

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) October 14, 2004

CHURCHILL DOWNS INCORPORATED

(Exact name of registrant as specified in its charter)

KENTUCKY

0-1469

61-0156015

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

700 Central Avenue
Louisville, Kentucky

40208

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (502) 636-4400

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On October 14, 2004, Churchill Downs Incorporated (the "Company") amended its Credit Agreement (the "Credit Agreement") dated as of April 3, 2003, as amended by the 2004A Amendment to Loan Documents dated as of June 1, 2004, among the Company, the guarantors party thereto, Bank One Kentucky, NA as a lender and as agent, PNC Bank, National Association, as lender, letter of credit issuer and syndication agent, National City Bank of Kentucky as lender and as documentation agent, Fifth Third Bank, Kentucky, Inc., Branch Banking & Trust Company, Comerica Bank, U.S. Bank National Association, Sun Trust Bank and Bank of America. The 2004B Amendment to Loan Documents among the Company, the Guarantors (Churchill Downs Management Company, Churchill Downs Investment Company, Racing Corporation of America, Calder Race Course, Inc., Tropical Park, Inc., Churchill Downs California Company, Churchill Downs California Fall Operating Company, Arlington Park Racecourse, LLC, Arlington Management Services, LLC, Arlington OTB Corp., Quad City Downs, Inc., CDIP, LLC, CDIP Holdings, LLC, Ellis Park Race Course, Inc., Churchill Downs Louisiana Horseracing Company, L.L.C., Churchill Downs Louisiana Video Poker Company, L.L.C. and Video Services, Inc.), and Bank One, NA, as lender and contractual representative for the lenders (the "2004B Amendment"), provided for certain modifications and amendments to the Credit Agreement in connection with the Company's acquisition of assets of Fair Grounds Corporation, and related transactions (the "Fair Grounds Acquisition").

Under the terms of the 2004B Amendment, the lenders under the Credit Agreement consented to the Fair Grounds Acquisition and added as additional collateral under the Credit Agreement the assets acquired by the Company in the Fair Grounds Acquisition and joined certain new subsidiaries of the Company as guarantors. Under the 2004B Amendment, the \$200.0 million revolving line of credit is based upon LIBOR plus a spread of 125 to 300 additional basis points, which is determined by certain Company financial ratios.

In connection with the Fair Grounds Acquisition and the 2004B Amendment, the Company also amended its note purchase agreement (the "Note Purchase Agreement") with Connecticut General Life Insurance Company, General Electric Capital Assurance Company, Employers Reinsurance Corporation, Metropolitan Life Insurance Company, Principal Life Insurance Company, Massachusetts Mutual Life Insurance Company, C.M. Life Insurance Company, Massmutual Asia Limited, Sunamerica Life Insurance Company and Prudential Retirement Ceded Business Trust on October 14, 2004. Under the terms of the original Note Purchase Agreement, dated as of April 3, 2003, the Company issued \$100 million aggregate principal amount of its Floating Rate Senior Secured Notes due March 31, 2010 (the "Notes"), bearing interest at a floating rate equal to LIBOR plus 155 basis points.

Under the terms of the first amendment agreement to the Note Purchase Agreement executed by the Company and the Guarantors (the "First Amendment Agreement"), the assets acquired by the Company in the Fair Grounds Acquisition became part of the collateral securing the Notes and certain new subsidiaries of

the Company joined as guarantors. Under the First Amendment Agreement, the Notes will bear interest based on LIBOR plus a spread of 155 to 280 basis points, depending on certain Company financial ratios.

The 2004B Amendment and the First Amendment Agreement also require the Company to adhere to certain amended financial covenants.

The 2004B Amendment and the First Amendment Agreement are filed as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K, respectively, and are incorporated by reference herein.

Item 2.03 Creation of a Direct Financial Obligation or Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information provided in Item 1.01 of this Current Report on Form 8-K is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

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| 10.1 | 2004B Amendment to Loan Documents dated as of October 14, 2004 among Churchill Downs Incorporated, the Guarantors defined therein, and Bank One, NA, as contractual representative for the Lenders defined therein. |
| 10.2 | First Amendment Agreement dated as of October 14, 2004 to Note Purchase Agreement dated as of April 3, 2004 among Churchill Downs Incorporated, the Guarantors named therein, Connecticut General Life Insurance Company, General Electric Capital Assurance Company, Employers Reinsurance Corporation, Metropolitan Life Insurance Company, Principal Life Insurance Company, Massachusetts Mutual Life Insurance Company, C.M. Life Insurance Company, MassMutual Asia Limited, SunAmerica Life Insurance Company and Prudential Retirement Ceded Business Trust. |
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHURCHILL DOWNS INCORPORATED

October 20, 2004

/s/ Michael E. Miller
Michael E. Miller
Executive Vice President and Chief Financial
Officer
(Principal Financial and Accounting Officer)

2004B AMENDMENT TO LOAN DOCUMENTS

This is a 2004B Amendment to Loan Documents dated as of October 14, 2004 (the "Amendment"), among CHURCHILL DOWNS INCORPORATED (the "Borrower"), the GUARANTORS (defined below), and BANK ONE, NA, headquartered in Chicago, Illinois (successor by merger to Bank One, Kentucky, NA) a national banking association with an office in Louisville, Kentucky, as contractual representative for the LENDERS (defined below) as provided in the Credit Agreement (defined below) (in such capacity, the "Agent").

RECITALS

A. The Borrower, the Agent, the Guarantors (defined in the Credit Agreement), and the Lenders (defined in the Credit Agreement), entered into a Credit Agreement dated as of April 3, 2003, as amended by the 2004A Amendment to Loan Documents, dated as of June 1, 2004 with PNC Bank, National Association, as Syndication Agent, National City Bank as Documentation Agent, and J. P. Morgan Securities, Inc., (successor to Banc One Capital Markets, Inc.) ("JP Morgan") and PNC Capital Markets, Inc. as Co-Lead Arrangers and Joint Book Runners (as amended, and as it may be further amended from time to time, the "Credit Agreement").

B. The Loans described in the Credit Agreement, among other obligations, are secured by the Collateral (defined in the Credit Agreement and other Loan Documents).

C. The Borrower issued a Notice of Acquisition pursuant to 6.13(iii)(b) of the Credit Agreement indicating the intent to acquire the assets of Fair Grounds Corporation, a Louisiana corporation ("Fair Grounds") and Finish Line Management Corp., a Louisiana corporation ("Finish Line") and all of the outstanding shares of Video Services, Inc., a Louisiana corporation ("VSI") (collectively, the acquisition of the assets of Fair Grounds and Finish Line and the stock of VSI, the "Fair Grounds Acquisition"). In order to accomplish the Fair Grounds Acquisition, the Borrower, through one of its Guarantors, Churchill Downs Management Company, Inc., created two new subsidiaries, Churchill Downs Louisiana Horseracing Company, L.L.C., a Louisiana limited liability company ("CDLHC"), which will acquire the assets of Fair Grounds and Finish Line, and Churchill Downs Louisiana Video Poker Company, L.L.C., a Louisiana limited liability company ("CDLVP"), which will acquire the stock of VSI.

D. CDLHC, CDLVP and VSI, together with the Borrower and the other Guarantors, are entering into, among other documents, a 2004B Guarantor Joinder, dated as of the date hereof.

E. The Borrower has requested the Agent and the Lenders to make certain modifications of and amendments to the Credit Agreement and certain other Loan Documents in connection with the Fair Grounds Acquisition.

NOW, THEREFORE, the Borrower, the Guarantors and the Agent agree as follows:

1. DEINITIONS. Capitalized terms used but not otherwise defined in this Amendment shall have the meanings given them in the Credit Agreement.

2. AMENDMENTS TO THE CREDIT AGREEMENT. The Credit Agreement is hereby amended as follows:

(a) AMENDMENT OF ARTICLE I DEFINITIONS. The following definitions set forth in Article I of the Credit Agreement are hereby amended and restated to read in their entirety as follows:

"Adjusted EBITDA" of any person for any period means the EBITDA for that Person for that period adjusted on a pro forma basis for the EBITDA of acquired or divested operations, provided that any EBITDA of CDLHC, CDLVP and VSI (whether positive or negative) for any period prior to October 14, 2004 will not be included in the Adjusted EBITDA of those entities.

"Collateral Documents" means, collectively, all of the instruments, documents and agreements by which any Person grants a security interest in Collateral, including without limitation, those documents referenced in Section 6.25 of this Agreement, which in turn includes without limitation, the Pledge and Security Agreement, the Mortgages, the Negative

Pledge Agreement, the Assignment of Patents, Trademarks and Copyrights, the Intercompany Subordination Agreement, the Collateral Sharing Agreement, the 2004B Collateral Documents, and all other documents or instruments executed as security for the Secured Obligations from time to time, including, without limitation, those entered into pursuant to Section 6.29 of this Agreement.

"EBITDA" for any Person for any period of determination means that Person's net income PLUS, to the extent deducted from revenues in determining net income, (i) interest expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization, (v) extraordinary losses incurred other than in the ordinary course of business, and (vi) in the case of Ellis Park Race Course, Inc., (a) the impairment charge deducted from the net income of Ellis Park Race Course, Inc. with respect to the fourth fiscal quarter 2002, and (b) the LESSER of (1) the one-time non-cash impairment charge, if any, deducted from the net income of Ellis Park Race Course, Inc. with respect to either the third fiscal quarter 2004 or the fourth fiscal quarter 2004 (but not both quarters), OR (2) \$6,200,000.00; MINUS, to the extent included in net income, that Person's extraordinary gains realized other than in the ordinary course of business, in each case for such period determined, in accordance with Agreement Accounting Principles.

"Excluded Subsidiaries" means any Excluded Entity which is a Subsidiary of the Borrower. The Excluded Subsidiaries on the Closing Date are Hoosier Park, L.P., Churchill Downs Simulcast Productions, LLC (formerly known as Charlson Broadcast Technologies LLC), Churchill Downs Pennsylvania Company (formerly known as Churchill Downs California Foodservices Company), Tracknet, LLC, and Anderson Park, Inc. Fair Grounds International Ventures, L.L.C., a Louisiana limited liability company, F.G. Staffing Services, Inc., a Louisiana corporation and Charlson Industries, Inc., an Ohio corporation shall become Excluded Subsidiaries on the date the Fair Grounds Acquisition is effected.

"Fixed Charge Coverage Ratio" means, as of any date of calculation, the ratio of (a) Consolidated Adjusted EBITDA less Capital Expenditures (excluding (1) Capital Expenditures consisting solely of consideration paid or payable for Permitted Acquisitions, (2) Capital Expenditures expended under and in compliance with the Master Plan for Capital Expenditures, and (3) Capital Expenditures of CDLHC, CDLVP and VSI expended by them, in the aggregate, in connection with facilities used in connection with horse racing and/or gaming activities in Louisiana, in an amount not to exceed \$30,300,000), to (b) Consolidated Fixed Charges, in each instance computed as provided in Section 6.24.1 and in accordance with Agreement Accounting Principles.

"Pricing Schedule" means the Pricing Schedule attached to the 2004B Amendment and identified as such.

"Seasonal Borrowing Needs Adjustment" means the reduction of the Consolidated Funded Indebtedness as of the end of (i) the first fiscal quarter of the Borrower's fiscal year 2005 by \$25,000,000, (ii) the first fiscal quarter of the Borrower's fiscal year 2006 by \$25,000,000 and the (iii) first fiscal quarter of the Borrower's fiscal year 2007 by \$25,000,000.

(b) ADDITIONS TO ARTICLE I DEFINITIONS. Article I of the Credit Agreement is hereby supplemented to add the following definitions which shall read in their respective entirety as follows:

"2004B Amendment" means the 2004B Amendment to Loan Documents, dated as of October 14, 2004, among the Agent, the Guarantors and the Borrower.

"2004B Amendment to Pledge and Security Agreement" means the 2004B Amendment to Pledge and Security Agreement, dated as of October 14, 2004, among the applicable Loan Parties and the Collateral Agent for the benefit of the Lenders, subject to the provisions of the Collateral Sharing Agreement, as they may be amended and/or supplemented from time to time.

"2004B Assignments of Patent, Trademarks and Copyrights" shall mean the Assignment of Patent, Trademarks and Copyrights, dated as of October 14, 2004, executed by CDIP, L.L.C. in favor of the Collateral Agent and the Assignment of Patent, Trademarks and Copyrights, dated as of October 14, 2004, executed by Churchill Downs Louisiana Horseracing Company, L.L.C. in favor of the Collateral Agent..

"2004B Collateral Documents" means, collectively, all of the instruments, documents and agreements by which any Person grants a security interest in any Collateral pursuant to the 2004B Amendment, including without limitation, those documents referenced in Sections 6.25 and 6.29 of this Agreement, which in turn includes without limitation, the 2004B Amendment to the Pledge and Security Agreement, the 2004B Louisiana Addendum to Pledge and Security Agreement (as defined in the 2004B Amendment to Pledge and Security Agreement), the 2004B Consent Joinder and Reaffirmation, the Louisiana Mortgages, the 2004B Assignments of Patents, Trademarks and Copyrights, the Fair Grounds Assignment and Subordination of Lease and Management Agreement, the Jazz Fest Subordination Agreement and Estoppel, and all other documents or instruments executed as security for the Secured Obligations in connection with the 2004B Amendment from time to time, as they may be amended and/or supplemented from time to time.

"2004B Consent Joinder and Reaffirmation" shall mean the Consent Joinder and Reaffirmation, dated October 14, 2004, among the Collateral Agent, the Borrower and the Guarantors.

"2004B Guarantor Joinder" shall mean the Guarantor Joinder, dated October 14, 2004, among the Collateral Agent, the Borrower and the Guarantors.

"Fair Grounds Acquisition" shall have the meaning given it in Recital C of the 2004B Amendment.

"Fair Grounds Acquisition Documents" shall mean all of the documents through which the Fair Grounds Acquisition is consummated, including, without limitation, (a) the Third Amended Plan of Reorganization, filed in the United States Bankruptcy Court for the Eastern District of Louisiana, Bankruptcy Case No 03-16222, by Fair Grounds Corporation, as Debtor and Debtor-in-possession; (b) the Order, dated September 28, 2004, entered by the United States Bankruptcy Court for the Eastern District of Louisiana in Bankruptcy Case No 03-16222, confirming the Third Amended Plan of Reorganization of Fair Grounds Corporation; (c) the Asset Purchase Agreement, dated as of August 31, 2004, as amended by the First Amendment, dated as September 17, 2004,

among the Borrower, on behalf of one of its wholly owned subsidiary to be formed, Fair Grounds Corporation and the Borrower; (d) the Asset Purchase Agreement, dated as of October 14, 2004, between Churchill Downs Louisiana Horseracing Company, L.L.C. and Finish Line Management Corp.; and (e) the Stock Purchase Agreement, dated October 14, 2004, between Churchill Downs Louisiana Video Poker Company, L.L.C. and Steven M. Rittvo, Ralph Capitelli, T. Carey Wicker III and Louisiana Ventures, Inc..

"Fair Grounds Assignment and Subordination of Lease and Management Agreement" shall mean the Assignment and Subordination of Lease and Management Agreement, dated as of October 14, 2004, between Churchill Downs Louisiana Horseracing Company, L.L.C., as Landlord, and Fair Grounds Corporation, as Tenant.

"Jazz Fest Subordination Agreement and Estoppel" shall mean the Subordination, Non-Disturbance and Attornment Agreement dated October 13, 2004, between The New Orleans Jazz and Heritage Foundation, Inc., as Tenant, and the Collateral Agent as mortgagee under the Mortgage defined therein, together with the Estoppel Certificate by The New Orleans Jazz and Heritage Foundation, Inc. in favor of the Agent and the Collateral Agent.

"Louisiana Mortgages" means the Mortgages, Assignments of Rents and Security Agreements and the Leasehold Mortgages, Assignments of Rents and Security Agreements and Deeds of Trust encumbering the Loan Parties' fee or leasehold interest in those properties listed on 6(a) of the 2004B Amendment and delivered by each of the applicable Loan Parties with respect to each of the parcels of real property listed on SCHEDULE 6(a) to the Collateral Agent for the benefit of the Lenders, subject to the terms of the Collateral Sharing Agreement, as they may be amended and/or supplemented from time to time.

(c) AMENDMENT OF SECTION 6.1(iv). Section 6.1(iv) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(iv) Together with the financial statements required under Sections 6.1(i) and (ii), a compliance certificate, in substantially the form of EXHIBIT D attached to the 2004B Amendment, signed by its chief financial officer or treasurer showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof.

(d) AMENDMENT TO SECTION 6.13(iii)(g). Section 6.13(iii)(g) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(g) The Loan Parties shall demonstrate, including, in appropriate circumstances determined by and acceptable to the Agent, through representations by the Loan Parties, that they shall be in compliance with (i) the covenants contained in Sections 6.10, 6.11, 6.12, 6.13, 6.14, 6.15, 6.16, 6.17, 6.18, 6.19, 6.23, 6.24, 6.25, 6.26, 6.30, 6.32, 6.33 and 6.34 (including in such computation Indebtedness, Contingent Obligations, Sale and Leaseback Transactions and all other liabilities and/or obligations assumed or incurred by a Loan Party or such Person in connection with such Permitted Acquisition), and (ii) all other provisions of this Agreement after giving effect to any Permitted Acquisition, by delivering at least five (5) Business Days prior to such Permitted Acquisition a certificate in the form of EXHIBIT E to the 2004B Amendment (each an "Acquisition Compliance Certificate") evidencing such compliance.

(e) AMENDMENT OF SECTION 6.24.2-LEVERAGE RATIO. Section 6.24.2 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

6.24.2 LEVERAGE RATIO. The Borrower will not permit the Leverage Ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Funded Indebtedness, as adjusted by the Seasonal Borrowing Needs Adjustment in appropriate fiscal quarters, to (ii) Consolidated Adjusted EBITDA for the then most-recently ended four fiscal quarters to be greater than:

LEVERAGE RATIO	PERIOD
5.0 to 1.0	October 14, 2004 through June 29, 2005
4.25 to 1.0	June 30, 2005 through June 29, 2006
3.75 to 1.0	June 30, 2006 through June 29, 2007
3.25 to 1.0	June 30, 2007 and thereafter

(f) REFERENCES TO PRICING SCHEDULE AND SCHEDULES 1, 2, 3, 2.3.1, 5.22, 5.23, 5.24, 5.25, 5.26, 6.22. All references in the Credit Agreement to the Pricing Schedule and Schedules 1, 2, 3, 2.3.1, 5.22, 5.23, 5.24, 5.25, 5.26, 6.22 shall be deemed to be references to the Pricing Schedule and Schedules 1, 2, 3, 2.3.1, 5.22, 5.23, 5.24, 5.25, 5.26, 6.22 attached to the 2004B Amendment. Without limiting the foregoing, the Pricing Schedule attached to the 2004B Amendment shall become effective on the date the 2004B Amendment is executed and delivered, and by the terms of that Pricing Schedule, adjustments, if any, to the Applicable Margin or the Applicable Fee Rate shall be effective five Business Days after the Agent has received the applicable Financials (as those terms are defined in the Pricing Schedule) after the date of the 2004B Amendment. And also as provided in that Pricing Schedule, if the Borrower fails to deliver the Financials to the Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee Rate set forth on the table in the Pricing Schedule until five days after such Financials are so delivered.

3. PERMITTED ACQUISITION. Upon the satisfaction of all of the requirements of (a) the Credit Agreement, including, without limitation, Sections 6.13 and 6.29 thereof, and (b) this Amendment, including without limitation, Section 6 hereof, the Borrower may effect the Fair Grounds Acquisition. In connection therewith, upon effecting the Fair Grounds Acquisition, Fair Grounds Ventures, L.L.C., a Louisiana limited liability company, whose sole member shall then be CDLHC, and F.G. Staffing Services, Inc., a Louisiana corporation wholly owned by CDLHC, shall be and become Excluded Entities. It is agreed that for purposes of Fixed Charge Coverage Ratio, the Capital Expenditures consisting solely of consideration paid or payable for the Fair Grounds Acquisition is \$59,700,000.

4. CERTAIN LICENSES. Without limiting anything in the Credit Agreement or other Loan Documents, including without limitation Sections 6.4, 6.7 and 6.28 of the Credit Agreement, on or before April 14, 2005:

(a) The Loan Parties doing business in, and/or having offices and/or facilities and/or employees in, the State of Louisiana shall have obtained from the appropriate administrative agency or other governmental authorities of the United States of America and/or the State of Louisiana any and all consents, approvals, licenses and/or other authorizations as may be necessary for the operation of the businesses of the Loan Parties in the State of Louisiana, including without limitation, the operation of horse racing facilities with pari-mutuel wagering, Off Track Betting facilities, applicable gaming operations (for example, without limitation, video poker), and the sale of alcohol and tobacco; and

(b) The Borrower shall deliver to the Agent the legal opinion of counsel for the Borrower and Guarantors addressed to the Agent and the Lenders, in scope, form, and substance satisfactory to the Agent and its counsel, and addressing the matters in EXHIBIT F to this Amendment, along with any other matters required by the Agent.

5. CERTAIN REFERENCES IN THE LOAN DOCUMENTS.

(a) REFERENCES TO GUARANTORS AND LOAN PARTIES. All references in all Loan Documents to "Guarantors" and "Loan Parties" shall include, without limitation, Churchill Downs Louisiana Horseracing Company, L.L.C., Churchill Downs Louisiana Video Poker Company, L.L.C. and Video Services, Inc.

(b) REFERENCES TO LOAN DOCUMENTS. All references in the Loan Documents to the "Loan Documents" shall include, without limitation, a reference to this Amendment, the 2004B Collateral Documents, the 2004B Guarantor Joinder and any and all other agreements, instruments and documents executed and/or delivered in connection with this Amendment. All references to the "Credit Agreement" in the Loan Documents shall include, without limitation, references to the Credit Agreement as amended by this Amendment.

6. CONDITIONS. The Lenders and the Agent shall not have any obligations under this Amendment, and this Amendment shall not become effective, until and unless all of the following conditions shall have been fulfilled:

(a) REPRESENTATIONS AND WARRANTIES. Each and every representation and warranty made by or on behalf of the Borrower and/or any Guarantor relating to this Amendment or any of the other Loan Documents, as modified by this Amendment shall be true, complete and correct in all material respects on and as of the date of this Amendment and as of the date this Amendment is actually executed and delivered.

(b) EXECUTED AMENDMENT. The Borrower and the Guarantors shall have delivered to the Agent duly authorized and fully executed originals of this Amendment.

(c) EXECUTED 2004B GUARANTOR JOINDER. The Borrower and the Guarantors shall have delivered to the Agent duly authorized and fully executed originals of the 2004B Guarantor Joinder, satisfactory to the Agent in all respects, among other things, including CDLHC, CDLVP and VSI as Guarantors.

(d) NOTICE OF ACQUISITION. The Borrower shall have delivered a Notice of Acquisition with respect to the Fair Grounds Acquisition to the Agent as required by the Credit Agreement.

(e) COLLATERAL DOCUMENTS AND OTHER LOAN DOCUMENTS. The Borrower and the Guarantors shall have delivered all Collateral Documents and other Loan Documents, necessary to effectuate this Amendment, executed by the Borrower, the Guarantors and/or the Obligors, as the case may be, including, without limitation, all of the 2004B Collateral Documents.

(f) COLLATERAL TO BE DELIVERED TO THE COLLATERAL AGENT. The Borrower and the Guarantors shall deliver any and all Collateral required to be delivered to the Collateral Agent, including, but not limited to, any and all stock certificates of Video Services, Inc., together with stock powers executed in blank.

(g) ACQUISITION COMPLIANCE CERTIFICATE. The Borrower shall have delivered an Acquisition Compliance Certificate with respect to the Fair Grounds Acquisition to the Agent not less than five (5) days prior to the closing of the Fair Grounds Acquisition.

(h) CERTIFICATE OF NO DEFAULT OR UNMATURED DEFAULT. The Borrower shall have delivered a certificate, signed by the chief financial officer of the Borrower, substantially in the form of EXHIBIT P to the Credit Agreement.

(i) INCUMBENCY CERTIFICATES. The Agent shall have received certificates certifying the names of the Persons of the Borrower and the Guarantors authorized to sign this Amendment and the other Loan Documents that each has signed or will sign in connection with this Amendment, together with the true signatures of such Persons.

(j) RESOLUTIONS. The Borrower and the Guarantors shall have delivered certified copies of appropriate resolutions (1) authorizing the execution of this Amendment and any and all other documents, instruments and agreements referred to herein which are required to

be executed and delivered by the Borrower and the Guarantors as appropriate, and (2) authorizing consummation of the transactions contemplated by this Amendment.

(k) PERSONAL PROPERTY SEARCHES. The Collateral Agent shall have received reports of searches of personal property of records from the appropriate reporting agencies listed on SCHEDULE 6(p) to this Amendment. The Collateral Agent may obtain such reports but the Borrower shall pay all costs associated with obtaining them. The reports of searches of the personal property of records shall not disclose any security interest in CDLHC, CDLVP, VSI, Finish Line and Fair Grounds' personal property other than the Collateral Agent's security interest therein other than Permitted Liens.

(l) REGULATORY APPROVALS. The Borrower shall have provided evidence satisfactory to the Agent of any regulatory approvals required from any and all government agencies to consummate the Fair Grounds Acquisition and/or otherwise required pursuant to the Credit Agreement and/or this Amendment.

(m) THIRD PARTY CONSENTS. The Borrower shall have provided to the Agent all material third-party consents listed on SCHEDULE 6(q) to this Amendment, and/or otherwise required to consummate the Fair Grounds Acquisition, and/or otherwise required pursuant to the Credit Agreement and/or this Amendment.

(n) INSURANCE CERTIFICATES. The Borrower shall have delivered to the Agent insurance certificates as described in Section 5.20 and 6.6(ii) of the Credit Agreement.

(o) TERMINATION STATEMENTS AND RELEASES. The Agent shall have received termination and/or releases relating to claims, liens and/or other rights regarding or that may otherwise affect any of the Collateral other than the liens and/or security interests created in the Collateral Documents and Permitted Encumbrances.

(p) FINANCING STATEMENTS. The Borrower and the Guarantors shall authorize, and do hereby authorize, the Collateral Agent to file such financing statements, amendments to financing statements, statutory declarations or other documents for filing with public officials with respect to the Property pledged in the 2004B Collateral Documents (including without limitation, fixture financing statements) as the Collateral Agent may request.

(q) LEGAL OPINIONS. The Agent shall have received the legal opinion of Rebecca C. Reed, Esq., General Counsel for the Borrower and the Guarantors, Wyatt, Tarrant & Combs, LLP as counsel for the Borrower and the Guarantors, and the legal opinion of Lemle & Kelleher, special Louisiana counsel to the Borrower and the Guarantors, addressed to the Agent and the Lenders, dated the date this Amendment is delivered, in scope, form and substance satisfactory to the Agent and its counsel, and addressing the matters in EXHIBITS A, B and C to this Amendment respectively, along with any other matters required by the Agent.

(r) CLOSING OF FAIR GROUNDS ACQUISITION. The Borrower shall have provided copies of all of the Fair Grounds Acquisition Documents certified by either the Chief Financial Officer or Secretary of the Borrower to be true, correct and complete, together with evidence

satisfactory to the Agent of closing under the Fair Grounds Acquisition Documents in accordance with their terms and in compliance with all applicable laws, rules and regulations, including, without limitation, Title 11 of the United States Code (the "Bankruptcy Code") and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

(s) TITLE INSURANCE POLICIES. The Borrower and Guarantors shall have delivered title insurance policies or an irrevocable commitment to issue policies in the form of Lender approved pro-forma policies, in favor of the Collateral Agent for the benefit of the Lenders, in ALTA 1992 Form B Loan Policy form without creditor's rights exceptions, and in amounts agreed upon and acceptable to the Agent, with premiums paid thereon, delivered by the Loan Parties, issued by Stewart Title Guaranty Company (the "Title Insurer") and insuring the Louisiana Mortgages on fee property as valid first priority Liens upon the applicable Loan Parties' fee simple title to, or leasehold interest in, the Real Property Collateral and all improvements and all appurtenances thereto (including such easements and appurtenances as may be required by the Agent), free and clear of any and all defects and encumbrances whatsoever, subject only to such exceptions as may be approved in writing by the Agent, with endorsements thereto as to such matters as the Agent may designate, purchased by the Loan Parties on the closing date for each of the Louisiana Mortgages on fee properties.

(t) ENVIRONMENTAL AUDITS AND/OR PHASE I ENVIRONMENTAL ASSESSMENTS. The Borrower and the Guarantors shall have delivered Phase I environmental assessments performed on each parcel of real property listed on SCHEDULE 6(o) to this Amendment, with the results of such environmental assessments satisfactory to the Agent in its discretion. In the event Phase II assessments, contamination assessment reports or remediation action plans have been prepared for any real property listed on SCHEDULE 6(o), such plans, assessments and reports, including recent updates and data submissions, shall be provided to Agent and must be satisfactory to Agent in its discretion. Without limiting the foregoing, such assessments shall be performed in accordance with ASTM 1527 E standards for environmental assessments and shall determine whether there are any Recognized Environmental Conditions (as defined in such standards) on the real property listed on SCHEDULE 6(o), provide the historical ownership and use of the real property listed on SCHEDULE 6(o), describe the current use of the real property listed on SCHEDULE 6(o), provide any information available in EPA records and state EPA records on previous investigations and litigation, describe any adjacent properties which have been or could be potential hazards, and locations of equipment containing PCBs and provide a conclusion and recommendation statement. If any of the real property listed on SCHEDULE 6(o) contains any Hazardous Materials (other than materials used by the Loan Parties from time to time in the ordinary course of business), that might be potentially Hazardous Materials if not handled, stored, and/or used in accordance with all relevant Environmental Laws, rules and/or regulations dealing with Hazardous Materials or potentially Hazardous Materials, but only to the extent it is actually handled, stored and used in connection with all such Laws, rules and/or regulations) or, in the Agent's discretion the real property listed on SCHEDULE 6(o) has been adversely affected by any Hazardous Materials or substances, the Lenders shall be excused from any obligation to provide the Credit Extensions.

(u) SURVEY. The Borrower shall have delivered a survey of the property listed on SCHEDULE 6(m) to this Amendment not later than three (3) days prior to the date of this

Amendment. Such survey shall be prepared by surveyor listed on such SCHEDULE 6(m). Such survey shall be reasonably satisfactory to the Agent and shall be certified to the Collateral Agent, each Lender and the Title Insurer. The survey shall evidence to the satisfaction of the Agent that all of the real property listed on SCHEDULE 6(m) included in the applicable Mortgage is owned by the applicable Loan Party free and clear of encroachments onto or by other properties, defects of title, observable violations of restrictions or encroachments into easements except for Permitted Liens, and be sufficient to allow the Title Insurer to issue loan policies without survey exceptions.

(v) AMENDMENT OF NOTE PURCHASE AGREEMENTS. The Agent shall have received signed copies of all of the documents relating to the First Amendment Agreement to Note Purchase Agreements and the Subsidiary Guaranty Supplement to Subsidiary Guaranty Agreement (collectively, the "Term Note First Amendment Documents") certified by either the Chief Financial Officer or the Secretary of the Borrower to be true, correct and complete, together with evidence satisfactory to the Agent that all of the conditions precedent to the First Amendment Agreement to Note Purchase Agreements and the other Term Note First Amendment Documents have been satisfied, and such First Amendment Agreement to Note Purchase Agreements and other Term Note First Amendment Documents have become effective.

(w) AGENT'S COSTS AND EXPENSES. The Borrower shall have paid to the Agent the Agent's fees and expenses as of the date of this Agreement in accordance with Section 9 of this Amendment and Section 9.6 of the Credit Agreement.

(x) PAYMENT OF CERTAIN FEES. The Borrower shall have paid to the Agent, JP Morgan and each applicable Lender the fees required by Section 10 of this Amendment.

(y) CONSENTS UNDER THE COLLATERAL SHARING AGREEMENT. The Collateral Agent shall have received any required consents and/or authorization from the Lenders and Term Note Purchasers under the Collateral Sharing Agreement through the 2004B Consent Joinder and Reaffirmation or otherwise satisfactory to the Agent..

(z) ESTOPPEL CERTIFICATE AND SUBORDINATION AGREEMENTS. Estoppel Certificates and Subordination, Non-Disturbance and Attornment Agreements from such tenants at the Real Property Collateral as Agent shall require.

(aa) OTHER DOCUMENTS. The Borrower shall have delivered to the Agent any and all other agreements, instruments and documents as the Agent may reasonably have requested in order to further protect its security or evidence compliance by the Borrower and /or any other Loan Party with this Amendment and the other Loan Documents.

7. REAFFIRMATIONS AND CONSENTS. The Borrower and the Guarantors:

(a) CONSENT. Consent to the transactions contemplated in this Amendment.

(b) REAFFIRM. Reaffirm their respective obligations under any and all of the Loan Documents and any and all other agreements, instruments and documents to which any of them is a party and under which any Lender has any rights or obligations and which is or may be related in any way to the agreements, instruments and documents mentioned in or affected by this Amendment, or the Credit Agreement or any of the other Loan Documents as amended by this Amendment.

(c) AGREE. Agree that all of the Loan Documents remain in full force and effect, as expressly modified or altered by or in connection with this Amendment.

8. REPRESENTATIONS AND WARRANTIES. To induce the Lenders and the Agent to enter into this Amendment, the Borrower and the Guarantors agree that the representations and warranties made by the Loan Parties, as set forth in the Credit Agreement as amended by this Amendment, are hereby remade and are incorporated by reference into this Amendment as if set out in full, PROVIDED that Schedules 1, 2, 3, 2.3.1, 5.22, 5.23, 5.24, 5.25, 5.26 and 6.22 to the Credit Agreement are amended, restated and replaced by Schedules 1, 2, 3, 2.3.1, 5.22, 5.23, 5.24, 5.25, 5.26 and 6.22 to the Amendment, respectively. It is understood and agreed that any representation or warranty which operates as of a specific date by its terms shall be required to be true and correct only as of such specific date with respect to that operation.

9. COSTS AND EXPENSES. The Borrower agrees to reimburse the Agent for the costs and expenses incurred by the Agent and the Lenders in connection with the transactions contemplated by this Amendment, including, but not limited to, the reasonable fees and disbursements of counsel for the Agent and the Lenders incurred in preparing this Amendment and the documents to be executed pursuant to this Amendment all in accordance with Section 9.6 of the Credit Agreement.

10. CERTAIN FEES.

(a) The Borrower shall pay each Lender who signs a Lender Consent and Direction authorizing and directing the Agent to enter into this Amendment and related documents a one time amendment fee in the amount of 0.125% of such Lender's Commitment amount.

(b) The Borrower shall pay to JP Morgan the fees and other amounts required by the fee letter dated September 23, 2004, among the Borrower, the Agent and JP Morgan.

11. BREACH OF THIS AMENDMENT. Any failure of the Borrower or any other Loan Party to observe and perform all of the terms, conditions and provisions of this Amendment, which is not remedied within five days after written notice from Agent or any Lender, shall constitute a Default.

12. MISCELLANEOUS.

(a) ENTIRE AGREEMENT. This Amendment and the agreements, instruments and other documents referred to herein, constitute the entire agreement of the parties with respect to,

and supersede all prior understandings of the parties with respect to, the subject matter hereof and thereof. No change, modification, addition, or termination of this Amendment shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

(b) GOVERNING LAW. This Amendment and the related writings and the respective rights and obligations of the parties shall be governed by, and construed and enforced in accordance with, the laws (without regard to conflicts of laws rules) of the Commonwealth of Kentucky, except to the extent the laws of any other state, province or country where security for the Loans is located dictate that the laws of such other state, province or country shall govern the enforcement of the rights of the Agent or any Lender in such security.

(c) COUNTERPARTS. Each party to this Amendment may sign upon a separate copy, in which case one counterpart of this Amendment shall consist of enough of such signed copies to reflect the signature of all parties hereto. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Amendment or the terms hereof to produce or account for more than one of such counterparts.

(d) HEADINGS. The headings used in this Amendment have been included solely for ease of reference and shall not be considered in the interpretation or construction of this Amendment.

(e) SEVERABILITY. If any court shall finally determine that any part, term or provision of this Amendment is in any way unenforceable, such part, term or provision shall be reduced to the extent necessary to make such provision enforceable to the greatest extent allowed by law. Consistent with the foregoing, if any provision of this Amendment or its application shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of all other applications of that provision and of all other provisions and applications of this Amendment shall not in any way be affected or impaired.

(f) BINDING EFFECT. This Amendment shall be binding upon, and shall inure to the benefit of, the Lenders, the Agent, the Borrower, and the other Loan Parties, as well as their respective successors and assigns. Pursuant to the provisions of Section 8.2 of the Credit Agreement, the Agent enters into this Amendment with the consent in writing of the Required Lenders. Accordingly, this Amendment amends the Credit Agreement and other Loan Documents as and to the extent provided herein and is binding upon all of the Lenders.

(g) NO WAIVER OR COURSE OF DEALING. The execution and delivery of this Amendment by the Lenders and the Agent does not waive any right that the Lenders or the Agent might have under any of the Loan Documents except for the specific modifications, waivers, and amendments contained in this Amendment. Neither this Amendment, nor earlier amendments or modifications of any of the Loan Documents, creates any course of dealing among the Lenders, the Agent, the Loan Parties or any other Person, and none of the foregoing nor any other Person should infer that the Agent or any Lender will enter into any other or future amendment or modification of any of the Loan Documents in the future, whether similar or dissimilar to this Amendment.

(h) CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS) OF THE COMMONWEALTH OF KENTUCKY, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

(i) CONSENT TO JURISDICTION. THE LOAN PARTIES HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR COMMONWEALTH OF KENTUCKY COURT SITTING IN LOUISVILLE, KENTUCKY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT(S) AND THE LOAN PARTIES HEREBY IRREVOCABLY AGREE THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVE ANY OBJECTION THEY MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE AGENT, THE COLLATERAL AGENT, THE LC ISSUER OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY LOAN PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY LOAN PARTY AGAINST THE AGENT, THE LC ISSUER OR ANY LENDER OR ANY AFFILIATE OF THE AGENT, THE LC ISSUER OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN LOUISVILLE, KENTUCKY.

(j) WAIVER OF JURY TRIAL. EACH LOAN PARTY, THE AGENT, THE LC ISSUER AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

[THE BALANCE OF THIS PAGE IS LEFT BLANK INTENTIONALLY.]

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date set forth in the preamble hereto, but actually on the dates set forth below.

CHURCHILL DOWNS INCORPORATED

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

GUARANTORS:

CHURCHILL DOWNS MANAGEMENT
COMPANY

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CHURCHILL DOWNS INVESTMENT
COMPANY

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

RACING CORPORATION OF AMERICA

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CALDER RACE COURSE, INC.

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

TROPICAL PARK, INC.

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CHURCHILL DOWNS CALIFORNIA
COMPANY

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CHURCHILL DOWNS CALIFORNIA
FALL OPERATING COMPANY

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

ARLINGTON PARK RACECOURSE, LLC

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

ARLINGTON MANAGEMENT
SERVICES, LLC

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

ARLINGTON OTB CORP.

By /s/ MARY ANN GUENTHER

Title: SECRETARY

Date: October 13, 2004

QUAD CITY DOWNS, INC.

By /s/ MARY ANN GUENTHER

Title: SECRETARY

Date: October 13, 2004

CDIP, LLC

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CDIP HOLDINGS, LLC

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

ELLIS PARK RACE COURSE, INC.

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CHURCHILL DOWNS LOUISIANA
HORSERACING COMPANY, L.L.C.

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

CHURCHILL DOWNS LOUISIANA
VIDEO POKER COMPANY, L.L.C.

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

VIDEO SERVICES, INC.

By /s/ REBECCA C. REED

Title: SECRETARY

Date: October 13, 2004

BANK ONE, NA,
as a Lender and as Agent

By /s/ H. JOSEPH BRENNER
H. Joseph Brenner
First Vice President

Date: October 13, 2004

PRICING SCHEDULE

APPLICABLE MARGIN	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS	LEVEL V STATUS	LEVEL VI STATUS	LEVEL VII STATUS
EURODOLLAR RATE	1.25%	1.50%	1.75%	2.25%	2.50%	2.75%	3.00%
FLOATING RATE	0%	0%	0.25%	.75%	1.00%	1.25%	1.50%

APPLICABLE FEE RATE	LEVEL I STATUS	LEVEL II STATUS	LEVEL III STATUS	LEVEL IV STATUS	LEVEL V STATUS	LEVEL VI STATUS	LEVEL VII STATUS
COMMITMENT FEE	.25%	.30%	.375%	.50%	.50%	.50%	.50%

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

"Financials" means the annual or quarterly financial statements of the Borrower delivered pursuant to Section 6.1(i) or (ii).

"Level I Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Leverage Ratio is less than 2.00 to 1.00.

"Level II Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status and (ii) the Leverage Ratio is less than 2.50 to 1.00.

"Level III Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status or Level II Status and (ii) the Leverage Ratio is less than 3.00 to 1.00.

"Level IV Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status and (ii) the Leverage Ratio is less than 3.50 to 1.00.

"Level V Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status, or Level IV Status, and (ii) the Leverage Ratio is less than 4.00 to 1.00.

"Level VI Status" exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status, and (ii) the Leverage Ratio is less than 4.50 to 1.00.

"Level VII Status" exists at any date if the Borrower has not qualified for Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status or Level VI Status.

"Status" means either Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status, Level VI Status and Level VII Status.

The Applicable Margin and Applicable Fee Rate shall be determined in accordance with the foregoing table based on the Borrower's Status, adjusted quarterly and measured on the most recent four fiscal quarters ending on the determination date as reflected in the then most recent Financials. Adjustments, if any, to the Applicable Margin or Applicable Fee Rate shall be effective five Business Days after the Agent has received the applicable Financials. If the Borrower fails to deliver the Financials to the Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee Rate set forth in the foregoing table until five days after such Financials are so delivered.

Exhibits and schedules to the 2004B Amendment to Loan Documents have been intentionally omitted because they are not material. The registrant agrees to furnish such omitted exhibits and schedules supplementally to the Commission upon request.

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CHURCHILL DOWNS INCORPORATED

FIRST AMENDMENT AGREEMENT

Dated as of October 14, 2004

to

NOTE PURCHASE AGREEMENTS

Dated as of April 3, 2003

Re: \$100,000,000 Floating Rate Senior Secured Notes Due March 31, 2010

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EXHIBIT A	-	Form of legal opinion of Rebecca C. Reed, Esq.
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FIRST AMENDMENT AGREEMENT
TO

Re: NOTE PURCHASE AGREEMENTS DATED AS OF APRIL 3, 2003

Dated as of
October 14, 2004

To each of the holders
listed in Schedule A to
this First Amendment Agreement

Ladies and Gentlemen:

Reference is made to (i) the separate Note Purchase Agreements each dated as of April 3, 2003 (the "EXISTING NOTE PURCHASE AGREEMENTS" and, as amended hereby, the "NOTE PURCHASE AGREEMENTS"), among Churchill Downs Incorporated, a Kentucky corporation (the "COMPANY") and the purchasers named on Schedule A attached thereto, respectively and (ii) the \$100,000,000 aggregate principal amount of Floating Rate Senior Secured Notes, due March 31, 2010 of the Company (the "NOTES").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company requests the amendment of certain provisions of the Existing Note Purchase Agreements as hereinafter provided.

Upon your acceptance hereof in the manner hereinafter provided and upon satisfaction of all conditions to the effectiveness hereof and receipt by the Company of similar acceptances from the holders of the Notes, this First Amendment Agreement shall constitute a contract between us amending the Existing Note Purchase Agreements and Notes, in each case, as of October 14, 2004, but only in the respects hereinafter set forth:

SECTION 1. OMNIBUS AMENDMENT.

In the event that as of the last day of any fiscal quarter of the Company, the Leverage Ratio for the then most-recently ended four fiscal quarters is equal to or greater than 4.00 to 1.00, the Adjusted LIBOR Rate applicable to the immediately succeeding 3 month period shall be defined as LIBOR plus 280 basis points. In the event that the Leverage Ratio for the then most-recently ended four fiscal quarters is equal to or greater than 3.50 to 1.00, but less than 4.00 to 1.00, the Adjusted LIBOR Rate applicable to the immediately succeeding 3 month period shall be defined as LIBOR plus 230 basis points. In the event that the Leverage Ratio for the then most-recently ended four fiscal quarters is less than 3.50 to 1.00, the Adjusted LIBOR Rate applicable to the immediately succeeding 3 month period shall be defined as LIBOR plus 155 basis points. The Obligors and each of the holders acknowledge that the Note Purchase Agreements and the Notes shall be and are hereby amended to incorporate the provisions of this

Section 1. Notwithstanding anything contained herein to the contrary, the Adjusted LIBOR Rate applicable to the Notes for the 3 month period beginning January 1, 2005 shall be LIBOR plus 280 basis points. For each subsequent 3 month period beginning April 1, 2005, the Leverage Ratio shall be determined pursuant to financial statements and certificates by a Senior Financial Officer delivered to the holders in accordance with Sections 7.1 and 7.2 of the Note Purchase Agreements. If the Company fails to deliver such financial statements and/or certificates as required pursuant to such Sections 7.1 and 7.2, the Adjusted LIBOR Rate shall be defined as LIBOR plus 280 basis points until five days after such financial statements and certificates are so delivered.

SECTION 2. ADDITIONAL AMENDMENTS TO EXISTING NOTE PURCHASE AGREEMENTS.

SECTION 2.1 Section 10.5(a) of the Existing Note Purchase Agreements shall be and is hereby amended in its entirety to read as follows:

"The Company will not permit the Leverage Ratio, determined as of the end of each of its fiscal quarters, of (i) Consolidated Funded Indebtedness, as adjusted by the Seasonal Borrowing Needs Adjustment in appropriate fiscal quarters, to (ii) Consolidated Adjusted EBITDA for the then most-recently ended four fiscal quarters to be greater than:

LEVERAGE RATIO	PERIOD
5.00 to 1.00	October 14, 2004 through June 29, 2005
4.25 to 1.00	June 30, 2005 through June 29, 2006
3.75 to 1.00	June 30, 2006 through June 29, 2007
3.50 to 1.00	June 30, 2007 and thereafter"

SECTION 2.2. Section 11(f) of the Existing Note Purchase Agreements shall be and is hereby amended in its entirety to read as follows:

" (f) (i) the Company or any Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or make-whole amount (including any LIBOR Breakage Amount) or interest on any Indebtedness that is outstanding in an aggregate principal amount of at least \$15,000,000 beyond any period of grace provided with respect thereto, or (ii) the Company or any Subsidiary is in default in the performance of or compliance with any term of any evidence of any Indebtedness in an aggregate outstanding principal amount of at least \$15,000,000 or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Indebtedness has become, or has been declared (or one or more persons are entitled to declare such Indebtedness to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Indebtedness to convert such Indebtedness into equity interests), (x) the Company or any Subsidiary has become

obligated to purchase or repay Indebtedness before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least \$15,000,000, or (y) one or more Persons have the right to require the Company or any Subsidiary so to purchase or repay such Indebtedness; or"

SECTION 2.3. Schedule B to the Existing Note Purchase Agreements shall be and is hereby amended by adding or replacing the following definitions thereto in alphabetical order:

"ADJUSTED EBITDA" of any person for any period means the EBITDA for that Person for that period adjusted on a pro forma basis for the EBITDA of acquired or divested operations, provided that any EBITDA of CDLHC, CDLVP and VSI (whether positive or negative) for any period prior to October 14, 2004 will not be included in the Adjusted EBITDA of those entities.

"CDLHC" means Churchill Downs Louisiana Horseracing Company, L.L.C., a Louisiana limited liability company

"CDLVP" means Churchill Downs Louisiana Video Poker Company, L.L.C., a Louisiana limited liability company.

"COLLATERAL DOCUMENTS" means, collectively, all of the instruments, documents and agreements pursuant to which any Person grants a Lien on or security interest in all or any portion of the Collateral, including, without limitation, those documents referred to in Section 6.25 of the Bank Credit Agreement, including, without limitation, all pledge and security agreements, mortgages, assignments of patents, trademarks and copyrights, the Negative Pledge Agreement, the Intercompany Subordination Agreement, the Collateral Sharing Agreement, the 2004B Collateral Documents, and all other documents and instruments executed as security for any obligations of any Obligor under any Financing Agreement and any other agreements, documents or instruments guaranteeing or securing any obligations of any Obligor under any Financing Agreement.

"CONSOLIDATED ADJUSTED EBITDA" for any period means the consolidated Adjusted EBITDA of all of the Obligors for that period, consolidated in accordance with GAAP. The EBITDA of the Excluded Subsidiaries shall not be included in Consolidated Adjusted EBITDA.

"CONSOLIDATED FUNDED INDEBTEDNESS" means at any time the aggregate dollar amount of Consolidated Indebtedness which has actually been funded and is outstanding at such time, whether or not such amount is due or payable at such time.

"CONSOLIDATED INDEBTEDNESS" means at any time the Indebtedness of the Obligors calculated on a consolidated basis as of such time in accordance with GAAP.

"EBITDA" for any Person for any period of determination means that Person's net income plus, to the extent deducted from revenues in determining net income, (i) interest expense, (ii) expense for taxes paid or accrued, (iii) depreciation, (iv) amortization, (v) extraordinary losses incurred other than in the ordinary course of business, and (vi) in the

case of Ellis Park Race Course, Inc., (a) the impairment charge deducted from the net income of Ellis Park Race Course, Inc. with respect to the fourth fiscal quarter in 2002, and (b) the lesser of (1) the one-time non-cash impairment charge, if any, deducted from the net income of Ellis Park Race Course, Inc. with respect to either the third fiscal quarter in 2004 or the fourth fiscal quarter in 2004 (but not both quarters), or (2) \$6,200,000; minus, to the extent included in net income, that Person's extraordinary gains realized other than in the ordinary course of business, in each case for such period determined, in accordance with GAAP.

"EXCLUDED ENTITIES" means any corporation, partnership, limited liability company or other Person in which the Obligors hold an ownership interest, either directly or indirectly, and which is not an Obligor.

"EXCLUDED SUBSIDIARIES" means any Excluded Entity which is a Subsidiary of the Company. The Excluded Subsidiaries on the date of the closing of the First Amendment Agreement are Hoosier Park, L.P., Churchill Downs Simulcast Productions, LLC (formerly known as Charlson Broadcast Technologies LLC), Churchill Downs Pennsylvania Company (formerly known as Churchill Downs California Foodservices Company), Tracknet, LLC, and Anderson Park, Inc. Fair Grounds International Venture L.L.C., a Louisiana limited liability Company, F. G. Staffing Services, Inc., a Louisiana corporation and Charlson Industries, Inc., an Ohio corporation shall become Excluded Subsidiaries on the date the Fair Grounds Acquisition is effected.

"FAIR GROUNDS" means Fair Grounds Corporation, a Louisiana corporation.

"FAIR GROUNDS ACQUISITION" means the acquisition of the assets of Fair Grounds and Finish Line and the stock of VSI.

"FAIR GROUNDS ACQUISITION DOCUMENTS" shall mean all of the documents through which the Fair Grounds Acquisition is consummated, including, without limitation, (a) the Third Amended Plan of Reorganization, filed in the United States Bankruptcy Court for the Eastern District of Louisiana, Bankruptcy Case No 03-16222, by Fair Grounds, as Debtor and Debtor-in-possession; (b) the Order, dated September 28, 2004, entered by the United States Bankruptcy Court for the Eastern District of Louisiana in Bankruptcy Case No 03-16222, confirming the Third Amended Plan of Reorganization of Fair Grounds; (c) the Asset Purchase Agreement, dated as of August 31, 2004, as amended by the First Amendment, dated as September 17, 2004, among the Company, on behalf of one of its wholly owned subsidiary to be formed, Fair Grounds and the Company; (d) the Asset Purchase Agreement, dated as of October 14, 2004, between CDLHC and Finish Line; and (e) the Stock Purchase Agreement, dated October 14, 2004, between CDLVP, Steven Rittvo, Ralph Capitelli, T. Cary Wicker III and Louisiana Ventures, Inc.

"FAIR GROUNDS ASSIGNMENT AND SUBORDINATION OF LEASE AND MANAGEMENT AGREEMENT" means the Assignment and Subordination of Lease and Management Agreement, dated as of October 14, 2004, between CDLHC, as Landlord, and Fair Grounds, as Tenant.

"FINANCING STATEMENT" shall mean financing statements of the Company or a Guarantor, naming the Company or such Guarantor as debtor and the Collateral Agent as secured party as amended from time to time.

"FINISH LINE" means Finish Line Management Corp., a Louisiana corporation.

"FIRST AMENDMENT AGREEMENT" means the First Amendment Agreement dated as of October 14, 2004 to Note Purchase Agreements dated as of April 3, 2003 by and among the Company, the Guarantors and the holders.

"JAZZ FEST SUBORDINATION AGREEMENT AND ESTOPPEL" means the Subordination, Non-disturbance and Attornment Agreement dated as of October 14, 2004, between The New Orleans Jazz and Heritage Foundation, Inc. as Tenant, and the Collateral Agent as mortgagee under the Mortgage defined therein, together with the Estoppel Certificate by The New Orleans Jazz and Heritage Foundation, Inc. in favor of the Collateral Agent.

"KELLEY NOTE" means that certain Convertible Promissory Note dated on or about October 14, 2004 issued by the Company in favor of Brad M. Kelley, an individual.

"LEVERAGE RATIO" means, as of any date of calculation, the ratio of (i) Consolidated Funded Indebtedness outstanding on such date to (ii) Consolidated Adjusted EBITDA, in each instance computed in accordance with Section 10.5(a) and GAAP.

"LOUISIANA MORTGAGES" means the Mortgages, Assignments of Rents and Security Agreements dated as of October 14, 2004 and the Leasehold Mortgages, Assignments of Rents and Security Agreements dated as of October 14, 2004 and Deeds of Trust dated as of October 14, 2004 encumbering the Obligors' fee or leasehold interest in those properties listed on Schedule 3(a) of the First Amendment Agreement and delivered by each of the applicable Obligors with respect to each of the parcels of real property listed on Schedule 3(a) to the Collateral Agent for the benefit of the holders, subject to the terms of the Collateral Sharing Agreement, as they may be amended and/or supplemented from time to time.

"LOUISIANA TITLE INSURER" means Stewart Title Guaranty.

"REAL PROPERTY" means, collectively, each of the parcels of owned and/or leased real property of any of the Obligors, all of which is listed on Schedule 3(w).

"REAL PROPERTY COLLATERAL" means each of the parcels of owned Real Property listed on Schedule 3(w) except as set forth on such Schedule.

"SEASONAL BORROWING NEEDS ADJUSTMENT" means the reduction of the Consolidated Funded Indebtedness as of the end of (i) the first fiscal quarter of the Company's fiscal year 2005 by \$25,000,000, (ii) the first fiscal quarter of the Company's fiscal year 2006 by \$25,000,000, (iii) the first fiscal quarter of the Company's fiscal years 2007, 2008, 2009 and 2010 by \$25,000,000.

"2004B AMENDMENT TO THE PLEDGE AND SECURITY AGREEMENT" means the 2004B Amendment to Pledge and Security Agreement, dated as of October 14, 2004, among the applicable Obligor and the Collateral Agent for the benefit of the holders, subject to the provisions of the Collateral Sharing Agreement, as they may be amended and/or supplemented from time to time.

"2004B ASSIGNMENTS OF PATENT, TRADEMARKS AND COPYRIGHTS" means the Assignment of Patent, Trademarks and Copyrights, dated as of October 14, 2004, executed by CDIP, LLC in favor of the Collateral Agent and the Assignment of Patent, Trademarks and Copyrights, dated as of October 14, 2004, executed by CDLHC, in favor of the Collateral Agent.

"2004B BANK AMENDMENT" means the 2004B Amendment to Loan Documents, dated as of October 14, 2004, among Bank One, NA, headquartered in Chicago, Illinois (successor by merger to Bank One, Kentucky, NA) a national banking association with an office in Louisville, Kentucky, as contractual representative for the Banks as provided in the Bank Credit Agreement as agent, the Guarantors and the Company.

"2004B COLLATERAL DOCUMENTS" means, collectively, all of the instruments, documents and agreements pursuant to which any Person grants a Lien on or a security interest in all or any portion of any Collateral pursuant to the First Amendment Agreement and/or 2004B Bank Amendment, including without limitation, those documents referenced in Sections 6.25 and 6.29 of the Bank Credit Agreement, including without limitation, the 2004B Amendment to the Pledge and Security Agreement, the 2004B Louisiana Addendum to Pledge and Security Agreement (as defined in the 2004B Amendment to Pledge and Security Agreement), the 2004B Consent Joinder and Reaffirmation, the Louisiana Mortgages, the 2004B Assignments of Patents, Trademarks and Copyrights, the Fair Grounds Assignment and Subordination of Lease and Management Agreement, the Jazz Fest Subordination Agreement and Estoppel and all other documents or instruments executed as security for the obligations of any Obligor in connection with the First Amendment Agreement and/or 2004B Bank Amendment from time to time, as they may be amended and/or supplemented from time to time.

"2004B CONSENT JOINDER AND REAFFIRMATION" shall mean the 2004B Consent Joinder and Reaffirmation, dated October 14, 2004, among the Collateral Agent, the Company and the Guarantors.

"2004B GUARANTOR JOINDER" shall mean the Guarantor Joinder, dated October 14, 2004, among the Collateral Agent, the Company and the Guarantors.

"VSI" means Video Services, Inc., a Louisiana corporation.

SECTION 2.4. Schedule B of the Existing Note Purchase Agreements shall be and is hereby amended by deleting the following definitions: "Consolidated Funded Debt," "Consolidated Operating Cash Flow," and "Monetary Default".

SECTION 3. CONDITIONS PRECEDENT.

This First Amendment Agreement shall not become effective until, and shall become effective on, the Business Day (the "EFFECTIVE DATE") when each of the following conditions shall have been satisfied:

(a) Each holder shall have received this First Amendment Agreement, duly authorized and fully executed by the Company and the Guarantors.

(b) The holders shall have consented to this First Amendment Agreement as evidenced by their execution thereof.

(c) Each and every representation and warranty made by or on behalf of the Company and/or any Guarantor relating to this First Amendment Agreement or any of the other Financing Agreements, as modified by this First Amendment Agreement shall be true, complete and correct in all material respects on and as of the date of this First Amendment Agreement and as of the date this First Amendment Agreement is actually executed and delivered.

(d) The Company shall have paid to the holders, on a PRO RATA basis based on the aggregate outstanding principal amounts of the Notes held by said holders on the date hereof, a non-refundable fee of \$125,000.

(e) The Company and the Guarantors shall have delivered to each holder duly authorized and fully executed originals of the Subsidiary Guaranty Supplement dated as of October 14, 2004, satisfactory to the Required Holders in all respects, among other things, including CDLHC, CDLVP and VSI as Guarantors.

(f) The Company and the Guarantors shall have delivered all Collateral Documents and other Financing Agreements, necessary to effectuate this First Amendment Agreement, executed by the Company and/or the Guarantors, as the case may be, including, without limitation, all of the 2004B Collateral Documents.

(g) The Company and the Guarantors shall deliver any and all Collateral required to be delivered to the Collateral Agent with copies to each holder, including, but not limited to, any and all stock certificates of VSI, together with stock powers executed in blank.

(h) Each holder shall have received such Officer's Certificates and such certificates of a secretarial officer of the Company and each Guarantor as it may reasonably request with respect to this First Amendment Agreement and the transactions contemplated hereby.

(i) The Collateral Agent shall have received reports of searches of personal property records from the appropriate reporting agencies listed on Schedule 3(i) to this

First Amendment Agreement. The Collateral Agent may obtain such reports but the Company shall pay all costs associated with obtaining them. The reports of searches of the personal property records shall not disclose any security interest in the CDLHC, CDLVP, VSI, Finish Line and Fair Grounds' personal property other than to the Collateral Agent's security interest therein other than Permitted Liens.

(j) The Company shall have provided evidence satisfactory to the holders of any regulatory approvals required from any and all government agencies to consummate the Fair Grounds Acquisition and/or otherwise required pursuant to the Note Purchase Agreements and/or this First Amendment Agreement.

(k) The Company shall have provided to the holders all material third-party consents listed on Schedule 3(k) to this First Amendment Agreement, and/or otherwise required to consummate the Fair Grounds Acquisition, and/or otherwise required pursuant to the Note Purchase Agreements and/or this First Amendment Agreement.

(l) The Company shall have paid the fees and disbursements of the holders' special counsel, Chapman and Cutler LLP, incurred in connection with the negotiation, preparation, execution and delivery of this First Amendment Agreement and the transactions contemplated hereby which fees and disbursements are reflected in the statement of such special counsel delivered to the Company at the time of the execution and delivery of this First Amendment Agreement. Upon receipt of any supplemental statement after the execution of this First Amendment Agreement, the Company will pay such additional fees and disbursements of the holders' special counsel which were not reflected in its accounting records as of the time of the delivery of the initial statement of fees and disbursements.

(m) Each holder shall have received evidence of insurance naming the Collateral Agent as additional insured and loss payee with such responsible and reputable insurance companies or associations, and in such amounts and covering such risks, as is satisfactory to the holders.

(n) The holders shall have received termination and/or releases relating to claims, liens and/or other rights regarding or that may otherwise affect any of the Collateral other than the liens and/or security interests created in the Collateral Documents and Permitted Liens.

(o) The Company and the Guarantors shall authorize the Collateral Agent to file such financing statements, amendments to financing statements, statutory declarations or other documents for filing with public officials with respect to the property pledged in the 2004B Collateral Documents (including without limitation, fixture financing statements) as the Collateral Agent may request.

(p) The holders shall have received the legal opinion of Rebecca C. Reed, Esq., General Counsel for the Company and the Guarantors, Wyatt, Tarrant & Combs,

LLP as counsel for the Company and the Guarantors, and the legal opinion of Lemle & Kelleher, special Louisiana counsel to the Company and the Guarantors, addressed to the holders, dated the date this First Amendment Agreement is delivered, in scope, form and substance satisfactory to the holders and their counsel, and addressing the matters in Exhibit A, B and C to this First Amendment Agreement, respectively, along with any other matters required by the holders.

(q) The Company shall have provided copies of all of the Fair Grounds Acquisition Documents certified by either the Senior Financial Officer or Secretary of the Company to be true, correct and complete, together with evidence satisfactory to the holders of closing under the Fair Grounds Acquisition Documents in accordance with their terms and in compliance with all applicable laws, rules and regulations, including, without limitation, the Title 11 of the United States Code and the Federal Rules of Bankruptcy Procedure.

(r) The Company and Guarantors shall have delivered title insurance policies or an irrevocable commitment to issue policies in the form of holder approved pro-forma policies, in favor of the Collateral Agent for the benefit of the holders, in ALTA 1992 Form B Loan Policy form without creditor's rights exceptions, and in amounts agreed upon and acceptable to the holders, with premiums paid thereon, delivered by the Obligors, issued by Louisiana Title Insurer and insuring the Louisiana Mortgages on fee property as valid first priority Liens upon the applicable Obligors' fee simple title to, or leasehold interest in, the Real Property Collateral and all improvements and all appurtenances thereto (including such easements and appurtenances as may be required by the holders), free and clear of any and all defects and encumbrances whatsoever, subject only to such exceptions as may be approved in writing by the holders, with endorsements thereto as to such matters as the holders may designate, purchased by the Obligors on the closing date for each of the Louisiana Mortgages on fee properties.

(s) The Company and the Guarantors shall have delivered Phase I environmental assessments performed on each parcel of real property listed on Schedule 3(s) to this First Amendment Agreement, with the results of such environmental assessments satisfactory to the Collateral Agent in its discretion. In the event Phase II assessments, contamination assessment reports or remediation action plans have been prepared for any real property listed on Schedule 3(s), such plans, assessments and reports, including recent updates and data submissions, shall be provided to the Collateral Agent and must be satisfactory to the Collateral Agent in its discretion. Without limiting the foregoing, such assessments shall be performed in accordance with ASTM 1527 E standards for environmental assessments and shall determine whether there are any Recognized Environmental Conditions (as defined in such standards) on the real property listed on Schedule 3(s), provide the historical ownership and use of the real property, describe the current use of the real property listed on Schedule 3(s), provide any information available in EPA records and state EPA records on previous investigations and litigation, describe any adjacent properties which have been or could be potential

hazards, and locations of equipment containing PCBs and provide a conclusion and recommendation statement.

(t) The Company shall deliver a survey of the property listed on Schedule 3(t) to this Amendment not later than one (1) day prior to the date of this First Amendment Agreement. Such survey shall be prepared by surveyor listed on such Schedule 3(t). Such survey shall be reasonably satisfactory to the holders and shall be certified to the Collateral Agent, each holder and the Louisiana Title Insurer. The survey shall evidence to the satisfaction of the holders that all of the real property listed on Schedule 3(t) included in the applicable Louisiana Mortgage is owned by the applicable Obligor free and clear of encroachments onto or by other properties, defects of title, observable violations of restrictions or encroachments into easements except for Permitted Liens, and be sufficient to allow the Louisiana Title Insurer to issue loan policies without survey exceptions.

(u) The holders shall have received signed copies of all of the documents relating to the 2004B Bank Amendment certified by the Senior Financial Officer or Secretary of the Company to be true, correct and complete, together with evidence satisfactory to the holders that all of the conditions precedent to the 2004B Bank Amendment have been satisfied, and such 2004B Bank Amendment has become effective.

(v) The Collateral Agent shall have received any required consents and/or authorization from the holders and the Banks under the Collateral Sharing Agreement through the 2004B Consent Joinder and Reaffirmation or otherwise satisfactory to the holders.

(w) Estoppel certificates and subordination, non-disturbance and attornment agreements from such tenants at the Real Property Collateral shall be delivered as holders shall require.

(x) The Company shall have provided evidence satisfactory to the holders that the obligations of the Company under the Kelley Note are subordinate to the obligations of the Company to the holders under the Financing Agreements.

(y) All corporate and other proceedings in connection with the transactions contemplated by this First Amendment Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

The Company and the Guarantors hereby represent and warrant that as of the date hereof and as of the date of execution and delivery of this First Amendment Agreement:

(a) The Company and each Guarantor is duly formed, validly existing and in good standing under the laws of its state of incorporation or formation.

(b) The Company and each Guarantor has the corporate or limited liability company power to own its property and to carry on its business as now being conducted.

(c) The Company and each Guarantor is duly qualified and in good standing as a foreign entity authorized to do business in each jurisdiction in which the failure to do so would, individually or in the aggregate, have a material adverse effect on the business, condition (financial or other), assets, operations, properties or prospects of such Company and each Guarantor.

(d) This First Amendment Agreement and the transactions contemplated hereby are within the corporate or limited liability company powers of the Company and each Guarantor, have been duly authorized by all necessary corporate or limited liability company action on the part of the Company and each Guarantor and this First Amendment Agreement has been duly executed and delivered by the Company and each Guarantor and constitutes legal, valid and binding obligations of the Company and each Guarantor enforceable in accordance with its respective terms.

(e) The Company and each Guarantor represents and warrants that there is no Default or Event of Default under the Note Purchase Agreements immediately before and immediately after giving effect to this First Amendment Agreement.

(f) The execution, delivery and performance of this First Amendment Agreement by the Company and each Guarantor does not and will not result in a violation of or default under (A) the articles of incorporation, articles of organization, bylaws or operating agreement (as the case may be) of the Company and each Guarantor, (B) any material agreement to which the Company and each Guarantor is a party or by which it is bound or to which the Company and each Guarantor or any of its properties is subject, (C) any material order, writ, injunction or decree binding on the Company and each Guarantor, or (D) any material statute, regulation, rule or other law applicable to the Company and each Guarantor.

(g) No authorization, consent, approval, exemption or action by or notice to or filing with any court or administrative or governmental body (other than periodic filings with regulatory authorities, none of which are required to be filed as of the effective date of this First Amendment Agreement) is required in connection with the execution and delivery of this First Amendment Agreement or the consummation of the transactions contemplated thereby.

(h) The Company and each Guarantor have not paid or agreed to pay any fees or other consideration, or given any additional security or collateral, or shortened the maturity or average life of any indebtedness or permanently reduce any borrowing capacity, in each case, in connection with the obtaining of any consents or approvals in connection with the transactions contemplated hereby or under the Bank Credit Agreement including, without limitation thereof, in connection with the Bank Credit Agreement other than the payment of legal fees of Frost Brown Todd LLC in connection with the Bank Credit Agreement and payment of certain fees set forth in Section 8 of the 2004B Bank Amendment.

(i) From and after the filing of the Louisiana Mortgages and the Financing Statements, the Collateral Documents will create valid and perfected Liens in the Collateral covered thereby, enforceable against the Company or Guarantor, party thereto and all third-parties, except as permitted by this First Amendment Agreement, securing the payment of all Indebtedness purported to be secured thereby and all filings and other actions necessary or desirable to perfect and protect such Liens, as requested by the Required Holders, will have been duly taken.

(j) The obligations of the Company under the Kelley Note are subordinate to the obligations of the Company to the holders under the Financing Agreements.

(k) (i) Churchill Downs Louisiana Horseracing Company L.L.C., a Louisiana limited liability company (ii) Churchill Downs Louisiana Video Poker Company, L.L.C., a Louisiana limited liability company (iii) Video Services, Inc., a Louisiana corporation, (iv) Arlington Management Services, LLC, an Illinois limited liability company, (v) Arlington OTB Corp., a Delaware corporation, (vi) Arlington Park Racecourse, LLC, an Illinois limited liability company, (vii) CDIP, LLC, a Kentucky limited liability company, (viii) CDIP Holdings, LLC, a Kentucky limited liability company, (ix) Calder Race Course, Inc., a Florida corporation, (x) Churchill Downs California Company, a Kentucky corporation, (xi) Churchill Downs California Fall Operating Company, a Kentucky corporation, (xii) Churchill Downs Investment Company, a Kentucky corporation, (xiii) Churchill Downs Management Company, a Kentucky corporation, (xiv) Ellis Park Race Course, Inc., a Kentucky corporation, (xv) Quad City Downs, Inc., an Iowa corporation, (xvi) Racing Corporation of America, a Delaware corporation and (xvii) Tropical Park, Inc., a Florida corporation are the only Guarantors (as defined in each of the following respective documents) under the Note Purchase Agreement and the Bank Credit Agreement and the Company is the only borrower under the Bank Credit Agreement. No collateral has been given to secure the Bank Credit Agreement except for Collateral which has been given to secure the holders under the Note Purchase Agreements on a PARI PASSU basis.

SECTION 5. REAFFIRMATIONS AND CONSENTS.

The Company and the Guarantors:

(a) CONSENT. Consent to the transactions contemplated in this First Amendment Agreement.

(b) REAFFIRM. Reaffirm their respective obligations under any and all of the Financing Agreements and any and all other agreements, instruments and documents to which any of them is a party and under which any holder has any rights or obligations and which is or may be related in any way to the agreements, instruments and documents mentioned in or affected by this First Amendment Agreement, or the Note Purchase Agreements or any of the other Financing Agreements as amended by this First Amendment Agreement.

(c) AGREE. Agree that all of the Financing Agreements remain in full force and effect, as expressly modified or altered by or in connection with this First Amendment Agreement.

SECTION 6. CERTAIN LICENSES.

Without limiting anything in the Financing Agreements, on or before April 14, 2005:

(a) The Obligors doing business in, and/or having offices and/or facilities and/or employees in, the State of Louisiana shall have obtained from the appropriate administrative agency or other governmental authorities of the United States of America and/or the State of Louisiana any and all consents, approvals, licenses and/or other authorizations as may be necessary for the operation of the businesses of the Obligors in the State of Louisiana, including without limitation, the operation of horse racing facilities with pari-mutuel wagering, Off Track Betting facilities, applicable gaming operations (for example, without limitation, video poker), and the sale of alcohol and tobacco; and

(b) The Company shall deliver to the holders the legal opinion of counsel for the Company and Guarantors addressed to the holders, in scope, form, and substance satisfactory to the holders and their counsel, and addressing the matters in EXHIBIT F to this Amendment, along with any other matters required by the holders.

SECTION 7. BREACH OF THIS FIRST AMENDMENT AGREEMENT.

In addition to any other Event of Default under Section 11 of the Existing Note Purchase Agreements, any failure of the Company or any Guarantor to observe and perform all of the terms, conditions and provisions of this First Amendment Agreement, which is not remedied within five days after written notice from any holder, shall constitute an Event of Default.

SECTION 8. MISCELLANEOUS.

SECTION 8.1. Except as amended herein, all terms and provisions of the Existing Note Purchase Agreements and the Notes and related agreements and instruments are hereby ratified,

confirmed and approved in all respects. The Company acknowledges and agrees that the holders may exchange their current Notes for new Notes which make reference to the 2004B Collateral Documents.

SECTION 8.2. Any and all notices, requests, certificates and other instruments, including the Notes, may refer to any of the Financing Agreements without making specific reference to this First Amendment Agreement, but nevertheless all such references shall be deemed to include this First Amendment Agreement unless the context shall otherwise require.

SECTION 8.3. This First Amendment Agreement and all covenants herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereunder. All covenants made by the Company and the Guarantors herein shall survive the closing and the delivery of this First Amendment Agreement.

SECTION 8.4. This First Amendment Agreement shall be governed by and construed in accordance with New York law.

SECTION 8.5. The capitalized terms used in this First Amendment Agreement shall have the respective meanings specified in the Note Purchase Agreements unless otherwise herein defined, or the context hereof shall otherwise require.

The execution hereof by the holders shall constitute a contract among the Company and the Guarantors and the holders for the uses and purposes hereinabove set forth. This First Amendment Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

CHURCHILL DOWNS INCORPORATED

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

GUARANTORS:

CHURCHILL DOWNS MANAGEMENT COMPANY

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

CHURCHILL DOWNS INVESTMENT COMPANY

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

RACING CORPORATION OF AMERICA

By /s/ REBECCA C. REED
Rebecca C. Reed
Title:Secretary

CALDER RACE COURSE, INC.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

TROPICAL PARK, INC.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

CHURCHILL DOWNS CALIFORNIA COMPANY

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

CHURCHILL DOWNS CALIFORNIA FALL
OPERATING COMPANY

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

ARLINGTON PARK RACECOURSE, LLC

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

ARLINGTON MANAGEMENT SERVICES, L.L.C.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

ARLINGTON OTB CORP.

By /s/ MARY ANN GUENTHER
Mary Ann Guenter
Title: Secretary

QUAD CITY DOWNS, INC.

By /s/ MARY ANN GUENTHER
Mary Ann Guenter
Title: Secretary

CDIP, L.L.C.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

CDIP HOLDINGS, L.L.C.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

ELLIS PARK RACE COURSE, INC.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

CHURCHILL DOWNS LOUISIANA HORSERACING
COMPANY, L.L.C.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

CHURCHILL DOWNS LOUISIANA VIDEO POKER
COMPANY, L.L.C.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

VIDEO SERVICES, INC.

By /s/ REBECCA C. REED
Rebecca C. Reed
Title: Secretary

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

CONNECTICUT GENERAL LIFE INSURANCE
COMPANY

By: CIGNA Investments, Inc. (authorized
agent)

By /s/DAVID M. CASS
Name: David M. Cass
Title: Managing Director

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

GENERAL ELECTRIC CAPITAL ASSURANCE
COMPANY

By /s/ JOHN R. ENDRES
Name: John R. Endres
Title: Investment Officer

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

EMPLOYERS REINSURANCE CORPORATION

By: GE Asset Management Incorporated, its
Investment Advisor

By /s/ JOHN R. ENDRES
Name: John R. Endres
Title: Investment Officer

Churchill Downs Incorporated

First Amendment Agreement

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

METROPOLITAN LIFE INSURANCE COMPANY

By /s/ JUDITH A. GULOTTA
Name: Judith A. Gulotta
Title: Director

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

PRINCIPAL LIFE INSURANCE COMPANY

By:Principal Global Investors, LLC, a
Delaware limited liability company, its
authorized signatory

By /s/ JON C. HEINY
Name: Jon C. Heiny
Title: Counsel

By /s/ ELIZABETH D. SWANSON
Name: Elizabeth D. Swanson
Title: Counsel

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

MASSACHUSETTS MUTUAL LIFE INSURANCE
COMPANY

By: Babson Capital Management LLC as
Investment Adviser

By /s/ EMEKA ONUKWUGHA
Name: Emeka Onukwugha
Title:

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

C.M. LIFE INSURANCE COMPANY

By: Babson Capital Management LLC as
Investment Sub-Adviser

By /s/ /EMEKA ONUKWUGHA
Name: Emeka Onukwugha
Title:

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

MASSMUTUAL ASIA LIMITED

By: Babson Capital Management LLC as
Investment Adviser

By /s/ EMEKA ONUKWUGHA
Name: Emeka Onukwugha
Title:

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

SUNAMERICA LIFE INSURANCE COMPANY

By:AIG Global Investment Corp., investment
adviser

By /s/ PETER DEFAZIO
Name: Peter DeFazio
Title: Vice President

This foregoing First Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto.

PRUDENTIAL RETIREMENT CEDED BUSINESS
TRUST

By: Prudential Investment Management, Inc.,
as investment manager

By: /s/ MATHEW DOUGLASS
Vice President

Exhibits and schedules to the First Amendment Agreement to the Note Purchase Agreement have been intentionally omitted because they are not material. The Registrant agrees to furnish such omitted exhibits and schedules supplementally to the Commission upon request.