine  
President and CEO

## MEC At A Glance

The MEC racing network includes thoroughbred, standardbred and greyhound racetracks in some of America's largest urban centers and across most of the continent's major time zones. The MEC network also operates three broadcast centers and two account wagering hubs in California and Pennsylvania. Three of MEC's major racetracks – Golden Gate Fields near San Francisco, Santa Anita Park near Los Angeles, and Gulfstream Park near Miami – are all prime areas for future themed entertainment and retail-based developments.

Most MEC racetracks offer live racing or simulcasting on virtually every day of the year. MEC's new XpressBet™ national account wagering service allows customers to wager over the Internet or by telephone year-round, where permitted by law.



**Santa Anita Park**

**Golden Gate Fields**

**Bay Meadows**

**Gulfstream Park**

**The Meadows**

**Remington Park**

**Thistledown**

**Great Lakes Downs**

**Portland Meadows**

**Multnomah Greyhound Park**

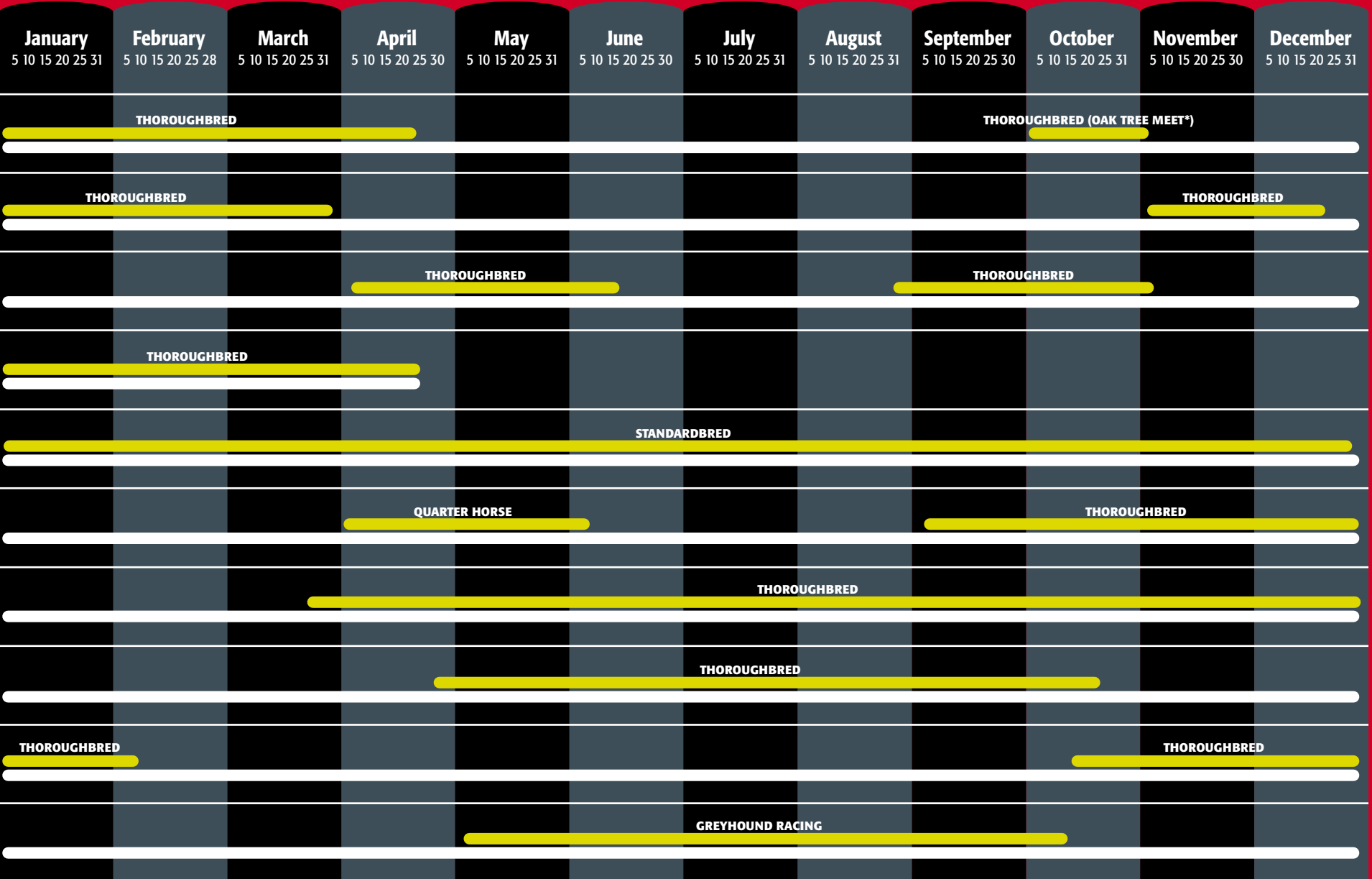




RACING DATES



SIMULCASTING DATES







## MEC Live Racing

---

MEC is committed to live racing. Some of America's greatest thoroughbred racing action and wagering takes place at MEC racetracks.

From the legendary "Great Race Place" – Santa Anita Park in California – to Gulfstream Park in Florida, MEC is one of the largest operators of premier racetracks in North America.

### Number One in America

---

Based on average daily attendance and average daily wagering figures, MEC's live horse racing content is among the most popular in all America. And MEC is the largest operator of thoroughbred racetracks in North America based on total pari-mutuel wagering revenue.

In total, the Company operates 10 tracks, including some of the most prestigious in North America.

### Putting the Customer First

---

One way that we continue to invest in live racing is by upgrading our track facilities. We are making our racetracks more customer-friendly, with improved grandstands, more and bigger television screens for better viewing, state-of-the-art wagering terminals and quality dining and entertainment lounges.

### Our Goal: To Produce the Best Live Racing

---

Quality live racing requires quality horses. In order to attract a greater number and better caliber of horses, we have taken steps to upgrade the stabling for horses and living accommodations for backstretch workers at a number of our tracks. We are also developing new training facilities near Gulfstream Park and enhancing our training facilities near Santa Anita Park. The end result: larger racing fields and bigger purses, which will help attract more racing and wagering customers to our tracks, both in person and through simulcasting viewership.

By enhancing the MEC network of racetracks, we believe we will be able to achieve our ultimate goal: to produce the best live racing in the world.

**Opposite page:** MEC racing at Gulfstream Park, top left and bottom; at Thistledown, top right and center right; and at The Meadows, center left.









## MEC Simulcasting

---

MEC is one of the world's leading simulcast suppliers of live racing signals to the growing inter-track, off-track and account wagering markets.

MEC distributes its live racing signals to venues in the US, Canada, Mexico, the Caribbean and the UK.

### Expanding the MEC Simulcasting Network

---

Simulcasting provides MEC with the ability to increase revenues by exporting our live racing signals to other wagering locations, including MEC and non-MEC racetracks, off-track betting (OTB) facilities, and through account wagering to customers' homes and offices via the Internet. The expansion of MEC's racetrack network across most of the major time zones in North America allows us to provide co-ordinated racing programs and an extended racing day. The Company's goal: to produce the best simulcast show in the industry and maximize the number of locations receiving MEC simulcast signals in order to maximize wagering on MEC's product.

### MEC Off-Track Betting

---

MEC operates a growing OTB network in several states. The future expansion of MEC's OTB network will provide additional wagering outlets – and additional customers – for simulcast viewing of MEC live racing.

### Award-Winning TV Programing and Broadcasting

---

MEC has modern broadcast facilities at three of its racetracks, and a television production studio at Santa Anita Park that produces daily award-winning horse racing programing for television broadcasters such as the FOX Sports West 2 TV network. In addition, MEC produces a show at The Meadows racetrack in Pittsburgh which is broadcast 12 hours a day to 650,000 homes in Western Pennsylvania. Six hours of the program are broadcast via DBS satellite on a weekly basis to approximately 12 million homes in the US through DIRECTV.

**Opposite page:** Broadcast production studio at Santa Anita.

**Top right:** MEC produces award-winning horse racing television programming.

**Bottom right:** An MEC satellite farm at Gulfstream Park for simulcasting live races around the world.









## MEC Wagering

MEC launched a number of initiatives during the past year to increase revenues by making wagering on our races more convenient, more fun and more customer-friendly.

### Making Wagering Fast, Fun and Simple

MEC has introduced automated tellers at its racetrack network in order to make wagering simpler and more convenient – particularly for new customers. Fully staffed kiosks are being rolled out at selected MEC tracks to sign up customers who wish to open telephone or Internet wagering accounts through XpressBet™ for the purpose of betting from the convenience of their homes or offices when it is not convenient to visit a racetrack.

### High Energy, Entertainment and Excitement

In addition to automated tellers, MEC is bringing a Las Vegas-style energy and excitement to its racetracks and off-track betting facilities, which are in the process of being re-branded along the lines of sports bars. Player Reward cards are another Vegas-style feature designed to make wagering more fun, attractive and rewarding. With an XpressBet™ membership card, customers can earn points that can be used for purchases in the dining rooms or concession stands, or to make more wagers.

### Bigger Purses, Bigger Payouts, More Revenue

MEC is introducing a number of new and innovative wagering formats for fans that offer the opportunity to win a large jackpot. In 2001, Santa Anita Park paid out two of the five biggest Pick Six payouts in track history – both in excess of \$650,000. In early 2003, MEC plans to stage the inaugural “Sunshine Millions” with purses totaling more than \$5 million and involving races to be held on the same day at two of its premier tracks – Gulfstream Park and Santa Anita Park.

**Opposite page:** Customers enjoy televised racing action from a Gulfstream Park sports bar.

**Top right:** An XpressBet™ kiosk at Santa Anita Park.

**Bottom right:** MEC live racing and wagering will be available in the future to mobile customers via wireless technology.







SANTA ANITA		RACE	MTP	TIME	TR
		4	0	2:03	FL
ODDS	EX	DD			
1 6-1	2 & 2 &	60 84			
2 8-1		112			
3 5-1		52 62			
4 4-1		46 50			
5 30-1		230 340			
6 8-1		84 92			
7 12-1		110 122			
8 20-1		180 204			
9 5-1		52 62			
10 12-1		116 136			



## MEC Interactive Wagering

---

MEC has taken a major step toward achieving our goal of bringing MEC racing into the homes of people around the world with the launch of our national account wagering platforms.

### **XpressBet™: Wagering Anytime... from Anywhere**

---

In early 2002, MEC announced the re-branding of our Call-A-Bet telephone account wagering service as XpressBet™ and introduced a new online wagering platform available through [www.xpressbet.com](http://www.xpressbet.com). With an XpressBet™ account, customers can now wager over the Internet or by telephone, at home, in the office, or on the road.

The national online and telephone account wagering service was licensed in early 2002 as an authorized provider of account wagering services in California.

### **[www.xpressbet.com](http://www.xpressbet.com): Online Racing Excitement**

---

XpressBet™ Online has a simple-to-use betting screen that makes wagering as easy as a click of the mouse. Features include live odds and race results, race program information and real-time audio and video streaming of races. Customers will be able to enjoy MEC racing excitement on their computers while receiving up-to-the-minute racing information and special offers directly through their betting screens.

### **Beaming MEC Racing into Homes Around the World**

---

MEC is continuing to put in place the building blocks of our long-term strategy of offering account wagering and televised horse racing on a global basis. We are actively seeking to establish relationships with various electronic media suppliers that will enable MEC to broadcast our races to customers' homes via satellite and cable. MEC is also exploring various ways of offering Interactive TV wagering in the future.

### **MEC TV**

---

In early 2002, MEC announced its participation in the Racetrack Television Network (RTN), a private, direct-to-home, subscription-based satellite service dedicated solely to televised horse racing. MEC will provide RTN two fully produced, multi-track horse racing channels that will underpin the network's programming. MEC's award-winning television production team at Santa Anita Park will produce MEC's channels for RTN.









## MEC Hospitality and Entertainment

---

The thrill of viewing and wagering on live racing is just one element in the entertainment package provided by MEC.

### Gourmet Dining

---

In order to provide a first-rate entertainment experience for our customers, MEC is revamping the food service operations at all of our tracks. Customers can now enjoy gourmet dining and fine casual meals at a number of MEC tracks. And in an effort to provide enhanced quality control and create purchasing economies, all of our hospitality and dining services are being managed by an MEC-owned hospitality services company.

### Broaden Customer Appeal

---

In order to maximize utilization of our facilities and broaden customer appeal, a number of MEC tracks offer additional entertainment options, including live, open-air concerts featuring well-known recording artists. A live program held on stage before the concert introduces new customers to the basics of thoroughbred racing.

In addition, MEC racetracks are aggressively promoting the use of their facilities for group events and corporate hospitality. Situated in some of the country's most picturesque locales, the racetracks provide a panoramic setting for group get-togethers and offer first-rate amenities for entertaining corporate customers. All-inclusive racing packages for parties of 20 or more feature meals, parking, admission and racing programs.

**Opposite page:** Customers enjoy fine dining and racing action at Gulfstream Park.  
**Top right:** Enjoying lunch and live racing in Gulfstream Park's terrace dining area.  
**Middle:** Santa Anita Park's award-winning chef Tom O'Connor.  
**Bottom right:** An open-air concert at Gulfstream Park featuring recording artist Bryan Adams.







### **Proposed Racing Component of Gulfstream Park Redevelopment**

*The buildings inside the outlined area of this early-stage model are the racing-related facilities of the proposed Gulfstream Park Redevelopment. The proposed racing-related facilities include a Simulcast Pavilion, Turf Club and Sports and Entertainment Arena, with a Walking Ring. Not shown are the proposed modifications and enhancements to the racetrack and stable area. Construction of the racing-related portion of this project would take place over a three-year period in order to minimize disruption to Gulfstream Park's annual race meet.*

### **Proposed Non-Racing Component of Gulfstream Park Redevelopment**

*The remainder of the proposed Gulfstream Park Redevelopment, currently under consideration, would consist of retail, commercial and other leisure and entertainment venues and facilities. The non-racing component of this project would be undertaken with strategic partners who would provide development expertise and financing, and would be built over a number of years.*





## MEC Future Property Developments

---

To catch a glimpse of the future of live thoroughbred racing, you need look no further than MEC.

### Destination Entertainment Centers

---

MEC intends to develop its premier racetracks into world-class destination entertainment centers.

MEC is considering the potential development of a number of leisure and entertainment-based real estate projects at our premier racetracks. Such projects would likely proceed through joint venture arrangements with strategic partners. These developments, currently slated for Santa Anita Park, Golden Gate Fields, and Gulfstream Park, would likely include retail shopping facilities, restaurants, hotels and entertainment venues.

### A Gaming Experience Second to None

---

A proposed redevelopment of Gulfstream Park, subject to board approval and financing, would turn the facility into a prototype showplace for horse racing. The entertainment complex, with live racing as its centerpiece, would be built in three separate phases and would include retail shops, boutiques, restaurants, outdoor cafes, an amphitheater and a three-story sports and entertainment arena with sports bar to offer a gaming and entertainment experience second to none. The non-racing component of this project would be undertaken with strategic partners who would provide development expertise and financing, and would be built over a number of years.

### Investing in the Future

---

MEC broke ground in 2001 on the construction of Palm Meadows, a state-of-the-art training facility to be located approximately 25 miles north of Gulfstream Park. Scheduled to open in the fall of 2002, Palm Meadows will feature multiple training tracks. When fully built, the complex will include stabling for up to 1,900 horses and housing units for backstretch personnel. The training facility will provide MEC with a competitive advantage by helping the Company attract additional high-quality horses to Gulfstream Park and elevate the quality of live racing there. The result: MEC expects to be able to offer an extended racing season for the enjoyment of our customers, thereby increasing both the number of live race days and the total amount wagered on MEC races.



**Above:** Shown left to right at the Groundbreaking Ceremony for MEC's Palm Meadows thoroughbred training center in Palm Beach County, Florida are: Scott C. Savin, President and General Manager of Gulfstream Park; Douglas Donn, Gulfstream Park Chairman and Frank Stronach, Chairman of MEC.

**Opposite page, top left:** An early-stage model of a Gulfstream Park redevelopment project under consideration that would combine live racing with retail and other leisure and entertainment activities to create a destination entertainment center.

**Opposite page, lower left:** An artist's rendering of the Gulfstream Park redevelopment proposal.

## MEC Management

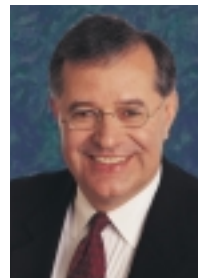
---



**Donald Amos**  
*Executive Vice-President  
and Chief Operating  
Officer*



**Graham J. Orr**  
*Executive Vice-President  
and Chief Financial  
Officer*



**Edward C. Hannah**  
*Vice-President  
and General Counsel*



**Gary M. Cohn**  
*Vice-President,  
Special Projects  
and Secretary*



**Frank DeMarco, Jr.**  
*Vice-President,  
Regulatory Affairs*



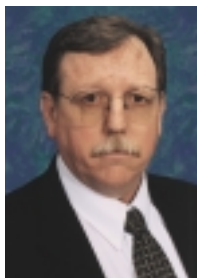
**Andrew I. Gaughan**  
*Vice-President,  
New Media Initiatives*



**Douglas R. Tatters**  
*Vice-President  
and Controller*



**Jack Liebau**  
*President,  
MEC California  
Operations*



**Mark Thurman**  
*President,  
Equitech Racing  
Systems, Inc.*



**Tom Dillon**  
*President,  
Aurora Hospitality  
Services, Inc.*



## Shareholder Information

### Office Locations for Magna Entertainment Corp. and its major operations

#### Magna Entertainment Corp.

337 Magna Drive  
Aurora, Ontario, Canada L4G 7K1  
Telephone: (905) 726-2462

#### Bay Meadows Racecourse

2600 S. Delaware Street  
San Mateo, California, USA 94402  
Telephone: (650) 574-7223

#### Golden Gate Fields

1100 Eastshore Highway  
Albany, California, USA 94706  
Telephone: (510) 559-7300

#### Great Lakes Downs

4800 Harvey Street  
Muskegon, Michigan, USA 49444  
Telephone: (231) 799-2400

#### Gulfstream Park

901 South Federal Highway  
Hallandale, Florida, USA 33009  
Telephone: (954) 454-7000

#### The Meadows

Racetrack Road  
Meadow Lands, Pennsylvania, USA 15347  
Telephone: (724) 225-9300

#### Multnomah Greyhound Park

944 N.E. 223 Avenue  
Wood Village, Oregon, USA 97060  
Telephone: (503) 667-7700

#### Portland Meadows

1001 N. Schmeer Road  
Portland, Oregon, USA 97217  
Telephone: (503) 285-9144

#### Remington Park

One Remington Place  
Oklahoma City, Oklahoma, USA 73111  
Telephone: (405) 424-1000

#### Santa Anita Park

285 W. Huntington Drive  
Arcadia, California, USA 91007  
Telephone: (626) 574-7223

#### Thistledown

21501 Emery Road  
North Randall, Ohio, USA 44128  
Telephone: (216) 662-8600

#### Fontana Sports

Magna-Strasse 1  
A-2522 Oberwaltersdorf, Austria  
Telephone: 011-43-2253-600-0

#### Magna Golf Club

14780 Leslie Street  
Aurora, Ontario, Canada L4G 7C3  
Telephone: (905) 726-7069

#### XpressBet™

Telephone: 1-866-88XPRESS (1-866-889-7737)  
customerservice@xpressbet.com  
www.xpressbet.com

#### Stock Listings

Class A Subordinate Voting Shares –  
Nasdaq National Market (**MIEC**)  
The Toronto Stock Exchange (**MIE.A**)

Exchangeable Shares –

The Toronto Stock Exchange (**MEH**)

#### Transfer Agents and Registrars

Canada – Class A and Exchangeable Shares  
Computershare Trust Company of Canada  
Toronto, Ontario, Canada

United States – Class A Shares

Computershare Trust Company, Inc.  
Denver, Colorado, USA

Copies of the Financial Statements for the Year Ended December 31, 2001 are available through the Internet on the Electronic Data Gathering Analysis and Retrieval (EDGAR) system, which can be accessed at [www.sec.gov/edgarhp.htm](http://www.sec.gov/edgarhp.htm) for U.S. shareholders, and on the System for Electronic Document Analysis and Retrieval (SEDAR), which can be accessed at [www.sedar.com](http://www.sedar.com) for Canadian shareholders. The Report on Form 10-K, Form 10-Qs, Form 8-Ks and other required securities filings can also be found on EDGAR and SEDAR.

## Directors

#### Jerry D. Campbell

*Chairman of the Board,  
Republic Bancorp Inc.*

#### William G. Davis

*Counsel, Torys  
(Barristers and Solicitors)*

#### Peter M. George

*Senior Vice-President  
and Managing Director,  
International Group,  
Park Place Entertainment*

#### Joseph W. Harper

*President and General Manager,  
Del Mar Thoroughbred Club*

#### J. Terrence Lanni

*Chairman of the Board  
and Chief Executive Officer,  
MGM MIRAGE*

#### F. Jack Liebau

*President,  
MEC California Operations*

#### Edward C. Lumley

*Vice-Chairman,  
BMO Nesbitt Burns Inc.*

#### Jim McAlpine

*President and Chief Executive Officer,  
Magna Entertainment Corp.*

#### James Nicol

*Chief Executive Officer  
Tomkins PLC*

#### Gino Roncelli

*Chief Executive Officer,  
Roncelli Plastics Inc.*

#### Andrew Stronach

*Executive Vice-President,  
Business Development,  
Magna International Inc.*

#### Frank Stronach

*Chairman of the Board,  
Magna International Inc.*

#### Ronald J. Volkman

*Chairman of the Board and President,  
ATX, Inc.*

#### John C. York II

*President,  
The DeBartolo Corporation*

### Trading Data – Class A Shares

2001	Nasdaq (MIEC)		TSE (MIE.A)	
	High	Low	High	Low
	(\$US)		(\$Cdn)	
1st Quarter	6.13	3.88	8.90	6.00
2nd Quarter	7.30	4.00	11.00	6.21
3rd Quarter	8.19	5.45	12.55	8.60
4th Quarter	7.20	5.50	11.35	9.00

As of February 14, 2002, there were 432 registered holders of Class A Subordinate Voting Shares.

### Trading Data – Exchangeable Shares

2001	TSE (MEH)	
	High	Low
	(\$Cdn)	
1st Quarter	9.00	6.00
2nd Quarter	10.90	6.30
3rd Quarter	12.77	8.40
4th Quarter	11.30	8.90

As of February 14, 2002, there were 549 registered holders of Exchangeable Shares.



**MEC**

337 Magna Drive  
Aurora, Ontario, Canada L4G 7K1  
Telephone: (905) 726-2462  
[www.magnaentertainment.com](http://www.magnaentertainment.com)